

DISENCO ENERGY PLC

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

THREE AND SIX MONTHS ENDED 30 JUNE 2009

Expressed in Pounds Sterling

**The accompanying financial information for the three and six months ended 30 June 2009 has not
been reviewed or audited by the company's auditors**

DISENCO ENERGY PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009
UNAUDITED

	Three months ended 30 June 2009 £	Three months ended 30 June 2008 £	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £
TURNOVER	-		-	
Cost of sales	(36,653)	(56,229)	(94,243)	(103,745)
Gross loss	(36,653)	(56,229)	(94,243)	(103,745)
Administrative expenses	(199,209)	(304,015)	(327,686)	(590,912)
OPERATING LOSS	(235,863)	(360,244)	(421,929)	(694,657)
Interest receivable and similar income	119,749	309	119,749	925
Interest payable	(53,868)	(55,406)	(101,913)	(97,172)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(169,982)	(415,341)	(404,093)	(790,904)
Tax on loss on ordinary activities	134,547	183,345	134,547	183,345
LOSS FOR THE PERIOD	(35,435)	(231,996)	(269,546)	(607,559)
LOSS PER SHARE (Note 2)				
Basic	(0.05) pence	(0.33) pence	(0.36) pence	(0.85) 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 30 JUNE 2009

	Notes	As at 30 June 2009 (unaudited) £	As at 31 December 2008 (audited) £	As at 30 June 2008 (unaudited) £
FIXED ASSETS				
Intangible	3	4,316,310	4,227,747	3,948,276
Tangible	4	53,572	65,848	21,157
		<hr/>	<hr/>	<hr/>
		4,369,882	4,293,595	3,969,433
CURRENT ASSETS				
Debtors		37,890	52,892	52,648
Cash at bank and in hand		31,798	18,280	7,043
		<hr/>	<hr/>	<hr/>
		69,688	71,172	59,691
CREDITORS: amounts falling due within one year		(2,636,436)	(3,029,169)	(3,447,207)
		<hr/>	<hr/>	<hr/>
NET CURRENT LIABILITIES		(2,566,748)	(2,957,997)	(3,387,516)
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,803,134	1,089,510	581,917
CREDITORS: amounts falling due after more than one year		(698,618)	(710,092)	-
		<hr/>	<hr/>	<hr/>
NET ASSETS		1,104,516	625,506	581,917
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES				
Called up share capital	5	8,671,253	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	184,457	95,387	63,020
Share option reserve	7	598,051	620,487	880,942
Convertible debenture - equity reserve	7	66,080	41,647	14,481
Profit and loss account	7	(5,543,908)	(5,274,362)	(4,790,055)
		<hr/>	<hr/>	<hr/>
SHAREHOLDERS' FUNDS	8	1,104,516	625,506	581,917
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The consolidated financial information was approved and authorised for issue by the board and was signed on its behalf on _____ by:

B Longpre Director

A Dale Director

DISENCO ENERGY PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009
UNAUDITED

	Three months ended 30 June 2009 £	Three months ended 30 June 2008 £	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £
Reconciliation of operating loss to net cash outflow from operating activities				
Operating loss	(235,863)	(360,244)	(421,929)	(694,657)
Amortisation of intangible assets	9,402	9,899	18,793	19,799
Depreciation of tangible fixed assets	5,736	3,487	12,276	6,989
Decrease/(increase) in debtors	11,377	(20,849)	15,002	105,024
Increase/(decrease) in creditors	(630,111)	(22,481)	(424,938)	126,854
Share based payments	122,080	33,999	91,067	99,966
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Net cash outflow from operating activities	(717,379)	(314,491)	(709,729)	(336,025)
	<hr/>	<hr/>	<hr/>	<hr/>
CASH FLOW STATEMENT				
Net cash outflow from operating activities	(717,379)	(314,491)	(709,729)	(336,025)
Taxation	134,547	183,345	134,547	228,742
Returns on investments and servicing of finance (note 9)	5,488	309		925
Capital expenditure (note 9)	19,347	(114,008)	(107,356)	(435,298)
	<hr/>	<hr/>	<hr/>	<hr/>
	(568,973)	(244,845)	(682,538)	(541,656)
Financing (note 9)	616,447	243,031	696,056	423,564
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(Decrease)/increase in cash	47,474	(1,814)	13,518	(118,092)
	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt (note 10)				
Increase/(decrease) in cash in the period	47,474	(1,814)	13,518	(118,092)
Amortisation of debenture issue costs	-	(11,266)	(2,886)	(19,829)
Issue of loans	(265,264)	(243,031)	(344,873)	(423,564)
Loan repayments	405,000	-	405,000	-
Conversion of convertible debenture into equity	-	-	-	-
Issue of shares for settlement of debt	-	-	21,116	-
Exchange rate movements	124,724	(6,801)	119,749	(1,697)
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net debt	311,934	(262,912)	(211,624)	(563,182)
Opening net debt	(3,200,680)	(2,381,562)	(3,100,370)	(2,081,292)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing net debt	(2,888,746)	(2,644,474)	(2,888,746)	(2,644,474)
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DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES

(a) 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 30 June 2009.

(b) Basis of preparation - going concern basis

The directors have prepared financial projections to take the group through to commercialisation of its product in 2009 and through to anticipated profitability in the reasonable expectation that the company will generate significant amounts of future funding via private equity placements and director and other loans. They believe that sufficient funds can be raised to meet the net costs for the foreseeable future and until the group becomes profitable. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

While the directors have estimated the future costs of the group and are taking reasonable steps to ensure that the required funding is received, there can be no certainty in relation to these matters. The financial statements do not include any adjustments that would result from a failure to secure the required equity funding.

(c) Turnover

Turnover represents amounts received from the Carbon Trust in respect of a contract for trials to be undertaken of the company's Home Power Plant.

(d) 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%

(e) 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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DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES (continued)

(f) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. 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.

(g) 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.

(h) Operating leases

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

(i) Grant income

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

(j) 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.

(k) 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 estimates are reasonable however actual results could differ from those estimates and would impact future results of operations.

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES (continued)

(l) 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.

(m) Changes in Accounting Policies

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated statements, except that: effective 1 January 2008, the Company adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535: Capital Disclosures

Section 1535: Capital disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company is required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital. The Company has included disclosures recommended by the new Handbook section in note 14 to these interim consolidated financial statements.

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 30 June 2009 £	Three months ended 30 June 2008 £	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £
Loss for the financial period	35,435	231,996	269,546	607,559
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	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of shares for basic loss per share	78,169,104	71,145,862	78,169,104	71,145,862
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DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

3. INTANGIBLE FIXED ASSETS

	Development costs £	Patents & designs £	Intellectual property rights £	Total £
Cost				
At 31 December 2008	3,758,593	92,841	575,000	4,426,434
Additions	107,356	-	-	107,356
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	3,865,949	92,841	575,000	4,533,790
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 31 December 2008	-	78,913	119,774	198,687
Charge for the period	-	4,423	14,370	18,793
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	-	83,336	134,144	217,480
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 30 June 2009	3,865,949	9,505	440,856	4,316,310
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2008	3,758,593	13,928	455,226	4,227,747
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. TANGIBLE FIXED ASSETS

	Fixtures, fittings tools & equipment £
Cost	
At 31 December 2008	115,376
Additions	-
	<hr/>
At 30 June 2009	115,376
	<hr/>
Depreciation	
At 31 December 2008	49,528
Charge for the period	12,276
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At 30 June 2009	61,804
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Net book amount	
At 30 June 2009	53,572
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At 31 December 2008	65,848
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DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

5. SHARE CAPITAL

Equity share capital	Authorised		Allotted, called up & fully paid	
	No	£	No	£
At 31 December 2008				
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	7,177,081
	260,000,000	28,583,693	77,510,862	7,233,016
Movements in period:				
S Ordinary shares of £0.10 each				
C Ordinary shares of C\$0.24 each			18,571,428	1,438,237
	-	-	18,571,428	1,438,237
At 30 June 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	95,522,940	8,615,318
	260,000,000	28,583,693	96,082,290	8,671,253

On 9 June 2009 the Company issued 18,571,428 units in relation to a pre placement of shares ahead of the raising of the completion of a long term investment offering. 14,571,428 units comprised one "C" share at C\$0.07 and 1 warrant which entitles the holder to acquire one additional share at a price of C\$0.15 per share until the date that is 36 months from the date of issue. 4,000,000 units comprised one "C" share at C\$0.07.

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
Options outstanding at 31 December 2008	12,182,949	0.400	

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

Cancelled during the period:		
Executive share options	(500,000)	0.430
IPO Fundraisers	(617,045)	0.500
	_____	_____
Outstanding as at 30 June 2009	11,065,904	0.393
	=====	=====

On 13 February 2009, 500,000 options were cancelled as a result of the resignation of Mr Mearns from the company. On 21 February 2009, 617,045 options in respect of IPO Fundraisers expired.

6. SHARE BASED PAYMENTS

Share based payments recorded through the profit and loss account in the three and months ended 30 June 2009 totalled £4,436 and £151,433 respectively. Offset against this charge in the half-year is a credit of £89,236 relating to the cancellation of share options not yet vested, for which a charge had been previously recorded through the profit and loss account.

The model has used the following assumptions:

- A volatility rate of 50%. This figure is based upon the experience of similar companies, newly listed, operating in a market with new technology.
- A risk free interest rate of between 3.22% and 4.04% based upon the value of Government of Canada benchmark bond yields for 5 years.
- Expected life of options of 3.5 years.
- Bid price discount of 20%.
- Expected dividend rate of £nil.

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

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	41,657	(5,274,362)	(7,388,247)
Issue / (cancel) share options				(22,436)			(22,436)
Issue / (cancel) share warrants	-	-	89,070		-	-	89,070
Issue of Convertible Debenture					24,423		24,423
Loss for the period	-	-	-	-	-	(269,546)	(269,546)
Balance at 30 June 2009	891,143	(3,762,559)	184,457	598,051	66,080	(5,543,908)	(7,566,736)

8. SHAREHOLDERS' FUNDS

	Three months ended 30 June 2009 £	Three months ended 30 June 2008 £	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £
Loss for the period	(35,435)	(231,996)	(269,546)	(607,559)
Other movements:				
New shares issued	692,094	-	692,094	-
Share issue costs	(34,605)	-	(34,605)	-
Issue of share options	8,577	33,999	(22,436)	99,966
Issue of Share Warrants	89,070	-	89,070	-
Issue of Convertible Debenture	431	-	24,433	-
Opening shareholders' funds	384,384	779,914	625,506	1,089,510
Closing shareholders' funds	1,104,516	581,917	1,104,516	581,917

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

9. GROSS CASH FLOWS

	Three months ended 30 June 2009	Three months ended 30 June 2008	Six months ended 30 June 2009	Six months ended 30 June 2008
	£	£	£	£
Returns on investments and servicing of finance				
Interest received	-	309	-	925
Interest paid	-	-	-	-
Exchange rate (losses)/gains	114,261	-	119,749	-
	<u>114,261</u>	<u>309</u>	<u>119,749</u>	<u>925</u>
Capital expenditure				
Payments to acquire intangible fixed assets	19,347	(114,008)	(107,356)	(435,298)
Payments to acquire tangible fixed assets	-	-	-	-
	<u>19,347</u>	<u>(114,008)</u>	<u>(107,356)</u>	<u>(435,298)</u>
Financing				
Issue of share capital	692,095	-	692,095	-
Expenses paid in connection with the issue of shares	(34,605)	-	(34,605)	-
Issue of loans	287,074	243,031	366,683	423,564
Loan repayments	(305,000)	-	(305,000)	-
	<u>639,654</u>	<u>300,799</u>	<u>423,564</u>	<u>423,564</u>

10. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2008	Cash flows	Other changes	Exchange rate differences	At 30 June 2009
	£	£	£	£	£
Cash at bank and in hand	18,280	13,518	-	-	31,798
Debt due within 1 year	(2,408,558)	100,812	21,116	64,704	(2,221,926)
Debt due after 1 year	(710,092)	40,685	(2,886)	55,045	(698,618)
	<u>(3,100,370)</u>	<u>73645</u>	<u>18,230</u>	<u>119,749</u>	<u>(2,888,746)</u>

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

11. TRANSACTIONS WITH RELATED PARTIES

A loan capital balance owed to Disenco International AS, in relation to that Company's outstanding balance with SND Innovation Bank of NOK 2,749,607, interest of NOK 114,737, and penalty interest of NOK 231,912 remains outstanding at 31 March 2009.

On 11 May 2007, the Company received a loan of £50,000 from Mr J Gunn, a shareholder and former director of the Company. The loan incurs interest at 6% per annum, payable in full on repayment of the loan, which was agreed to be repaid on the receipt of significant funds from the Company's fundraising programmes. The Company also received two further loans of £50,000 each from Mr J Gunn on 22 October 2007 and 12 February 2008. These loans incur interest at 7% per annum, payable in full on repayment of the loan, which was agreed to be repaid on the receipt of significant funds from the Company's fundraising programmes.

In addition, on 13 July 2007, the Company received a C\$400,000 drawdown from the C\$1 million loan facility agreement that it had with Mr J Gunn. This facility was repayable any time from one year of date of commencement of the facility, which was 12 October 2006, following receipt of 7 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 agreed with the lender will be 5.05%.

In December 2008, the Company received a formal request from Mr Gunn for immediate repayment of all loans due to him, as outlined above. In 2009 the Company reached agreement with Mr Gunn to repay the total balances outstanding, including accrued interest, in four equal instalments of £99,635 commencing in February 2009 in 6 weekly intervals. The Company granted a debenture in respect of the amounts outstanding secured by a fixed and floating charge, issued on 26 January 2009, over the group's property and assets, ranking second only in priority to the charge granted to Innovation Bank noted under "Working Capital, Liquidity and Capital Resources" above. Since reaching the above agreement, the company has paid the sum of C\$105,000 against such loans and has agreed with Mr Gunn that the balance of the loans would be settled on receipt of significant funds from the current round of fundraising. The Company is in default with respect to the debenture granted to Mr Gunn but Mr Gunn has held over any legal proceedings. £100,000 was repaid to Mr Gunn in the period.

During 2006 and early 2007 the Company obtained loan financing from certain directors and related companies. All of these loans were repaid on receipt of the funds from the TSX Venture Exchange Listing in February 2007, except for a balance of £238,892 due to Mr Longpre (and related parties), a director of the Company. £200,000 of this outstanding balance was converted into equity in April 2007, with the remaining balance of £38,892 to be repaid, on the receipt of significant funds from the Company's fundraising programmes. The balance remains outstanding at 31 March 2009.

In August to December 2007, the Company received funds totalling C\$777,871 as drawdown from the C\$1 million loan facility agreement that it has with Dover International Limited, a Company in which Mr Longpre, is a director and shareholder. This facility is repayable any time from one year of date of commencement of the facility, which was 12 October 2006, following receipt of 7 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%. In 2008, Dover International Limited settled outstanding invoices totalling C\$14,774 on behalf of the Company. This payment amount has been added to the loan facility balance outstanding at 31 December 2007. The balance remains outstanding at 31 March 2009.

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

12. FINANCIAL INSTRUMENTS

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

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP

The interim financial statements of the company for the three and six months ended 30 June 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:

	£
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)
Allocated to deficit	(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.

DISENCO ENERGY PLC
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13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

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 £303,511 is owed to Disenco International AS ("DIAS"), a company in which G B Longpre, a director of the company, and G Bretvin, a former director of the company, are shareholders, of which £251,796 (2,859,098 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. The debt is paid in equal instalments of £75,000. The company reached an agreement with Innovation Bank in Norway, who underwrite the loan, to delay the payment of £75,000 due on 1 June 2007 to 1 March 2008. Discussions are currently continuing between DIAS and the bank regarding further agreed payment extensions. The interest on the debt is calculated at Norwegian Bank base rate plus 2%. Interest of £34,981 has been accrued for the period ending 31 December 2007. This includes penalty interest of £6,075 for negotiated delayed repayment of capital. Interest of £15,231 has been accrued for the six months ended 30 June 2008. All interest incurred and accrued prior to 1 June 2006 was repaid during 2006.

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.

DISENCO ENERGY PLC
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13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

i Reconciliation of total assets, liabilities and stockholders' equity:	As at 30 June 2009 £	As at 30 June 2008 £
Total assets per UK GAAP	4,439,570	4,029,124
Adjustments to Canadian GAAP		
Intellectual property amortisation	134,144	66,119
	<hr/>	<hr/>
Total assets per Canadian GAAP	4,573,714	4,095,243
	<hr/>	<hr/>
Total liabilities per UK GAAP	2,636,436	3,447,207
Adjustments to Canadian GAAP	-	-
	<hr/>	<hr/>
Total liabilities per Canadian GAAP	2,636,436	3,447,207
	<hr/>	<hr/>
Total equity per UK GAAP	1,104,516	581,917
Adjustments to Canadian GAAP		
Intellectual property amortisation	134,144	66,119
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	1,238,660	648,036
	<hr/>	<hr/>
Total liabilities and equity per Canadian GAAP	3,875,096	4,095,243
	<hr/>	<hr/>

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

Statement of Operations

	Three months ended 30 June 2009 £	Three months ended 30 June 2008 £	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £
Net loss per UK GAAP	(35,435)	(231,996)	(269,546)	(607,559)
Add:				
Net loss under merger accounting	35,435	231,996	269,546	607,559
Net loss under the purchase method of accounting	(35,435)	(231,996)	(269,546)	(607,559)
Amortisation of intellectual property rights	7,185	7,185	14,370	14,370
	<hr/>	<hr/>	<hr/>	<hr/>
Net loss per Canadian GAAP	(28,250)	(433,610)	(255,176)	(593,189)
	<hr/>	<hr/>	<hr/>	<hr/>

DISENCO ENERGY PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009

13. SIGNIFICANT DIFFERENCES FROM CANADIAN GAAP (continued)

iii Statement of Cash Flows under Canadian GAAP

	Three months ended 30 June 2009 £	Three months ended 30 June 2008 £	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £
Net loss per Canadian GAAP	(28,250)	(224,811)	(255,176)	(593,189)
Add:				
Depreciation of fixed assets	5,736	3,487	12,276	6,989
Depreciation of patents and designs	2,206	2,714	4,423	5,429
Share based payments	122,080	33,999	91,067	99,966
	101,772	(184,611)	(147,410)	(480,805)
Changes in non-cash working capital:				
Accounts receivable/payable	(824,639)	(129,571)	(562,319)	145,705
Cash provided by operating activities	(722,867)	(314,182)	(709,729)	(335,100)
Taxation				
Receipt of 2006 R&D tax credit	-	-		45,397
Receipt of 2007 R&D tax credit		183,345		183,345
Receipt of 2008 R&D tax credit	134,547	-	134,547	-
Cash received from taxation	134,547	183,345	134,547	228,742
Investing activities				
Purchase of fixed assets	19,347	(114,008)	(107,356)	(435,298)
Cash used in investing activities	19,347	(114,008)	(107,356)	(435,298)
Financing activities				
Proceeds from share issue	657,490	-	657,490	-
Issue of loans	363,957	243,031	443,566	423,564
Loan repayment	(405,000)	-	(405,000)	-
	616,447	243,031	696,056	423,564
(Decrease)/increase in cash during the period	47,474	(1,814)	13,518	(118,092)
Opening cash	(15,676)	8,857	18,280	125,135
Ending cash	31,798	7,043	31,798	7,043

DISENCO ENERGY PLC
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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:

	30 June 2009 £	31 December 2008 £
Convertible Debentures	1,024,616	528,723
Shareholders' Equity:		
Called up share capital	8,671,253	7,233,016
Share premium account	891,142	943,072
Equity component of convertible debentures	66,080	14,481

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

The company is subject to certain covenant provisions related to its convertible debentures and is in compliance with all such covenants for the six month period ended 30 June 2009.