

Greenko Group plc

Interim results for the six months ended 30 September 2009

Greenko Group plc (“Greenko” or the “Group”), the Indian renewable energy owner and operator, today announces its results for the six months ended 30 September 2009.

Highlights

	2009	2008
	€m	€m
Turnover	8.61	6.68
EBITDA	2.95	1.93
Profit before tax	1.14	0.43
EPS (€cents)	1.14c	0.39c
Non-recourse Project debt	32.69	30.96
Cash	11.50	16.39

Operational highlights

- AMR (24.75MW) and Rithwik (24.75MW) hydro power plants commissioned and exporting power to the grid.
- Tariff increases for ISA & Ecofren biomass assets

Post Period End

- Power Purchase Agreements with Power Trading Corporation for 5 projects under development with 90 MW capacity
- AMR Power (24.75 MW), Rithwik Power (24.75) and Sonna (10.5 MW) registered for Carbon Credits by UNFCCC
- Subscription by Global Environment Fund of \$46 million in Greenko Mauritius, a subsidiary of the Company.
- Acquired 96 MW hydro plant in Sikkim (North East India) which makes 250 MW capacity under development
- Strong pipeline of potential new projects targeting secured capacity of 1,000 MW by end of FY 2014(31 March 2015).
- Commissioning process of Sonna (10.5 MW) initiated

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Anil Chalamalasetty, CEO and co-founder of Greenko, commented:

“This has been an important period for Greenko. We have continued to grow the pipeline of assets under development and successfully negotiated significant increases in the tariffs of our operational plants. We believe that developments including the commissioning of AMR (24.75 MW) and Rithwik (24.75 MW) hydro assets, enhanced banking facilities, strategic investment from GEMF II and the acquisition of Sikkim 96 MW hydro project, will position the company as a leading IPP and clean utility producer in India and help achieve our target of 1,000 MW of secured capacity by the end of Financial Year 2014.”

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Chairman's & President's Statement:

I am very pleased to announce Greenko's interim results for the six months ended 30 September 2009. This has been a successful period for the Group with a strong uplift in our operating capacity as our two hydro plants at AMR and Rithwik were commissioned and began operating. Greenko continues to focus on its strategic objectives with the overall aim of becoming India's fastest growing renewable energy producer. We are moving from being a niche player operating in an environment of State-driven regulatory support, to a mainstream Independent Power Project developer participating in the de-regulated merchant power space. Our model has changed from owner operator to developer of utility scale projects and the subscription of funds by GEF will allow us to expand our scale to encompass bigger projects. The recent acquisition of the 96 MW Sikkim licence is an example of this. We will grow our portfolio through a combination of late stage project acquisitions, fast track development and green field expansion and thereby acquire a diversified set of small and medium scale projects to reduce risk and enhance shareholder value.

In line with our stated policy, earnings will be fully re-invested to finance the ongoing growth of the business and the Directors therefore do not recommend the payment of an interim dividend for the year to 30 September 2009.

Greenko recorded a steady increase in profitability in its operations. The EBITDA increased to €2,951,017 from €1,930,984 during the same period in 2008 (a growth of 53%) and the net profit increased to €774,174 from €267,699 in 2008 (a growth of 189%). This was mostly due to improved operational efficiency and higher tariff realizations.

Greenko has made significant progress during the period under review with 250 MW of concessions secured for construction under premium power supply contracts including a 96 MW hydro plant in Sikkim, which represents a step forward in terms of the size of plants developed by the Company. As a result the Group has established its new target of 1,000 MW of secured assets by 31 March 2015.

On the financing front, we have successfully negotiated banking facilities of around €68 million from Indian financial institutions & Banks to refinance existing and new projects on improved terms. We have also successfully completed the subscription, announced on 28 September 2009, under which Global Environment Fund, through its Global Environment Emerging Markets Fund III, agreed to subscribe \$46 million in Greenko Mauritius, a wholly owned subsidiary of the Company. These funds have been earmarked for the larger scale assets which Greenko has identified as part of its strategy to increase the scale of its operations in the mid-term.

Outlook

The Board believes that Greenko's strategy of developing a strong portfolio of assets across geographic locations within India, regulatory regimes and different tariff structures will reduce risks associated with any local factors and deliver sustainable growth as we progress towards our goal of becoming a major developer and provider of clean energy assets in India. Greenko's aim is to achieve a portfolio of 1,000 MW of secured capacity by the end of the financial year 2014 (31 March 2015).

Y. Harish Chandra Prasad

Chairman

Mahesh Kolli

Founder, Jt. Managing Director & President

CEO REPORT

Introduction

I am pleased to present Greenko's interim results for the period ended 30 September 2009. The Group has made considerable progress during the period under review, having increased operating capacity by 49 MW, secured capacity by 96MW resulting in 350 MW of assets under operation and development and has sourced a strong pipeline of new projects targeting secured capacity of 1,000 MW by end of FY 2014 (31 March 2015).

Greenko is focused on developing and operating portfolio of clean energy assets within India and intends to increase its installed capacity through a combination of acquiring both existing assets and projects under construction, as well as winning concessions to develop greenfield projects. The Group's income is generated from receipts for power sold to state electricity boards, merchant power contracts and from the sale of CERs which are generated from the Group's United Nations registered clean energy projects. In the future, the Directors believe that new opportunities, such as the direct sale of electricity to industrial users and trading of Green Power from third party renewable assets, will broaden the income streams of the Group and enhance profitability.

Financial review

For the six months ended 30 September 2009, Greenko's gross revenue was €8.61 million (2008: €6.68 million) and profit after tax was €774,174 (2008: €267,699). The Group generated EBITDA of €2,951,017 (2008: €1,930,984) before the charge for share based expenses of €256,242 (2008: €278,817), which represents an EBITDA margin of 34% (2008: 29%).

During the period under review the Group recognised CER revenue of €1,228,866(2008: €989,529) having sold 101,250 CERs (2008: 77,006). As at 30 September 2009 the Group had 120,907 CERs in stock.

Operational review

Biomass assets

The Group currently operates 6 biomass plants with a total secured installed capacity of 41.5 MW. Greenko recorded significant improvements in the operational performance during this period over the same period last year. The Plant load Factors improved by 15% over the previous period and the power tariff under long term PPAs increased by 19%. The merchant sale was about 18% of total units sold during this period.

Hydro assets

During the period under review Greenko successfully commissioned the AMR (24.75MW) and Rithwik (24.75MW) hydro developments which are now exporting power to the grid. The Sonna Hydro Power (10.5MW) is on track to commission in the final quarter of 2009. An agreement has also been reached for the acquisition of a 96 MW hydro plant in Sikkim bringing the total total hydro concessions under development to 250 MW. Substantial progress has been made in starting the development of these projects and are expected to commence project implementations during first quarter of 2010.

CER activity

The Group has 120,000 CERs in stock, generated from existing operational biomass assets during the six month period under review. In addition the AMR Power, Rithwik Power and Sonna hydro plants have

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been successfully registered for Carbon Credits by UNFCC resulting in 8 out of 9 operating assets generating 300,000 CER's per annum for the financial year 2010. The market outlook for EU ETS is between 13-14 euros.

Anil Kumar Chalamalasetty
Founder, Managing Director & CEO

Consolidated Balance Sheet

Amount in Euros

Assets	As at 30 September 2009 Unaudited	As at 30 September 2008 Unaudited	As at 31 March 2009 Audited
Non-Current assets			
Property, plant and equipment	67,084,526	57,920,591	67,433,711
Intangible assets	12,408,794	8,407,584	11,344,181
Investment in associates	-	-	761
Available-for-sale financial assets	16,095	46,807	16,746
Bank deposits	261,548	268,107	272,245
Trade and other receivables	363,641	316,387	335,163
	80,134,604	66,959,476	79,402,807
Current assets			
Inventories	2,393,944	1,724,705	2,353,970
Trade and other receivables	19,434,820	12,883,000	14,661,726
Available-for-sale financial assets	10,127	453,284	10,323
Bank deposits	10,354,346	1,663,225	7,718,453
Derivative financial instruments	-	-	156,725
Current income tax assets	11,019	71,145	15,286
Cash and cash equivalents	884,538	14,460,717	3,657,903
	33,088,794	31,256,076	28,574,386
Total assets	113,223,398	98,215,552	107,977,193
Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	339,946	339,946	339,946
Share premium	55,812,421	55,812,421	55,812,421
Share-based payment reserve	848,298	278,817	592,056
Revaluation reserve	292,578	359,868	333,033
Currency translation reserve	(8,419,832)	(5,545,710)	(6,180,179)
Other reserves	338,278	219,797	337,771
Retained earnings	6,113,672	2,888,205	5,311,153
Total equity	55,325,361	54,353,344	56,546,201
Liabilities			
Non-current liabilities			
Borrowings	30,515,638	30,537,189	32,517,641
Deferred income tax liabilities	2,584,469	1,733,500	2,518,908
Retirement benefit obligations	21,830	22,126	23,151
	33,121,937	32,292,815	35,059,700
Current Liabilities			
Trade and other payables	3,883,824	6,186,149	5,806,504
Derivative Financial liabilities	6,509	-	-
Borrowings	20,885,767	5,383,244	10,564,788
	24,776,100	11,569,393	16,371,292
Total liabilities	57,898,037	43,862,208	51,430,992
Total equity and liabilities	113,223,398	98,215,552	107,977,193

Consolidated Income Statement

Amount in Euros

	Six month period ended 30 September 2009 Unaudited	Six month period ended 30 September 2008 Unaudited	Year ended 31 March 2009 Audited
Sale of power	7,378,830	5,686,517	12,647,764
Sale of emission reductions	1,228,866	989,529	1,227,163
Total revenue	8,607,696	6,676,046	13,874,927
Other operating income	20,867	-	439,894
Cost of material and Power generation Expense	(4,403,148)	(3,677,769)	(6,892,335)
Employee benefit expense	(969,612)	(627,678)	(1,962,556)
Depreciation and amortization	(745,666)	(744,090)	(1,521,807)
Other operating expenses	(561,028)	(718,432)	(1,197,110)
Negative goodwill on business acquisition	-	-	1,800,976
Operating profit	1,949,109	908,077	4,541,989
Finance income	273,002	744,156	917,406
Finance cost	(1,085,049)	(1,220,088)	(22,93,650)
Finance costs-net	(812,047)	(475,932)	(1,376,244)
Profit before income tax	1,137,062	432,145	3,165,745
Income tax expense	(362,888)	(164,446)	(505,772)
Profit for the period/ year	774,174	267,699	2,659,973
Attributable to equity holders of the Company	774,174	267,699	2,659,973
Earnings per share for profit attributable to the company			
During the period/year	1.14	0.39	3.91
-basic (in cents)	1.14	0.39	3.91
-diluted (in cents)			

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Consolidated Statement of Changes in Equity

	Ordinary Shares					All amounts in Euros			
	No of Shares	Amount	Share premium	Share-based payment reserve	Revaluation reserve	Currency translation reserve	Other reserve	Retained earnings	Total equity
Balance as at 1 April 2009	67,989,237	339,946	55,812,421	592,056	333,033	(6,180,179)	337,771	5,311,153	56,546,201
<u>Forex gain (loss) net of tax</u>									
Available –for-sale financial assets	-	-	-	-	-	-	507	-	507
Amortisation transfer, intangible assets	-	-	-	-	(28,345)	-	-	28,345	-
Currency translation difference	-	-	-	-	(12,110)	(2,239,653)	-	-	(2,251,763)
Net income/(expense) recognized directly in equity	-	-	-	-	(40,455)	(2,239,653)	507	28,345	(2,251,256)
Profit for the period	-	-	-	-	-	-	-	774,174	774,174
Total recognized income/(expense) for the period	-	-	-	-	(40,455)	(2,239,653)	507	802,519	(1,477,082)
Value of employee services	-	-	-	256,242	-	-	-	-	256,242
Balance as at 30 September 2009	67,989,237	339,946	55,812,421	848,298	292,578	(8,419,832)	338,278	6,113,672	55,325,361

Consolidated Cash Flow Statement

Amount in Euros

	Six month ended 30 September 2009 Unaudited	Six month ended 30 September 2008 Unaudited	Year ended 31 March 2009 Audited
Cash flows from operating activities			
Profit before income tax	1,137,062	432,145	3,165,745
Adjustments for Depreciation and amortization	745,666	744,090	1,521,807
Impairment of Electricity PPA	-	-	77,858
Share based payment	256,242	278,817	592,056
Finance income	(273,002)	(700,044)	(917,406)
Finance cost	1,085,049	1,220,088	2,293,650
Negative goodwill on business acquisition	-	-	(1,800,976)
Changes in working capital			
Inventories	(137,197)	(473,068)	(1,119,952)
Trade and other receivables	(2,472,910)	(4,556,697)	(4,909,775)
Trade and other payables	(1,565,797)	2,532,377	320,974
Cash (used in)/generated from operations	(1,224,887)	(522,292)	(776,019)
Taxes paid	(117,485)	(101,516)	(228,687)
Net cash (used in)/generated from operating activities	(1,342,372)	(623,808)	(1,004,706)
Cash flows from investing activities			
Purchase of Property, plant and equipment And capital expenditure	(3,192,441)	(2,084,154)	(10,074,558)
Acquisition of business, net of cash acquired	(1,605,980)	(186,464)	(1,567,754)
Acquisition of license holding companies	-	-	(761)
Advance for purchase of equity	(2,887,792)	(1,801,403)	(2,447,568)
Bank deposits	(3,044,058)	(12,05,002)	(7,478,350)
Interest received	423,391	602,452	754,042
Dividends received	224	-	985
Net cash used in investing activities	(10,306,656)	(4,674,571)	(20,813,964)
Cash flows from financing activities			
Net proceeds from issue of shares	-	-	-
Grants received from Government of India	-	233,771	350,664
Proceeds from borrowing	13,463,098	873,172	6,377,506
Repayments of borrowing	(3,517,679)	(1,767,368)	(2,428,343)
Interest Paid	(1,076,084)	(2,823,982)	(2,004,417)
Net cash from financing activities	8,869,335	(3,484,407)	2,295,410
Net increase in cash and cash equivalents	(2,779,693)	(8,782,786)	(19,523,260)
Cash and cash equivalents at the beginning of the period	3,657,903	23,430,125	23,430,125
Exchange (losses)/gains on cash and cash equivalents	6,328	(186,622)	(248,962)
Cash and cash equivalents at the end of the period/year	884,538	14,460,717	3,657,903

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The interim consolidated financial statements of the Group for the six month period ended 30 September 2009 were approved by the Board of Directors on 17 December 2009.

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

In the opinion of the Directors, the financial statements for the six months period ended 30 September 2009 present fairly the financial position of operations and cash flows in conformity with IFRS.

These interim consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets, and financial liabilities at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Further, same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements (i.e., for the year ended 31 March 2009). The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in these notes.

b. Revenue and revenue recognition

(i) Sale of electricity

Revenue from the sale of electricity is recognised on the basis of the number of units of power exported in accordance with joint meter readings undertaken on a monthly basis by representatives of the buyer and the group at the rates prevailing as on the date of export.

(ii) Sale of Certified Emission Reductions ("CER's")

Revenue is recognized when CERs have been generated and sold to an end user.

(iii) Interest income

Interest income is recognised as the interest accrues to the net carrying amount of the financial asset using the net effective interest rate method.

c. Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

d. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates and judgments, including those relating to revenue recognition, fair value valuations, allowance for doubtful amounts, associates and financial assets, property, plant and equipment, goodwill, intangible assets, income taxes, financial instruments, self-insurance, employee benefits, contingencies and litigation

Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions and conditions.

e. Segment reporting

The adoption of IFRS 8 'Operating segment' effective 1 April 2009 has not affected the identified segments of the Group. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of Group's risks and returns. The management considers that it operates in a single segment of generation and sale of electricity and related emission reductions.

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2. Share capital

	As at 30 September 2009	As at 30 September 2008	As at 31 March 2009
Authorized capital 90,000,000 ordinary shares of € 0.005 each	€ 450,000	€ 450,000	€ 450,000
Issued and fully paid 67,989,237 ordinary shares of € 0.005 each	€339,946	€339,946	€339,946

3. Earnings per share

The following is the reconciliation of the weighted average number of equity shares and equity equivalent used in the computation of basic and diluted EPS for the period ended September 30, 2009

	30 September 2009	30 September 2008	31 March 2009
Weighted average number of shares outstanding used in computing basic EPS	67,989,237	67,989,237	67,989,237
Dilutive effect of ESOPs	-	313,901	-
Weighted average number of equity and equity equivalent shares outstanding used in computing diluted EPS	67,989,237	68,303,138	67,989,237
Profit for the period in €	774,174	267,699	2,659,973
Basic earnings per share (in cents)	1.14	0.39	3.91
Diluted earnings per share (in cents)	1.14	0.39	3.91

4. Related –party transactions

The group is not controlled by any single individual or group or entity. Aloe Environment Fund and Aloe Environment Fund II (which are both managed by Aloe Private Equity S.A.S) have significant influence over the group

The following transactions were carried out with related parties:

a) Key management compensation for the period ended:

	30 September 2009 €	30 September 2008 €
Salaries and other short-term employee benefits	202,950	264,000
Share options granted to directors	256,242	278,817
Reimbursement of expenses	-	25,376
	<u>459,192</u>	<u>568,193</u>

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In addition to the above, fee aggregating to €62,500 (2008:€62,500) were paid to the non-executive directors

b) Employee Stock Options

An amount of €256,242(2008:€278,817) was charged to the consolidated income statement for the period ended 30 September 2009, based on the fair valuation of the Employee Stock Options granted to Mr. Anil Chalamalasetty and Mr. Mahesh Kolli, on 22 April 2008. None of the options vested during the period. None of the options were exercised during the period.

5. Acquisitions during the period

During the period the group has acquired a licence to develop a 24 MW mini hydel project and consideration of € 1.70 million for the same was paid as an acquisition cost. As the project at the time of acquisition was in a pre-construction stage, the transaction was considered as an asset purchase. The net amount, after allocation of consideration to the fair value of tangible and net current assets, has been recognized as intangible asset of €1,697,766.

6. Events after the Balance Sheet date:

The group has acquired 89% stake in a Company developing a 96 MW Hydel Power Project in the State of Sikkim in India for a consideration of about € 5.0 million after the balance sheet date. This Company has most of the licenses to commence construction of the project and land acquisition is in an advanced stage of completion. Fair valuation of the assets in the Company is being done.

GEEMF III GK Holdings MU has invested USD 46.26 million in the preference shares of M/s Greenko Mauritius as per the terms of the agreement as was intimated to the shareholders vide Annual General Meeting circular sent to the members in October, 2009.