

Regulatory Announcement

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 ReEnergy Group PLC
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ReENERGY GROUP PLC
 ("ReEnergy" or "the Group")

ReEnergy, the waste management, sustainable energy and water treatment company, today issues a trading update ahead of its preliminary results for the 12 months ended 31 December 2006. Results are expected to be published on 18 April 2007.

In line with expectations, the Group did not generate revenues in the year to 31 December 2006 and the operating loss is expected to be in line with the Board's expectations.

Since ReEnergy's last trading update of 13 December 2006, the Board has conducted a strategic review of all Group activities, both in the United Kingdom and overseas, and can report that it is actively progressing opportunities that the Directors believe will enhance ReEnergy's future performance.

The Board has resolved to focus its activities on two core business units going forward:

- (i) Estech Europe Ltd ("Estech"), its 51 per cent.-owned waste management subsidiary; and
- (ii) ReEnergy Desalination Inc ("RDI"), its wholly-owned seawater desalination business located in the United States.

The Group's core activities are headquartered in markets with established and increasing demand.

- (i) Estech

Through Estech the Group is continuing to pursue a number of existing and new PFI opportunities in accordance with its project pipeline, on which it hopes to be able to report further progress. Additionally, the strategic review has resulted in the identification of several merchant projects, which the Board believes will produce accelerated revenue streams. The Board considers that this

development of Estech's strategy represents a significant move forward from the Group's original PFI-only focus.

Additionally, the Group is progressing potential partnerships with substantial contracting organisations interested in the waste management sector and Estech's relevant technology and understanding of the market. These parties are market leading PFI contractors, and their identification of Estech as a potential partner is endorsement of the technology's considerable potential.

(ii) RDI

RDI has entered into strategic alliance agreements with Doosan Hydro Technology Inc (DHT), a subsidiary of Doosan Heavy Industries and Construction Co. Ltd., and with Desalination and Marketing Services Ltd (DMS), a wholly-owned subsidiary of the Water Services Corporation (WSC) of Malta.

These alliances provide both substantial contracting and technology inputs into the markets for packaged seawater desalination plants that RDI has identified and for which it is developing a project pipeline. RDI, in conjunction with those partners, has had the scoping phase of a proposal accepted for the provision of desalinated water to the Trump Ocean Resort development in Baja, Mexico.

Following on from the strategic review, and in conjunction with the revisions to the Group's activities, the Board has commenced the process of implementing significant reductions in costs across the Group.

The Group is also evaluating potential joint venture and/or acquisition targets that will provide the Group with revenue-generative business activities. The Group elected not to pursue one potential reverse acquisition in February 2007, the proposed terms of which were deemed not to be in the best interests of the Group or its shareholders.

Roger Hewitt, Executive Chairman of ReEnergy, commented:

"The Board of ReEnergy is grateful for the support of its shareholders through what has been a most difficult period. I am pleased to be able to update the market of several positive developments which the Board hopes it is able to elaborate on going forward and which it believes point towards a brighter future for the Group. This update follows significant work behind the scenes designed to ensure the future stability of the Group, for which I would like to thank all employees.

The Group considers that both Estech and RDI have great potential in markets of considerable size. I firmly believe that the diversification of Estech's business model into merchant plants will complement the PFI business model and provide potential for nearer-term revenue streams. We will, of course, continue to pursue PFI contracts with vigour.

The Board remains fully committed to restoring shareholder value."

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