



# RENEWABLE ENERGY

HOLDINGS PLC

## Renewable Energy Holdings PLC

Interim Results for the six months

Ended 31 December 2005



## **Renewable Energy Holdings Plc**

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**Renewable Energy Holdings Plc**  
**Chairman's Statement**

Concerns about the potential impact of climate change from global warming continue to grow, leading to increasing focus on the need to control carbon emissions from the production, transmission and use of energy. Against this background, renewable energy technologies are widely regarded as a vital component of plans to reduce carbon emissions.

I am pleased to report that the Group's first operating income occurred in December 2005 at the Group's windfarm development in Kesfeld, Germany, so reaching a target that we set ourselves at our start up, a year ago, to achieve some income from our first project by quarter 4, 2005. The Group has a 20 year agreement with RWE, the German Utility, to take the power generated and the project is expected to yield some £600,000 per annum net of operating costs and debt servicing.

This 27.9MW windfarm is the first stage of planned developments that will see over 40MW of windpower owned and operated by the Group in Germany by 2007.

The Group has also developed a significant pipeline of potential projects for early acquisition or development in the UK, Hungary and Ireland and there are further prospects in Eastern European countries, all keen to encourage the development of renewable energy. Direct costs incurred on pipeline projects are capitalised on completion of the project. However, all overhead costs relating to project development are expensed as incurred, rather than being deferred to future periods.

We are looking at small hydro, methane recovery and biomass projects as well as wind power. We will continue to concentrate on developing only in countries that offer significant environmental uplift to support the sales of energy.

I am also pleased to report progress with the development of the Group's innovative wave-energy device, CETO. After successful deployment and testing of the prototype, that has proved the concept, work is now proceeding on the design and engineering of a commercial version. The Board believes that this could be available for deployment during 2007.

Also during the period ended 31 December 2005, the group raised some £2.5 million by way of placing and subsequent to the balance sheet date has conditionally raised a further £6 million to finance, in particular, the acquisition of a wind project in Hungary.

John W Baker  
Chairman

**Renewable Energy Holdings Plc**  
**Condensed consolidated income statement for the six months to 31 December 2005**

	Notes	Six months to 31 December 2005  (Unaudited) £	Three months to 31 December 2004  (Unaudited) £	Nine months to 30 June 2005  (Audited) £
<b>Revenue &amp; gross profit</b>				
Operating Income		11,629	-	-
<b>Expenditure</b>				
CETO development expenses		262,795	-	535,809
Administrative expenses		879,847	-	988,722
<b>Loss from Operations</b>		(1,131,013)	-	(1,524,531)
Finance cost		-	-	-
Finance income		111,929	-	135,631
<b>Loss before tax</b>		(1,019,084)	-	(1,388,900)
Tax expense		-	-	-
Loss after tax		(1,019,084)	-	(1,388,900)
<b>Basic and diluted loss per share</b>	6	(3.22p)	-	(8.86p)

**Renewable Energy Holdings Plc****Condensed consolidated statement of recognised income and expense for the six months to 31 December 2005**

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	Notes	Six months to 31 December 2005 (Unaudited) £	Three months to 31 December 2004 (Unaudited) £	Nine months to 30 June 2005 (Audited) £
<b>Loss after tax</b>		(1,019,084)	-	(1,388,900)
		_____	_____	_____
Foreign exchange loss on retranslation of overseas operations		(2,366)	-	(9,778)
		_____	_____	_____
<b>Total recognised income and expense for the period</b>	7	(1,021,450)	-	(1,398,678)
		=====	=====	=====

**Renewable Energy Holdings Plc**  
**Condensed consolidated balance sheet at 31 December 2005**

	Notes	At 31 December 2005 (Unaudited) £	At 31 December 2004 (Unaudited) £	At 30 June 2005 (Audited) £
<b>Non- current assets</b>				
Intangible assets		5,559,878	-	5,559,878
Fixed assets under construction	3	11,156,408	-	-
<b>Current assets</b>				
Trade and other receivables		2,321,484	-	255,952
Cash and cash equivalents		5,009,756	-	7,220,479
		<hr/>	<hr/>	<hr/>
Total current assets		7,331,240	-	7,476,431
		<hr/>	<hr/>	<hr/>
<b>Total assets</b>		24,047,526	-	13,036,309
		<hr/>	<hr/>	<hr/>
<b>Current Liabilities</b>				
Trade and other payables		490,397	-	134,929
Other financial liabilities	2	1,385,690	-	-
		<hr/>	<hr/>	<hr/>
Total current liabilities		1,876,087	-	134,929
		<hr/>	<hr/>	<hr/>
<b>Non-current Liabilities</b>				
Financial liabilities	2	7,898,931	-	-
		<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>		9,775,018	-	134,929
		<hr/>	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>		14,272,508	-	12,901,380
		<hr/>	<hr/>	<hr/>
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	4	331,667	-	290,000
Share premium reserve		15,450,036	-	13,112,425
Foreign exchange reserve		(12,144)	-	(9,778)
Share based payment reserve		910,933	-	897,633
Retained earnings		(2,407,984)	-	(1,388,900)
		<hr/>	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	7	14,272,508	-	12,901,380
		<hr/>	<hr/>	<hr/>

**Renewable Energy Holdings Plc**  
**Condensed consolidated cashflow for the six months to 31 December 2005**

	<b>Six months to 31 December 2005 (Unaudited) £</b>	<b>Three months to 31 December 2004 (Unaudited) £</b>	<b>Nine Months to 30 June 2005 (Audited) £</b>
<b>Operating activities</b>			
Net loss from ordinary activities	(1,131,013)	-	(1,524,531)
Adjustments for:			
Equity-settled share based payments	13,300	-	445,233
	<hr/>	<hr/>	<hr/>
<b>Operating loss before changes in working capital and provisions</b>	(1,117,713)	-	(1,079,298)
Increase in trade and other receivables	(1,807,783)	-	(58,107)
Increase in other financial assets	-	-	(1,276)
Increase in trade and other payables	353,102	-	12,273
	<hr/>	<hr/>	<hr/>
<b>Cash absorbed from other operations</b>	(2,572,394)	-	(1,126,408)
Income taxes paid	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Cash flows from operating activities</b>	(2,572,394)	-	(1,126,408)
	<hr/>	<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of fixed assets	(10,972,984)	-	-
Increase in deferred expenditure	(394,062)	-	(196,569)
Acquisition of intangible asset	-	-	(561,300)
Interest received	111,929	-	135,631
Interest paid capitalised within fixed assets	(47,111)	-	-
	<hr/>	<hr/>	<hr/>
<b>Cash flows from investing activities</b>	(11,302,228)	-	(622,238)
	<hr/>	<hr/>	<hr/>
<b>Financing activities</b>			
Issue of ordinary shares	2,500,000	-	10,000,000
Issue costs	(120,722)	-	(1,030,875)
Proceeds from bank borrowings	9,284,621	-	-
	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>	11,663,899	-	8,969,125
	<hr/>	<hr/>	<hr/>
<b>(Decrease)/increase in cash and cash equivalents</b>	(2,210,723)	-	7,220,479
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 1. Accounting policies

The interim financial statements have been prepared on the basis of applicable accounting policies set out in the Group accounts for the period ended 30 June 2005, and are in compliance with International Accounting Standard 34.

The comparative figures for the period ended 30 June 2005 do not constitute the company's full statutory accounts. The statutory accounts for that period have been reported on by the company's auditors and delivered to the Companies Registry. The audit report was unqualified and did not contain a statement under chapter 2 section 15.4 (a) – (b) of the Companies Act 1982.

The financial information presented in this interim report has been prepared in accordance with the accounting policies the Group expects to be applicable at 30 June 2006. The interim report has been prepared in accordance with those International Financial Reporting Standards as adopted by the EU and IFRIC interpretations (IFRS) issued and effective as at the time of preparing the statement. The interpretations that will be applicable at 30 June 2006 are not known with certainty at the time of preparing the interim report. These figures may therefore require amendment to change the basis of accounting or presentation of certain financial information, before their inclusion in the IFRS financial statements for the year ending 30 June 2006.

The interim financial statements are unaudited, but have been reviewed by the auditors and their report thereon is on page 12. The interim financial statements were approved by the Board on 6 March 2006.

## 2. Acquisitions during the period

On 20 July 2005 and 12 August 2005 the group acquired 100% of the equity interest in both Windpark Kesfeld Heckhuscheid GmbH & Co. KG (Windpark Kesfeld) and Windpark Kirf GmbH & Co. KG (Windpark Kirf) respectively.

Details of the fair value of identifiable assets and purchase consideration are as follows:

	Windpark Kesfeld £	Windpark Kesfeld Euro	Windpark Kirf £	Windpark Kirf Euro
<b>Fair value of assets acquired</b>				
Planning permission and leases	27,484	40,000	22,331	32,500
Cash	6,871	10,000	1,718	2,500
	-----	-----	-----	-----
Consideration paid as cash	34,355	50,000	24,049	35,000
	=====	=====	=====	=====
Carrying value prior to acquisition	6,871	10,000	1,718	2,500
	=====	=====	=====	=====
Post acquisition profit	21,806	31,988	-	-
	=====	=====	=====	=====

**Renewable Energy Holdings Plc****Notes to the Interim Financial Statements for the six month period ended 31 December 2005 (unaudited)**  
*(continued)***Acquisitions during the period (continued)**

There is no difference between the revenue and profits of the group had the acquisitions been made on 1 July 2005. No goodwill arose on the above acquisitions as the consideration paid was equal to the fair value of the assets acquired.

Windpark Kesfeld has entered into a contract for the construction of a windfarm at a contract price of £22,674,179 (€33,000,000). This is to be financed part by a loan facility of £18,681,461 (€27,189,000) which will be drawn down in full upon completion of the windfarm during 2006.

	£	Euro
The facility carries interest rates as follows:		
4.3%	9,038,752	13,155,000
5.0%	2,292,153	3,336,000
3.9%	2,226,879	3,241,000
LIBOR +1.5%	5,123,678	7,457,000
	<u>18,681,462</u>	<u>27,189,000</u>

## Analysis of loan repayments on the total facility:

In one year or less	1,385,690	2,016,734
In more than one year but not more than two years	1,469,921	2,139,324
In more than two years but not more than five years	4,148,793	6,038,153
In more than five years	11,677,058	16,994,789
	<u>18,681,462</u>	<u>27,189,000</u>
Less issue costs	(585,335)	(851,997)
	<u>18,096,127</u>	<u>26,337,003</u>

At 31 December the amount drawn under the loan was £9,869,956, of which £1,385,690 is due within one year or less.

**3. Fixed assets under construction**

Fixed assets under construction represent amounts paid in respect of Windpark Kesfeld. At 31 December 2005 €18,276,923 was outstanding on the €33,000,000 contract.

Substantial completion is expected to be achieved on Windpark Kesfeld during March 2006 and at this time the asset will be transferred to plant and machinery.

**Renewable Energy Holdings Plc****Notes to the Interim Financial Statements for the six month period ended 31 December 2005 (unaudited)**  
*(continued)***4. Issue of shares**

On 2 September 2005, 4,166,167 shares were issued at 60 pence per share, raising £2,500,000 before expenses.

After the balance sheet date, on 7 March 2006, 12,000,000 shares together with 12,000,000 attached warrants to acquire further shares at a price of 50 pence per share, were issued at a price of 50 pence for each share together with attached warrant. The placing price represents a discount of 13.05% to the closing mid market price of 57.5 pence on AIM as at 9 February 2006.

The warrants may be exercised for a period of two years after the date of issue of the placing shares.

It is intended that the net proceeds will be used to assist in the acquisition of a 45MW windfarm in Hungary, in which (assuming the acquisition is completed as it is currently proposed) the Group will have an 80% holding.

**5. Segment information****For the six months to 31 December 2005**

	<b>Renewable Portfolio/ Europe £</b>	<b>CETO Development Australia £</b>	<b>Total  £</b>
<i>Income</i>			
Finance Income	110,309	1,620	111,929
Operating Income	11,629	-	11,629
	<hr/>	<hr/>	<hr/>
<i>Expenses</i>			
Continuing operations	818,547	310,795	1,129,342
Non-cash charge	13,300	-	13,300
	<hr/>	<hr/>	<hr/>
Total loss	709,909	309,175	1,019,084
	<hr/>	<hr/>	<hr/>
<i>Balance sheet</i>			
Assets	18,341,372	5,706,154	24,047,526
Liabilities	9,747,452	27,566	9,775,018
	<hr/>	<hr/>	<hr/>
Net assets	8,593,920	5,678,588	14,272,508
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Renewable Energy Holdings Plc****Notes to the Interim Financial Statements for the six month period ended 31 December 2005 (unaudited)**  
*(continued)***Segment information (Continued)****For the nine months to 30 June 2005**

	<b>Renewable Portfolio/ Europe £</b>	<b>CETO Development Australia £</b>	<b>Total £</b>
<i>Income</i>			
Finance Income	133,395	2,236	135,631
<i>Expenses</i>			
Continuing operations	543,489	535,809	1,079,298
Non-cash charge	445,233	-	445,233
Total loss	855,327	533,573	1,388,900
<i>Balance sheet</i>			
Assets	9,032,296	4,004,013	13,036,309
Liabilities	29,740	105,189	134,929
Net assets	9,002,556	3,898,824	12,901,380

The figures for the three months ended 31 December 2004 are nil.

**6. Loss per share**

The earnings per share calculation is based on the loss for the period after taxation and the weighted average number of shares in issue throughout the period. Calculation of loss per share is based on losses of £1,019,084 (30 June 2005:£1,388,900) and a weighted average number of ordinary shares being the equivalent of 31,626,814 (30 June 2005:15,684,827) ordinary shares. The diluted loss per share is the same as the basic loss per share as the effect of share options granted is anti-dilutive.

The loss per share for the three months ended 31 December 2004 was nil.

**Renewable Energy Holdings Plc****Notes to the Interim Financial Statements for the six month period ended 31 December 2005 (unaudited)**  
*(continued)***7. Changes in shareholders equity**

	<b>Six months to 31 December 2005 (Unaudited) £</b>	<b>Three months to 31 December 2004 (Unaudited) £</b>	<b>Nine Months to 30 June 2005 (Audited) £</b>
Capital and reserves attributable to equity holders of the parent at the beginning of the period	12,901,380	-	-
Total recognised income and expense	(1,021,450)	-	(1,398,678)
Issue of new ordinary shares for cash (net of expenses)	2,379,278	-	8,902,425
Issue of new ordinary shares other than for cash (net of expenses)	-	-	4,500,000
Share based payment expense	13,300	-	897,633
Capital and reserves attributable to equity holders of the parent at the end of the period	<u>14,272,508</u>	<u>-</u>	<u>12,901,380</u>

**8. Related party transactions**

During the period to 31 December 2005 an amount of £14,446 (12 months to June 2005: £24,055) was paid to Carnegie Corporation in respect of administration services received. Mr Alan Burns, a Director of Renewable Energy Holdings plc and Seapower Pacific PTY Limited, is Chairman of Carnegie Corporation.

**Renewable Energy Holdings Plc**  
**Independent review report to Renewable Energy Holdings plc**

**Introduction**

We have been instructed by the company to review the financial information for the six months ended 31 December 2005 set out on pages 3 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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.

**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 accounting policies and presentation applied to the interim figures should be consistent with those which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts. The directors of Renewable Energy Holdings plc have complied with this requirement in preparing this interim report.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. This interim report has been prepared in accordance with the basis set out in note 1. The accounting policies are consistent with those that the directors intend to use in the next annual financial statements. As explained in note 1, there is a possibility that the directors may determine that some changes to those policies are required when preparing the full annual financial statements in accordance with IFRS, since the IFRS and IFRIC interpretations that will be applicable and adopted for use in the European Union at 30 June 2006 are not known with certainty at the time of preparing this interim financial information.

**Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

**Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2005.

**BDO Stoy Hayward LLP**  
Chartered Accountants  
Epsom  
6 March 2006