

# ReEnergy Group plc

## Interim Results

For the six months to 30 June 2008



## **CHAIRMAN'S STATEMENT**

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ReEnergy Group plc ("ReEnergy" or the "Company"), an investing company with an investment strategy seeking to acquire, a UK-based trading company involved primarily in renewable energy, waste management or financial services capable of significant organic growth (the "Investing Strategy"), is pleased to announce its interim results for the six months ended 30 June 2008. Trading in the Company's shares was suspended on 27 June 2008, pending publication of the Company's annual report and accounts for the 12 months ended 31 December 2007 (the "2007 Annual Report and Accounts"). The 2007 Annual Report and Accounts were posted to shareholders on 6 November 2008. As trading in the Company's shares remained suspended pending publication of these interim results, such suspension has now been lifted with immediate effect.

### **HIGHLIGHTS:**

- On 17 June 2008, the Company announced the sale of its operating subsidiary, Estech Europe Limited ("Estech Europe") to VT Environmental Engineering Limited, a wholly owned subsidiary of VT Group plc ("VT Group"). The consideration payable, following settlement and accrual adjustments, was £1,642,601. The net cash consideration received on 17 June 2008, after warranty retention, settlement agreement and advances repaid, was £1,356,000.
- A retention against warranty claims of £150,000, from the consideration received, was held in a joint account which less, any warranty claims, was to be released by VT Group on 15 August 2008. VT Group has asserted claims in the value of £96,486 against the warranty retention. ReEnergy is engaged in discussions with VT Group in order to finalise settlement of such warranty claims. A further announcement will be made as appropriate.
- On 30 July 2008, ReEnergy's shareholders voted, at a general meeting, to approve the Investing Strategy.

Roger Hewitt, Non-Executive Chairman of ReEnergy, commented:

"The disposal of Estech Europe represented a disposal of the Company's last trading subsidiary and in accordance with AIM Rule 15 the Company is now treated as an investing company. I am confident that we will be able to secure a candidate company in line with the investing strategy to achieve future growth for the Company and contribute to shareholder value."

### **For further information please contact:**

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David Altberg

**CHAIRMAN'S STATEMENT (continued)**

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Subsequent to the trading update of 17 June 2008 regarding the disposal of Estech Europe, the Company has initiated discussions with a number of potential candidates and is continuing to pursue other investment opportunities in line with its investing strategy. In assessing investment opportunities, the Board will seek relevant commercial advice from market consultants as deemed appropriate. In addition, relevant legal and financial due diligence will be undertaken by suitably qualified advisers in order to determine the feasibility and risks associated with any potential acquisition or investment.

The total cash burn for the six months to 30 June 2008 was £1,808,000, an average of £301,333 per month. The cash balance remaining at 30 June 2008 was £1,484,000.

Costs, which include the closure of the London office from 21 November 2008, and the monthly burn rate have since been significantly reduced and are not expected to change significantly until an appropriate merger is completed.

The Group remains confident of the future potential for ReEnergy as an investment vehicle and its ability to create shareholder value.



Michael Roger Hewitt  
Non-Executive Chairman

**11 December 2008**

**ReEnergy Group plc**  
**Consolidated Interim Income Statement**  
For the six months ended 30 June 2008

	<b>Unaudited six months to 30 June 2008</b>	Unaudited six months to 30 June 2007	Audited 12 months to 31 December 2007
	£000	£000	£000
Administration expense	<b>(1,306)</b>	(2,204)	(12,861)
Loss from operations	<b>(1,306)</b>	(2,204)	(12,861)
Investment income	<b>28</b>	134	530
Finance costs	<b>(58)</b>	(219)	(9)
Loss before tax	<b>(1,336)</b>	(2,289)	(12,340)
Taxation	-	-	-
<b>Loss after tax</b>	<b>(1,336)</b>	(2,289)	(12,340)
<b>Loss per ordinary share – basic and diluted</b>	<b>(1.3)p</b>	(2.8)p	(13.6)p

**ReEnergy Group plc**  
**Consolidated Interim Balance Sheet**  
**At 30 June 2008**

	Unaudited at 30 June 2008	Unaudited at 30 June 2007	Audited at 31 December 2007
	£000	£000	£000
<b>Non-current assets</b>			
Goodwill	-	22,323	-
Other intangible assets	-	1,490	-
Property, plant and equipment	1	59	48
	<u>1</u>	<u>23,872</u>	<u>48</u>
<b>Available for sale investments</b>	<u>-</u>	<u>-</u>	<u>1,863</u>
<b>Current assets</b>			
Trade and other receivables	287	323	283
Cash and cash equivalents	1,484	3,757	1,666
	<u>1,771</u>	<u>4,080</u>	<u>1,949</u>
<b>Current liabilities</b>			
Trade and other payables	(524)	(5,597)	(1,126)
<b>Net current assets / (liabilities)</b>	<u>1,247</u>	<u>(1,517)</u>	<u>823</u>
<b>Total assets less current liabilities</b>	<u>1,248</u>	<u>22,355</u>	<u>2,734</u>
<b>Non-current liabilities</b>			
Trade and other payables	(81)	(14,043)	(250)
<b>Total assets</b>	<u>1,167</u>	<u>8,312</u>	<u>2,484</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	5,090	4,078	5,090
Share premium	24,101	20,521	24,101
Share option reserve	-	235	-
Merger reserve	209	209	209
Translation reserve	(141)	(26)	(160)
Minority interest	-	-	-
Accumulated losses	(28,092)	(16,705)	(26,756)
<b>Total equity</b>	<u>1,167</u>	<u>8,312</u>	<u>2,484</u>

**ReEnergy Group plc**  
**Consolidated Unaudited Interim Statement of Changes in Shareholders' Equity**  
For the six months ended 30 June 2008

-----Attributable to equity holders of the company-----

	Share Capital £000	Share premium account £000	Share Option Reserve £000	Merger reserve £000	Accum- ulated losses £000	Trans- lation reserve £000	Total £000	Minority Interest £000	Total £000
<b>At 1 January 2006 (restated)</b>	<b>1,867</b>	<b>10,051</b>	<b>304</b>	<b>209</b>	<b>(4,487)</b>	<b>(26)</b>	<b>7,918</b>	<b>-</b>	<b>7,918</b>
<b>Changes in equity for 2006</b>									
Loss for the year	-	-	-	-	(9,929)	-	(9,929)	-	(9,929)
Minority interest	-	-	-	-	-	-	-	1,249	1,249
Disposal of minority interest	-	-	-	-	-	-	-	(1,249)	(1,249)
Issue of share capital	2,211	11,274	-	-	-	-	13,485	-	13,485
Costs of issue of shares	-	(804)	-	-	-	-	(804)	-	(804)
Share based payments	-	-	(69)	-	-	-	(69)	-	(69)
Movement on re-translation of overseas subsidiaries	-	-	-	-	-	(32)	(32)	-	(32)
<b>At 31 December 2006 (restated)</b>	<b>4,078</b>	<b>20,521</b>	<b>235</b>	<b>209</b>	<b>(14,416)</b>	<b>(58)</b>	<b>10,569</b>	<b>-</b>	<b>10,569</b>
Loss for the year	-	-	-	-	(12,340)	-	(12,340)	-	(12,340)
Issue of share capital	1,012	3,580	-	-	-	-	4,592	-	4,592
Share based payments	-	-	(235)	-	-	-	(235)	-	(235)
Movement on re-translation of overseas subsidiaries	-	-	-	-	-	(102)	(102)	-	(102)
<b>At 31 December 2007</b>	<b>5,090</b>	<b>24,101</b>	<b>-</b>	<b>209</b>	<b>(26,756)</b>	<b>(160)</b>	<b>2,484</b>	<b>-</b>	<b>2,484</b>
<b>Changes in equity for the Period ended 30 June 2008</b>									
Loss for the six months	-	-	-	-	(1,336)	-	(1,336)	-	(1,336)
Movement on re-translation of overseas subsidiaries	-	-	-	-	-	19	19	-	19
<b>At 30 June 2008</b>	<b>5,090</b>	<b>24,101</b>	<b>-</b>	<b>209</b>	<b>(28,092)</b>	<b>(141)</b>	<b>1,167</b>	<b>-</b>	<b>1,167</b>

**ReEnergy Group plc**  
**Consolidated Interim Cash Flow Statement**  
For the six months ended 30 June 2008

	Unaudited six months to 30 June 2008	Unaudited six months to 30 June 2007 (restated)	Audited 12 months to 31 December 2007
	£000	£000	£000
<b>Operating cash flow before changes in working capital and provisions</b>	<b>(1,280)</b>	<b>(1,905)</b>	<b>741</b>
Income taxes (paid) / refunded	-	-	-
Interest paid	(2)	-	-
Interest element of finance lease rental payments	(2)	(4)	(8)
	<u>(1,284)</u>	<u>(1,909)</u>	<u>733</u>
<b>Movement in working capital</b>			
Decrease in debtors	146	82	121
Decrease in creditors	(313)	(1,066)	(923)
<b>Net cash (used for) / from operating activities</b>	<b>(1,451)</b>	<b>(2,893)</b>	<b>(69)</b>
<b>Cash flows from investing activities</b>			
Interest received	28	134	529
Acquisition of equipment	(16)	-	(16)
Acquisition of intangibles	-	-	-
Disposal of subsidiary	1,356	-	-
<b>Net cash used in investing activities</b>	<b>1,368</b>	<b>134</b>	<b>513</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases	(41)	(35)	(70)
Loans repaid	(58)	-	(5,259)
<b>Net cash (used for) / from financing activities</b>	<b>(99)</b>	<b>(35)</b>	<b>(5,329)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(182)</b>	<b>(2,794)</b>	<b>(4,885)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,666</b>	<b>6,551</b>	<b>6,551</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,484</b>	<b>3,757</b>	<b>1,666</b>

**ReEnergy Group plc**  
**Notes to the Interim Financial Statements**  
**For the six months ended 30 June 2008**

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**1. Accounting policies**

**Basis of preparation**

This Report was approved by the Directors on 11 December 2008.

From 1 January 2007, the Group has adopted International Financial Reporting Standards ('IFRS') and the IFRIC interpretations in the preparation of its consolidated financial statements. The financial statements have been prepared under the historical cost basis. Information on the impact on accounting policies and financial results resulting from the conversion from UK Generally Accepted Accounting Practice ('UK GAAP') to IFRS is provided later in this report.

Prior to 1 January 2007, the Group prepared its audited financial statements and unaudited interim financial statements under UK GAAP. From 1 January 2007, the Group is required to prepare annual consolidated financial statements in accordance with IFRS as adopted by the European Union. As the 2007 annual financial statements included comparatives for 2006, the Group's date of transition to IFRS is 1 January 2006 with the 2006 comparatives restated to IFRS. Accordingly the financial information for the six months to 30 June 2007 has been restated to present the comparative information in accordance with IFRS based on the transition date of 1 January 2006.

This half yearly report does not constitute statutory accounts of the group within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2007, which were prepared under IFRS, have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237 (2) or (3) of the Companies Act 1985.

At the date of authorisation of this report the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 3	Business combinations - revised
IFRS 8	Operating Segments
IAS 23	Borrowing costs - revised
IFRIC 8	Scope of IFRS 2 Share-based Payment
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer loyalty programme
IFRIC 14	The limit of a defined benefit asset, minimum funding requirements and their interaction

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards come into effect for periods commencing on or after 1 July 2008.

**Going Concern**

As of 30 June 2008, the Company had a cash balance of £1,484,000 and has reduced its operations in an effort to secure a merger candidate for the Company. The Directors have reviewed the company's cash flow forecast up to December 2009 and, based on the cash available and cash flow forecast in anticipation of a merger, the Company will have adequate funds taking into account all known risks and uncertainties. Accordingly, the Going Concern basis has been adopted for the preparation of these interim financial statements.

**ReEnergy Group plc**  
**Notes to the Interim Financial Statements (continued)**  
For the six months ended 30 June 2008

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**Basis of consolidation**

Under the share purchase agreements dated 13 December 2004 and 17 March 2005 the Company acquired the entire issued share capital of ReEnergy USA Inc. (formerly Reenergy Pacific Corp.) by means of a share for share exchange. The Company gained control of ReEnergy USA Inc. on 13 December 2004. IFRS 3 has not been applied as this business consolidation falls outside the scope of IFRS 3. The transfer of ownership has therefore been accounted for in accordance with the principles of merger accounting hence the assets and liabilities of ReEnergy USA Inc. and its subsidiary and associated undertakings have been brought in at their book values.

**Accounting policies**

All principal accounting policies of the Group are consistent with those set out in the Annual Report and Accounts for 2007.

**2. Events after the balance sheet date**

In accordance with the Board's proposed investing strategy of acquiring a U.K. based trading company involved primarily in renewable energy, waste management or financial services, ReEnergy Group is engaged in the process of meeting with a number of potential candidates. In assessing investment opportunities, the Board will seek relevant commercial advice from market consultants as deemed appropriate. In addition, relevant legal and financial due diligence will be undertaken by suitably qualified advisers in order to determine the feasibility and risks associated with any potential acquisition or investment.

Following the disposal of Estech Europe and the winding up of the remaining Group operations, the Directors have projected that the settlement of professional fees, severance and redundancy costs, and the cessation of trading activities will approximate £500,000 in additional costs. It is anticipated that the trading activity of the Group will cease as of 15 December 2008 until such time as we finalize a merger with a suitable candidate operating company.

**3. Loss per share**

Loss per share is based on a loss after taxation of £1,336,000 (2007: £2,289,000) and on 101,806,460 (2007: 81,553,460) ordinary shares, being the calculated weighted average number in issue during the six months ended 30 June 2008.

	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited Year ended 31 December 2007
	No.	No.	No.
Basic weighted average number of shares	101,806,460	81,553,460	90,606,493

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share is identical for all periods to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

**4. Other**

A copy of ReEnergy's interim financial statements is available for download from the Company's website at [www.reenergygroup.com](http://www.reenergygroup.com).