

DISENCO ENERGY PLC

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

THREE MONTHS ENDED 31 MARCH 2009

Expressed in Pounds Sterling

The accompanying financial information for the three months ended 31 March 2009

has not been reviewed or audited by the company's auditors

DISENCO ENERGY PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS ENDED 31 MARCH 2009
UNAUDITED**

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
TURNOVER	-	-
Cost of sales	(57,590)	(47,516)
	<hr/>	<hr/>
Gross loss	(57,590)	(47,516)
Administrative expenses	(128,476)	(286,897)
	<hr/>	<hr/>
OPERATING LOSS	(186,066)	(334,413)
Interest receivable and similar income	-	616
Interest payable	(48,045)	(41,766)
	<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AND FOR THE FINANCIAL PERIOD	(234,111)	(375,563)
	<hr/> <hr/>	<hr/> <hr/>
 LOSS PER SHARE (Note 2)		
Basic	(0.30) pence	(0.53) pence

All amounts relate to continuing operations.

There were no recognised gains or losses for the period other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

DISENCO ENERGY PLC

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	Notes	As at 31 March 2009 (unaudited) £	As at 31 December 2008 (audited) £	As at 31 March 2008 (unaudited) £
FIXED ASSETS				
Intangible	3	4,345,059	4,227,747	3,844,167
Tangible	4	59,308	65,848	24,644
		<hr/>	<hr/>	<hr/>
		4,404,367	4,293,595	3,868,811
CURRENT ASSETS				
Debtors		49,267	52,892	73,497
Cash at bank and in hand		-	18,280	8,857
		<hr/>	<hr/>	<hr/>
		49,267	71,172	82,354
CREDITORS: amounts falling due within one year		(3,367,590)	(3,029,169)	(3,171,251)
		<hr/>	<hr/>	<hr/>
NET CURRENT LIABILITIES		(3,318,323)	(2,957,997)	(3,088,897)
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,086,044	1,335,598	779,914
		<hr/>	<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year		(701,660)	(710,092)	-
		<hr/>	<hr/>	<hr/>
NET ASSETS		384,384	625,506	779,914
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES				
Called up share capital	5	8,013,763	8,013,763	7,233,016
Share premium account	7	891,142	891,143	943,072
Merger reserve	7	(3,762,559)	(3,762,559)	(3,762,559)
Warrant reserve	7	95,387	95,387	63,020
Share option reserve	7	589,475	620,487	846,943
Convertible debenture - equity reserve	7	65,649	41,647	14,481
Profit and loss account	7	(5,508,473)	(5,274,362)	(4,558,059)
		<hr/>	<hr/>	<hr/>
SHAREHOLDERS' FUNDS	8	384,384	625,506	779,914
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The consolidated financial information was approved and authorised for issue by the board and was signed on its behalf on 29 May 2009 by:

G B Longpre Director

A Dale Director

DISENCO ENERGY PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2009
UNAUDITED**

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(186,066)	(334,413)
Amortisation of intangible assets	9,391	9,900
Depreciation of tangible fixed assets	6,540	3,502
Decrease in debtors	3,625	84,175
Increase in creditors	205,172	149,335
Share based payments	(31,012)	65,967
	7,650	(21,534)
Net cash inflow/(outflow) from operating activities	7,650	(21,534)
CASH FLOW STATEMENT		
Net cash inflow/(outflow) from operating activities	7,650	(21,534)
Taxation	-	45,397
Returns on investments and servicing of finance (note 9)	5,488	616
Capital expenditure (note 9)	(126,703)	(321,290)
	(113,565)	(296,811)
Financing (note 9)	79,609	180,533
	(33,956)	(116,278)
Decrease in cash	(33,956)	(116,278)
Reconciliation of net cash flow to movement in net debt (note 10)		
Decrease in cash in the period	(33,956)	(116,278)
Amortisation of debenture issue costs	(2,886)	(8,563)
Issue of loans	(79,609)	(180,533)
Loan repayments	-	-
Conversion of convertible debenture into equity	21,116	-
Exchange rate movements	(4,975)	5,104
	(100,310)	(300,270)
Change in net debt	(100,310)	(300,270)
Opening net debt	(3,100,370)	(2,081,292)
	(3,200,680)	(2,381,562)
Closing net debt	(3,200,680)	(2,381,562)

DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

A group reconstruction of Disenco Energy PLC and Disenco Limited, which took place on 13 March 2006, has been accounted for under the merger accounting rules as permitted by Financial Reporting Standard No.6. The cost was £5,593,500 and the consideration was satisfied by the issue of 5,593,500 shares in Disenco Energy plc. The net book value of Disenco Limited's assets and liabilities at the date of the merger was £285,582.

The consolidated financial statements comprise the financial statements of the company and its subsidiary undertaking made up to 31 March 2009.

1.2 Basis of preparation - going concern basis

The group has yet to complete the development and commercialisation of its appliance, and as a result has no revenue stream at this time. The group is therefore continuing to make operating losses, and will continue to do so until the group's product comes to market. The directors consider that the outlook presents significant challenges in terms of managing its cash and other resources until cash is available from trading profits. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The group is in continued discussions with all of its lenders in relation to repayment terms. It is likely that these discussions will continue until such time as significant funds are received which will enable the group to repay these balances in full or in accordance with an agreed structured repayment plan. The directors are continuing to pursue a number of alternative sources of funding, to enable the group to repay its debt commitments, fund the final development and commercialization of the appliance, and fund the manufacture and subsequent monitoring of its planned field trial programme, but as yet have not secured the full amount of the funding required.

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the group's and the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the group and the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

In the event that the parent company was unable to raise sufficient funds, the carrying value of the group's intangible fixed assets may not be recoverable in full. Further, in the parent company, the investment in the subsidiary and the inter company debtor may not be recoverable in full.

DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.3 Intangible fixed assets

Intangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition, less amortisation. Amortisation is provided to write off the cost of the intangible fixed assets over their expected useful economic lives on the following bases:

Intellectual property rights	5%
Patents and designs	25%

The directors have considered whether impairment of the intangible fixed assets is necessary and deem it not to be on the basis of future expected cashflows.

1.4 Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures, fittings, tools and equipment	25% - 33%
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1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

1.6 Research & Development

Development expenditure that relates to the clearly defined project of developing the home power plant (mCHP) which is proven technically feasible and is commercially viable is capitalised and amortised over its expected useful economic life. Amortisation will commence once the project reaches commercialisation.

Other expenditure on research and development is charged in the profit and loss account as cost of sales in the period in which it is incurred.

1.7 Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the term of the lease.

1.8 Grant income

Grant income relating to revenue expenditure is recognised in the profit and loss account when received.

DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is recognised only if it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1.10 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Areas requiring the use of estimates include the rate of amortisation of intangible fixed assets, the rate of depreciation of tangible assets and the assumptions used in determination of the fair value of share-based payments. Management believes that the estimates used are reasonable. However, actual results could differ from those estimates and would impact future results of operations and cashflows.

1.11 Share based payments

The company follows FRS 20 'Share-based payments', to account for share-based payments using the fair value based method with respect to all share-based payments to directors, employees, non employees and service providers, including awards that are direct awards of shares and call for settlement in cash or other assets, or share appreciation rights that call for settlement by the issuance of equity instruments. Under this standard, share-based payments for directors, employees and non-employees are recorded as an expense in the period the share-based payment vests or when the awards or rights are granted. For service providers share-based payments are recorded as an expense in the period the service is received based on the fair value of the service. A corresponding increase to the share option reserve under shareholders' funds is recognised. When share options are exercised, the corresponding fair value is transferred to share capital or when share options are forfeited, cancelled or expire, the corresponding fair value is transferred to the profit and loss account.

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

2. LOSS PER SHARE

The calculation of the basic loss per share is based on the following loss and number of shares.

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
Loss for the financial period	234,111	375,563
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	Number of shares	Number of shares
Weighted average number of shares for basic loss per share	77,510,862	71,145,862
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3. INTANGIBLE FIXED ASSETS

	Development costs £	Patents & designs £	Intellectual property rights £	Total £
Cost				
At 1 January 2009	3,758,593	92,841	575,000	4,426,434
Additions	126,703	-	-	126,703
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 31 March 2009	3,885,296	92,841	575,000	4,553,137
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Amortisation				
At 1 January 2009	-	78,913	119,774	198,687
Charge for the period	-	2,206	7,185	9,391
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At 31 March 2009	-	81,119	126,959	208,078
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Net book amount				
At 31 March 2009	3,885,296	11,722	448,041	4,345,059
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DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

4. TANGIBLE FIXED ASSETS

	Fixtures, fittings tools & equipment £
Cost	
At 1 January 2009	115,376
Additions	-
	115,376
At 31 March 2009	115,376
Depreciation	
At 1 January 2009	49,528
Charge for the period	6,540
	56,068
At 31 March 2009	56,068
Net book amount	
At 31 March 2009	59,308

5. SHARE CAPITAL

		Authorised £	Allotted, called up & fully paid £	
Equity share capital	No		No	
At 31 December 2008 and 31 March 2009				
S Ordinary shares of £0.10 each	60,000,000	6,000,000	559,350	55,935
C Ordinary shares of C\$0.24 each	200,000,000	22,583,693	76,951,512	7,957,828
	260,000,000	28,583,693	77,510,862	8,013,763
	260,000,000	28,583,693	77,510,862	8,013,763

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

5. SHARE CAPITAL (continued)

Outstanding share options at the period end

Options have been granted under the following option schemes to subscribe for ordinary shares of the company. As at 31 March 2009 the following options were outstanding:

	Number of shares under option	Weighted average subscription price per share C\$	Exercise period expires
Executive share options	3,721,500	0.270	16/10/2011
Executive share options	750,000	0.430	08/05/2012
Executive share options	1,000,000	0.500	01/01/2013
Executive share options	2,725,000	0.500	03/09/2013
Service providers	500,000	0.500	16/10/2011
Service providers	659,904	0.500	16/10/2009
Service providers	96,000	0.510	15/03/2012
Service providers	104,000	0.510	31/08/2012
Service providers	400,000	0.510	01/01/2013
Service providers	973,000	0.500	17/09/2013
IPO Fundraisers	617,045	0.500	21/02/2009
Fundraisers (Agent Options)	326,700	0.300	11/07/2010
Fundraisers (Agent Options)	279,800	0.300	02/09/2010
Fundraisers (Agent Options)	30,000	0.300	20/11/2010
	<hr/>	<hr/>	
Options outstanding at 31 December 2008	12,182,949	0.400	
Cancelled during the period:			
Executive share options	(500,000)	0.430	
	<hr/>	<hr/>	
Outstanding as at 31 March 2009	11,682,949	0.399	
	<hr/> <hr/>	<hr/> <hr/>	

On 13 February 2009 500,000 options were cancelled as a result of the resignation of Mr Mearns from the company.

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

6. SHARE BASED PAYMENTS

Share based payments recorded through the profit and loss account in the three months ended 31 March 2009 totalled £4,436. Offset against this charge in the quarter is a credit of £35,449 relating to the cancellation of share options not yet vested, for which a charge had been previously recorded through the profit and loss account.

7. RESERVES

	Share Premium £	Merger Reserve £	Warrant Reserve £	Share Option Reserve £	Convertible Debenture Equity Reserve £	Profit & Loss Account £	Total £
Balance at 31 December 2008	891,143	(3,762,559)	95,387	620,487	41,647	(5,274,362)	(7,388,257)
Cancellation of share options	-	-	-	(35,449)	-	-	(35,449)
Issue of share options	-	-	-	4,436	-	-	4,436
Issue of convertible debenture	-	-	-	-	24,002	-	24,002
Loss for the period	-	-	-	-	-	(234,111)	(234,111)
Balance at 31 March 2009	891,143	(3,762,559)	95,387	589,474	65,649	(5,508,473)	(7,629,379)

8. SHAREHOLDERS' FUNDS

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
Loss for the period	(234,111)	(375,563)
Other movements:		
Cancellation of share options	(35,449)	-
Issue of share options	4,436	65,967
Conversion of convertible debenture into equity	24,002	-
Opening shareholders' funds	625,506	1,089,510
Closing shareholders' funds	384,384	779,914

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE ENDED 31 MARCH 2009**

9. GROSS CASH FLOWS

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
Returns on investments and servicing of finance		
Interest received	-	616
Interest paid	-	-
Exchange rate gains	5,488	-
	<hr/>	<hr/>
	5,488	616
	<hr/>	<hr/>
Capital expenditure		
Payments to acquire intangible fixed assets	(126,703)	(321,290)
Payments to acquire tangible fixed assets	-	-
	<hr/>	<hr/>
	(126,703)	(321,290)
	<hr/>	<hr/>
Financing		
Issue of share capital	-	-
Expenses paid in connection with the issue of shares	-	-
Issue of loans	79,609	180,533
Loan repayments	-	-
	<hr/>	<hr/>
	79,609	180,533
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10. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2008 £	Cash flows £	Other changes £	Exchange rate differences £	At 31 March 2009 £
Cash at bank and in hand	18,280	(33,852)	-	(104)	(15,676)
Debt due within 1 year	(2,408,558)	(79,609)	21,116	(16,293)	(2,483,344)
Debt due after 1 year	(710,092)	-	(2,886)	11,318	(701,660)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,100,370)	(113,461)	18,230	(5,079)	(3,200,680)
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DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

11. TRANSACTIONS WITH RELATED PARTIES

The group owes £354,820 to Disenco International AS, a company in which G Bretvin and G B Longpre are both directors and shareholders.

On 3 March 2007 Mr Longpre, a director of the company, agreed to a share for debt settlement for £200,000 of the company's outstanding loans to himself and Dover International Limited, a company in which Mr Longpre is a director and shareholder. This was accepted by the TSX Venture Exchange and relevant securities commissions in May 2007. The remaining outstanding balance of £38,892 is due to be repaid to Dover International on receipt of significant funds from the current round of fundraising.

The group owes C\$12,500 to J Gunn, a former director and shareholder of the company, in relation to expenses incurred on the company's behalf.

The group also owes an additional £50,000 to J Gunn in relation to a loan granted on 30 April 2007. The loan incurs interest at 6% payable on date of repayment, which is on receipt of significant funds from the current round of fundraising.

The group also owes J Gunn £100,000 in respect of £50,000 loans granted on 22 October 2007 and 8 February 2008. These loans incur interest at 7% payable at the date of repayment, which is due on receipt of significant funds from the current round of fundraising.

In July 2007, the company received a \$400,000 payment as first drawdown instalment from the C\$1,000,000 loan facility agreement that it has with Mr J Gunn. This facility is repayable at any time from one year of date of commencement of the facility, which was 12 October 2006, following receipt of seven days notice in writing from the lender. Interest on the loan is charged at 1% above the rate obtained for an equivalent value 12 month Canadian dollar deposit, which the company has agreed with the lender will be 5.05%.

These loans have been secured through a debenture agreement by a fixed and floating charge over the group's property and assets. The Company has paid the sum of C\$105,000 to such loans and has agreed with J Gunn that the balance of the loans would be settled on receipt of significant funds from the current round of fundraising.

In the period from August 2007 to September 2008 the company received funds totalling C\$792,645 as drawdown instalment from the C\$1,000,000 loan facility agreement that it has with Dover International Limited. This facility is repayable at any time from one year of date of commencement of the facility, which was 12 October 2006, following receipt of seven days notice in writing from the lender. Interest on the loan is charged at 1% above the rate obtained for an equivalent value 12 month Canadian dollar deposit, which the company has agreed with the lender will be 5.05%.

Throughout 2007 the company was granted several loans from Warburg International. These were consolidated on 1 January 2008 into one loan of £690,000. The company has also received additional advances of £25,000 on 1 February 2008 and £20,000 on 31 March 2008. Mr G B Longpre, a director of the company, is a guarantor on these loan amounts. The loans bear interest at a rate of 7% per annum. The Company repaid loan interest of £30,000 in September 2008. Total interest accrued and unpaid on these loans at 31 March 2009 is £51,446. In February 2009 the lender converted £350,000 of the loan balance into a convertible debenture.

DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

11. TRANSACTIONS WITH RELATED PARTIES (continued)

In November 2008 the group signed an agreement with the Hunter Group in Canada, headed by Doug Hunter, an experienced business leader and developer in the energy markets. Under the terms of the Agreement, the Hunter Group is to raise, on a best efforts basis, C\$9million in Disenco Energy plc for common shares of Disenco, at share prices to be agreed, to own 50% of a new company to be created by the two companies called Disenco North America ("DNA"). The new company will commercialise Disenco's HomePowerPlant ("HPP") product to residential and business owners uniquely in North America. The C\$9million is to be raised in three tranches over the remaining development of the appliance. In consideration of the services to be provided by the Hunter Group, the Hunter Group shall be entitled to a 50% ownership interest in DNA. If less than C\$9million is raised by the Hunter Group, its ownership interest in DNA shall be calculated on the basis of 50% of the total amount raised divided by C\$9million. Mr Hunter was appointed to the main Board of Disenco Energy plc in November 2008 and will undertake the role of CEO of DNA, on creation of that entity. At 31 March 2009, the Hunter Group has succeeded in raising approximately C\$300,000. Shares are to be issued to the investors on the closing of the first tranche of investment.

No disclosure has been made within these financial statements of any transactions with group companies in accordance with the exemptions allowed by Financial Reporting Standard No.8.

Disenco Energy Plc does not have an ultimate controlling party.

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group has classified its cash and cash equivalents as held-for-trading; amounts receivable, deposits, and due from related parties as loans and receivables; and due to related parties and accounts payable and accrued liabilities as other financial liabilities. The group finances working capital through issue of equity and through borrowings at prevailing market interest rates. The group does not use hedge accounting.

The group's financial instruments comprise cash recourses raised through the issue of equity, directors and other loans, the issue of a convertible debenture and various other items, such as trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

It is, and has throughout the period under review been, the group's policy that no trading in financial instruments shall be undertaken.

The Group's risk exposure and the impact on the Group's financial instruments are summarized below:

(a) Credit risk

The group currently has no assets with a significant risk of defaulting. The group does not have significant cash reserves or loans to other parties that are not related. Therefore credit risk exposure is not high.

The Group has asset backed securities.

DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in obtaining funds to meet commitments. The Group's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Group manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

Short term financing is generally received from directors in the form of short term loans where necessary. The majority of the funding for Disenco Energy Plc is from equity investors.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(i) Interest rate risk The group has several loans which have interest rates attached. These are not due to fluctuate as they are fixed in their nature.

(ii) Foreign currency risk

The group's exposure to the price risk of financial instruments is limited to currency risk on a Norwegian Kroner loan and Canadian Dollar loans and debenture. The group does not undertake any forward currency purchases to hedge against this risk.

(iii) Other price risk

The company currently has no traded instruments that are subject to fluctuation in price. The company is still in its development stage and is therefore using funds to commercialise the product.

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP

The interim financial statements of the company for the three months ended 31 March 2009 have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles ("UK GAAP") which, as applied in the financial statements, conforms in all material respects to those accounting principles generally accepted under Canadian Generally Accepted Accounting Principles ("CDN GAAP"), except as described below:

a) Basis of consolidation

On 13 March 2006, Disenco Energy plc acquired the whole of the share capital of Disenco Limited in exchange for 5,593,500 ordinary shares of £1 each, being the directors' estimate of the fair value of the consideration given.

Under UK GAAP, the combination of Disenco Energy plc and Disenco Limited has been accounted for under the merger accounting rules. Under Canadian GAAP, the acquisition has been accounted for using the purchase method. Accordingly, the directors have considered the value of the assets acquired and their fair value at the date of acquisition and believe that there is no material difference between the fair value of the assets and their book value. Accordingly, the purchase price has been allocated as follows:

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

	£
Intellectual property rights	535,707
Patents and designs	33,093
Fixtures, fittings, tools and equipment	20,512
Net current liabilities	(153,730)
Long term liabilities	(150,000)
	285,582
Issuance of capital stock	(5,593,500)
	(5,307,918)

In accordance with CICA section 3840, the transaction was a non-monetary transaction between related parties with no amount to independently substantiate the exchange amount, and accordingly no gain is recognised.

b) Patents and Intellectual property rights

Under UK GAAP Intangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition, less amortisation. Amortisation is provided to write off the cost of intangible fixed assets over their expected useful economic lives.

Under Canadian GAAP, an intangible asset that is acquired either individually or with a group of other assets should be initially recognized and measured at cost. An intangible asset is not written down or written off in the period of acquisition, unless it becomes impaired during this period.

When an intangible asset has a finite useful life, but the precise length of that life is not known, the intangible asset is amortised over the best estimate of its useful life. When an intangible asset has an infinite useful life, the intangible is tested annually for impairment.

For Canadian GAAP purposes, intellectual property is recorded at cost and tested for impairment on an annual basis. No amortisation is taken. For UK GAAP amortisation is provided to write off the cost of intellectual property rights over their expected useful economic lives.

c) Related party transactions

Under Canadian GAAP separate disclosure is required for transactions incurred with related parties. Such disclosure includes a description of the terms of the transaction as well as a description of the relationship. Debt totalling £354,820 is owed to Disenco International AS ("DIAS"), a company in which G Bretvin and G B Longpre, who are both directors of the company, are shareholders, of which £283,910 (2,749,607 NOK) represents the repayment of amounts owing by DIAS to SND Innovation Bank, for which the company has given a guarantee and is secured by a fixed charge over certain of the group's intangible fixed assets dated 24 March 2005. Discussions are currently continuing between DIAS and Innovation Bank in Norway regarding further agreed payment extensions. The interest on the debt is calculated at Norwegian Bank base rate plus 2%. Interest of £35,144 has been accrued for the period ending 31 December 2007. This includes penalty interest of £6,103 for negotiated delayed repayment of capital. Interest of £35,793 has been accrued for up to 31 March 2009. All interest incurred and accrued prior to 1 June 2006 was repaid during 2006.

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

d) Loss per share

Loss per share is calculated based on the weighted average number of common shares outstanding during the year. The company uses treasury stock methods for calculating diluted earnings per share. However, diluted loss per share has not been presented as the potential exercise of options and warrants outstanding would have the effect of reducing the loss per share. Therefore, basic and diluted loss per share are the same.

i **Reconciliation of total assets, liabilities and stockholders' equity:**

	As at 31 March 2009 (unaudited) £	As at 31 March 2008 (unaudited) £
Total assets per UK GAAP	4,453,634	3,951,165
Adjustments to Canadian GAAP		
Intellectual property amortisation	126,959	58,934
	<hr/>	<hr/>
Total assets per Canadian GAAP	4,580,593	4,010,099
	<hr/>	<hr/>
Total liabilities per UK GAAP	4,069,250	3,171,251
Adjustments to Canadian GAAP	-	-
	<hr/>	<hr/>
Total liabilities per Canadian GAAP	4,069,250	3,171,251
	<hr/>	<hr/>
Total equity per UK GAAP	384,384	779,914
Adjustments to Canadian GAAP		
Intellectual property amortisation	126,959	58,934
Merger reserve	3,762,559	3,762,559
Pre-acquisition losses	1,545,359	1,545,359
Excess of consideration over assets acquired allocated to deficit	(5,307,918)	(5,307,918)
	<hr/>	<hr/>
Total equity per Canadian GAAP	511,343	838,848
	<hr/>	<hr/>
Total liabilities and equity per Canadian GAAP	4,580,593	4,010,099
	<hr/>	<hr/>

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

ii Reconciliation of net loss reported in Canadian GAAP and UK GAAP

Statement of Operations

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
Net loss per UK GAAP	(234,111)	(375,563)
Add:		
Net loss under merger accounting	234,111	375,563
Net loss under the purchase method of accounting	(234,111)	(375,563)
Amortisation of intellectual property rights	7,185	7,185
	<hr/>	<hr/>
Net loss per Canadian GAAP	(226,926)	(368,378)
	<hr/>	<hr/>

DISENCO ENERGY PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

iii Statement of Cash Flows under Canadian GAAP

	Three months ended 31 March 2009 (unaudited) £	Three months ended 31 March 2008 (unaudited) £
Net loss per Canadian GAAP	(226,926)	(368,378)
Add:		
Depreciation of fixed assets	6,540	3,502
Depreciation of patents and designs	2,206	2,715
Share based payments	(31,012)	65,967
	<hr/>	<hr/>
Changes in non-cash working capital	(249,192)	(296,194)
Accounts receivable/payable	262,330	275,276
	<hr/>	<hr/>
Cash provided by operating activities	13,138	(20,918)
	<hr/>	<hr/>
Taxation		
Receipt of 2006 research and development tax credit	-	45,397
	<hr/>	<hr/>
Cash received from taxation	-	45,397
	<hr/>	<hr/>
Investing activities		
Purchase of fixed assets	(126,703)	(321,290)
	<hr/>	<hr/>
Cash used in investing activities	(126,703)	(321,290)
	<hr/>	<hr/>
Financing activities		
Issue of loans	79,609	180,533
	<hr/>	<hr/>
	79,609	180,533
	<hr/>	<hr/>
Decrease in cash during the period	(33,956)	(116,278)
Opening cash	18,280	125,135
	<hr/>	<hr/>
Ending cash	(15,676)	8,857
	<hr/>	<hr/>

DISENCO ENERGY PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2009

14. CAPITAL MANAGEMENT POLICY

The Company's capital management objective is to raise the funds necessary to complete the research and development and commercialisation activities required to take its product to market and to maximise the long term investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operating segment. Achieving these objectives requires management to consider the underlying nature of its research and development activities, the availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process.

The Company has needed to raise capital in order to continue the development and commercialisation of its appliance. The Company attempts, where possible, to fund these activities by issuing share capital rather than using other capital sources that requires fixed repayments of principal or interest. All forms of financing, including debt, however, are considered to enable the Company to continue its progress towards its commercial objectives.

The Company's capital under management includes:

	As at 31 March 2009 (unaudited) £	As at 31 December 2008 (audited) £
Convertible Debentures	1,302,658	710,092
Shareholders' Equity:		
Called up share capital	8,013,763	8,013,763
Share premium account	891,143	891,143
Equity component of convertible debentures	65,649	41,647

The increase in the convertible debenture balance relates mainly to the issue of a new 2 year debenture on 29 August 2008. This debenture, which closed at a value of C\$1,375,286, is convertible at any time during the 2 year period into units at a price of C\$0.30 per unit. Each unit comprises one "C" share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional "C" share at an exercise price of C\$0.40 until the earlier of the expiration of the debenture or two years after the conversion of the debenture. Interest is charged on the debenture at 8% per annum. The unconverted balance (C\$766,800) on the debenture which was due to be repaid on 31 August 2008 was repaid in full and subsequently re-invested into this new debenture and is included in the C\$1,375,286 closing value.

On 2 February 2009 Warburg International Funding Group Ltd agreed to convert £350,000 of their outstanding loans totalling £735,000 into a convertible debenture. The debenture is repayable on 1 December 2009 and is convertible at any time up to repayment at a conversion price of C\$0.20 per unit. Each unit comprises one 'C' share. Interest is charged on the debenture at 7% per annum.

The increase in the convertible debentures also relates to the amortisation of issue costs over the life of the debenture and associated foreign currency gains and losses.

The company is subject to certain covenant provisions related to its convertible debentures and is in compliance with all such covenants for the quarter ended 31 March 2009.