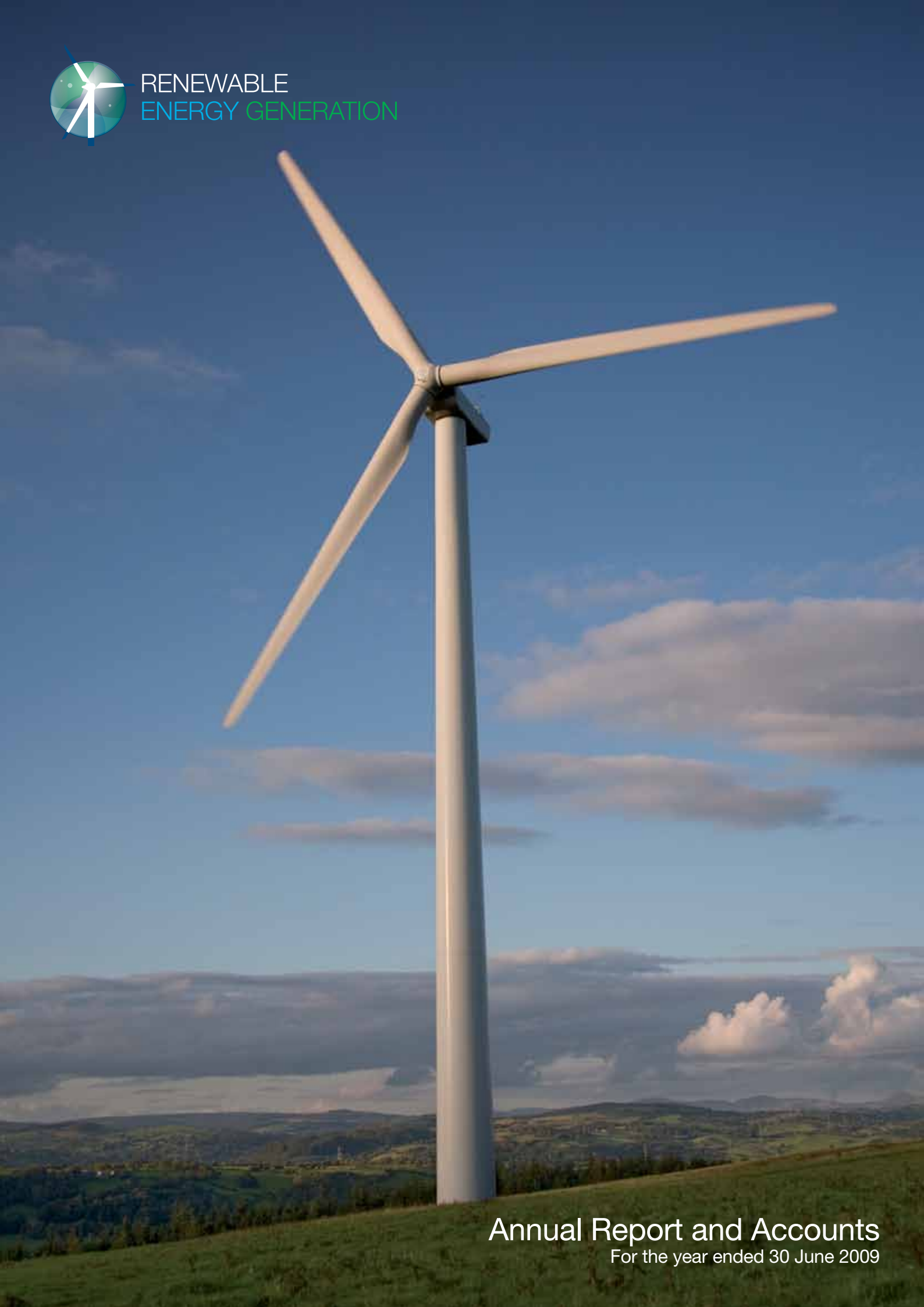
RENEWABLE
ENERGY GENERATION



Annual Report and Accounts

For the year ended 30 June 2009

Highlights

Revenue
£5.6 million

Gross Profit
£2.1 million

Generation Output
Wind - 41.1GWh
Biopower - 6.3GWh

Wind Projects Pipeline
350MW

Post Balance Sheet Events
Sale of Canadian Subsidiary
Repayment of Group debt

Printed on revive 100 uncoated paper. This paper is made from 100% de-linked post consumer waste. It has been certified according to the rules of the Forest Stewardship Council (FSC) and it is produced at the mill that is certified to ISO 14001 environmental management standards. The mill uses pulps that are an elemental chlorine free (ECF) process and the inks used are all vegetable oil based

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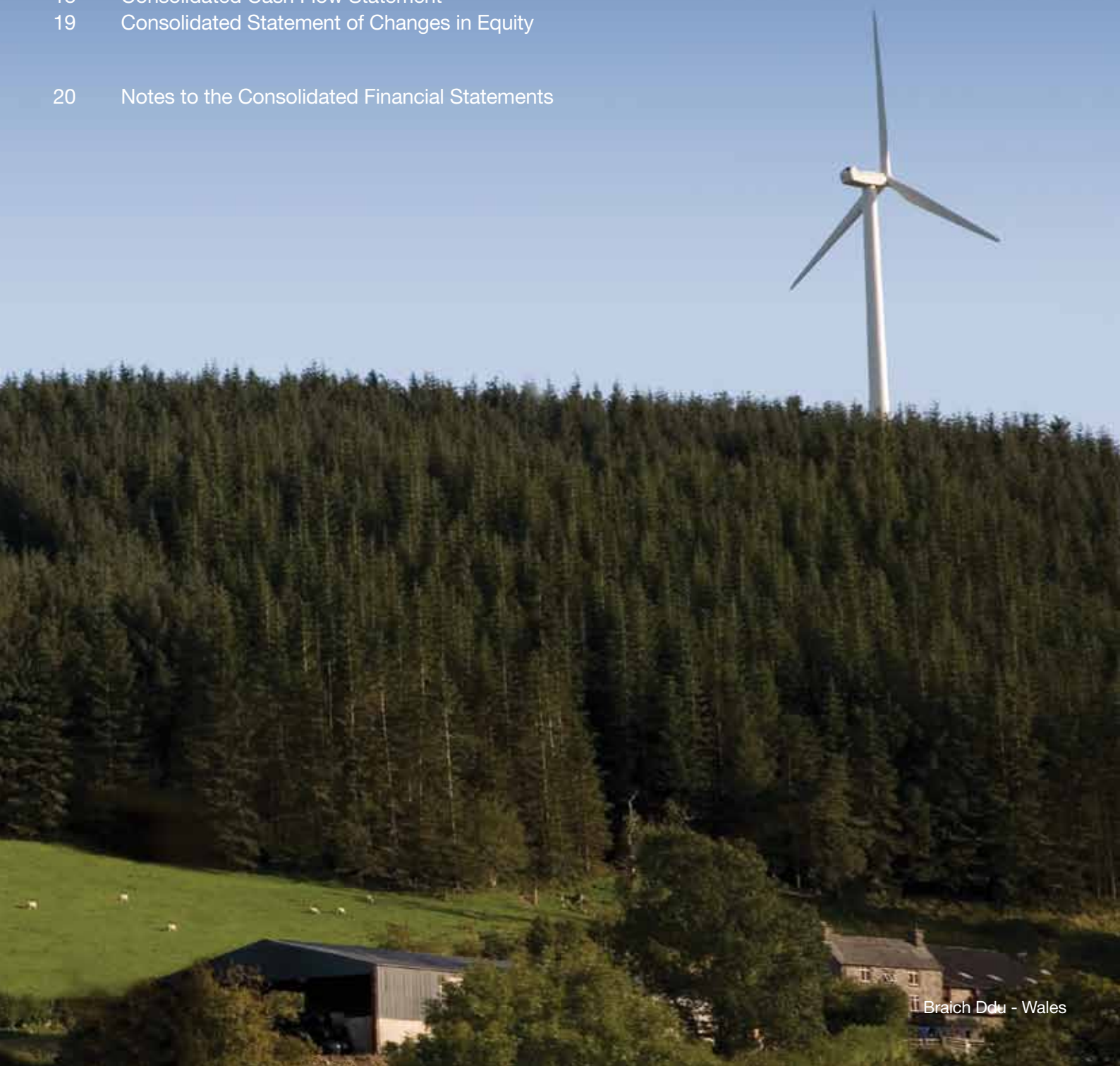
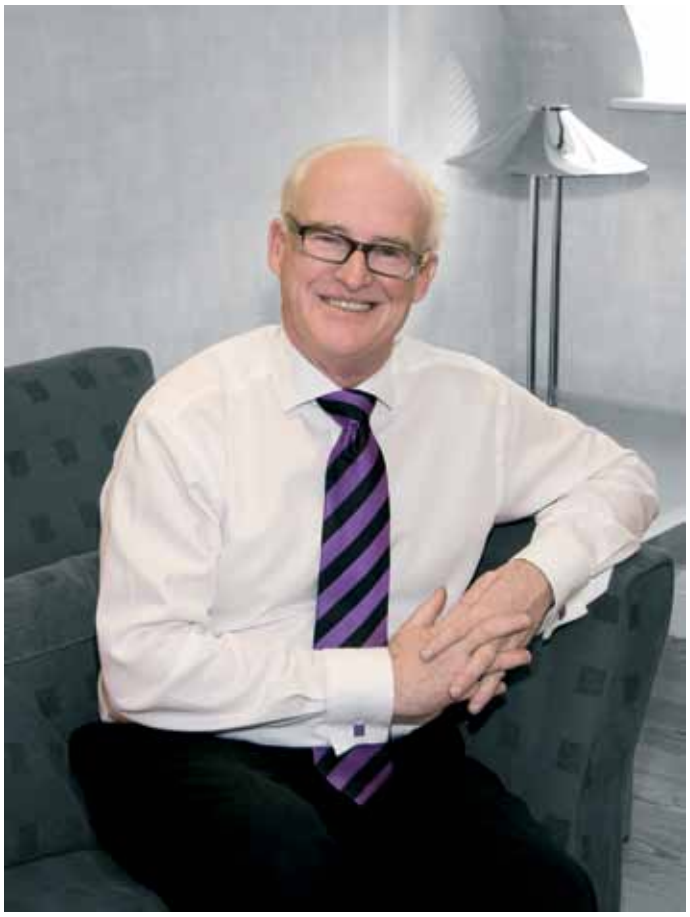


Braich Ddu - Wales



Background

2009 has been an extremely challenging year for Renewable Energy Generation (REG) and, indeed, rarely has the energy industry itself seen such turbulent times.

Set against a worsening economic backdrop, the annual rate of growth in sustainable energy investment world-wide dropped from around 50% seen in recent years, to just 5%*, reflecting very poor liquidity in global financial markets, high borrowing costs and falling energy prices.

The sustainable energy sector fared better than the overall energy sector with investment in capacity being higher than in fossil-fuel powered projects for the first time, with its share of global capacity investment rising to 41%. However, the modest 6% contribution by sustainable energy to total power capacity highlights the size of the gap between its current position and the global ambitions of the G8 Nations.

Although the effects of the global financial crisis on the clean energy sector were initially muted by very high oil prices, the impact in the final quarter of 2009 was severe.

The financial crisis prompted a radical change in our strategy for realising the full potential of our Canadian operations, which by the beginning of this year had built assets and pipeline valued at more than C$100 million. Tightening conditions in debt markets, combined with high acquisition prices, led us to conclude that we could not secure sufficient capital to extract full value from Aim PowerGen's project pipeline and we instructed advisors to develop competitive bids for the disposal of some or all of our Canadian assets. The resulting bidding process was within a few days of completion when in October 2008 the sudden banking crisis and collapse of equity markets caused the failure of final price negotiations for our sale of the whole of AIM PowerGen Corporation (APG).

In the 12 months that followed we successfully completed the re-financing of our first four operating projects in Ontario and raised debt to build the next four. More crucially, we ultimately rejected several bids for the whole or parts of the REG group, before successfully completing negotiations for the sale of APG to International Power Canada Inc. for a consideration of C$124.6m.

The sale was completed after the year end in October 2009, removing uncertainty over the funding of our current UK wind project pipeline and strengthening the Group's growth prospects.

By re-focusing on our UK pipeline with the ability to build projects with all-equity financing, which was originally adopted by the Group to avoid the risk premiums and procedural delays involved in securing pre-construction debt, we have created a new platform for growth.

*New Energy Finance 2009

UK Focus - A New Platform for Growth

Following the financial crisis and with the likelihood of continuing credit market tightness in the medium term, we believe that our ambitions for value creation can be fulfilled with less capital deployed, by focussing on our home market where our expertise equips us with the ability to address the higher risks associated with the superior returns available.

The Board's view that worsening power plant capacity margins will sustain relatively high wholesale power prices in the UK is reinforced by the UK energy regulator OFGEM's October 2009 report "Project Discovery". It warns that retirements of older nuclear power plants and forced closures of coal and oil plants by the end of 2015 could seriously threaten supply security and lead to power price rises of 14% to 60%.

The UK's legal obligation under European directives is to meet 15% of its total energy needs from renewable sources by 2020, which means 30% of electricity must be derived from renewable energy, compared with just 7% currently achieved.

The extension of the Renewables Obligation until at least 2037 is one of many recent positive policy initiatives, and the implementation this year of the promised additional incentives for Combined Heat and Power is timely for the planned expansion of our REG Bio Power business.

The UK's Planning system does remain a challenge, but progress is being made and 2009 was a record year for UK wind capacity consent, making it also the first year in which more on-shore wind capacity was consented than submitted.

Installed wind energy capacity in the UK now exceeds 3000MW, but there remains a substantial gap between this and the 14000MW of on-shore wind capacity generally accepted by policy-makers as being required for the UK to meet its obligation under the European Renewable Energy Directive.

This, and encouraging progress elsewhere, such as the Aviation Memorandum of Understanding between the wind industry, the Ministry of Defence, Civil Aviation Authority and others, gives us further confidence that the full potential of our UK project pipeline can be realised.

The sale of our Canadian wind business transforms our balance sheet, with more than half of our book value held in cash as we begin the build-out of 15MW of consented projects in the UK due for completion next year.

We are confident of exploiting over-supply in the wind turbine market, where a 30% increase in global manufacturing capacity in 2009 has triggered price falls of 10-15%, and with the new found financial security, we expect to benefit from financial distress among small developers and de-leveraging pressure on large utilities.

Strengthened Governance

Following approval from shareholders in October 2009, our objective is to re-domicile in Jersey during the current financial year to reap the benefits from a regulatory regime more suited to our needs, having fully evolved from a fund into an operating company.

The Group's refocus and re-domicliation will also enable us to resume our plans to further strengthen the Board and management team in preparation for the next stage of our growth.

I should like to take this opportunity to thank our employees, whose efforts and achievements throughout this difficult year have put the Company in a strong position for growth. In particular, I wish our colleagues in Canada every success under their new ownership.

Dividend

Following the sale of the Canadian operations, the Board is recommending a final dividend of 1.5p per Ordinary share. This is reduced from the 3p that we paid last year, but we believe it is a prudent level. The balance sheet now underpins the current dividend and will allow the Board to reassess the payment as earnings grow with further projects being constructed over the coming years.

The dividend will be paid on 23 December 2009 to members on the register on 27 November 2009. Shares will be marked ex-dividend on 25 November 2009.

Mike Liston

Chairman

26 November 2009

Strategy and key goals

This has been a watershed year in the development of your business as management has continued to focus on investment in energy projects that contribute to sustainable energy targets, while providing a sound long term return to our shareholders.

The Group's strategy is founded upon the effective management of its operating businesses, sound analysis of potential investments and the continued maintenance of a strong balance sheet.

Despite the unsolicited and time consuming attention of potential suitors for the Group, we have maintained our focus on generating renewable energy in a reliable and sustained manner and delivered a transformational transaction after the year end to provide a sound financial and focused platform for future development.

Financial Highlights

Group revenue from continuing activities rose by 57% to £5.6m with gross profits of £2.1m (2008 - £1.9m), driven by the increased output from UK wind farms and continued revenue growth from REG Bio-Power. The group recorded a group trading loss from continuing activities of £2.4m (2008 - loss of £1.4m) after accounting for exceptional costs of £0.4m, relating to the aborted takeover bid for REG in the year.

Discontinued activities, being the AIM PowerGen Corporation, contributed a net loss of £7.0m to the Group's results.

Post-period activity

On 30 September 2009, after the end of the period being reported, we announced the sale of our Canadian wind business, AIM PowerGen Corporation, to International Power Plc. The transaction was completed on 22 October 2009. The sale not only realised a fair value for the Canadian business but it also enables us to refocus our resources on growing REG's UK wind portfolio and to repay all outstanding debt.

Part of the proceeds from the sale were used after the year end to repay the revolving credit facility of £15.0m from Bank of Scotland, leaving the REG Group entirely free of debt.

Part of the proceeds from the sale will be used in the construction of two consented wind projects at Goonhilly Downs in Cornwall and at Loscar in Yorkshire and to facilitate a long term structured financing agreement. This will enable REG to build a significant portfolio of operational wind farms without recourse to further equity raisings.

The Canadian sale has reduced annual Group overheads by around £2.5m, which, combined with REG's strong balance sheet, including 21.3MW of operational wind assets in the UK, underpins the current dividend and will allow the Board to reassess the payment as earnings grow with further wind farms being constructed over the next few years.

Following the year end, the group has gained consent for a single turbine project in Redland, Devon, which will commence construction in 2010.

Overview of period

UK wind

REG now operates 21.3MW of wind projects at seven locations across the UK. Total output from these projects increased by 19% from 34.6GWh to 41.1GWh. Revenue achieved totalled £4.6m compared with £3.6m in 2008.

During the period we commissioned two new single turbine wind projects at Whittlesey and Ramsay, both located in Cambridgeshire. Using Vestas V90 1.8MW turbines, both projects were completed on schedule and within budget and are amongst the largest onshore machines in the UK.

In 2009 we experienced a lower than average wind resource across the UK - we would ordinarily expect our UK operating projects to produce almost 50GWh during a normal year, however, I am pleased to report that the current year has started with wind production above average.

Our UK business is already profitable, given its relatively low overhead and, whilst we anticipate some additional expenditure in order to increase the flow of consented projects from our pipeline, the expense ratio of the Group should continue to improve as further operational MWs are added to our existing cost base.

Electricity prices in the UK have fallen dramatically over the last twelve months, however this has underlined the success of the Group's strategy to pre-sell its UK output under a power purchase agreement at double the current level. The value of renewable obligation certificates ("ROCs") has been firm over the period and we have carried out sales at between £49 and £53 per ROC. Whilst the UK remains substantially short of renewable energy capacity we expect the price of ROCs to

remain stable. Thus, the achieved price for our UK output to March 2011 should be around £135 per MWh.

When we purchased the Wind Works portfolio from NPower in 2005 our development pipeline numbered 24 projects with a total potential capacity of around 75MW. We now have over 40 projects under active development with a total potential installed capacity of around 350MW. A number of new projects are expected to receive a planning determination over the next twelve months.

In the meantime we are starting work on our two consented projects at Goonhilly and Loscar.

- Built in 1994, Goonhilly was one of the first UK wind farms. Since its purchase by REG in 2005 it has produced over 36.6GWh of output. The new granted planning permission will allow the existing fourteen Windane 34 machines to be replaced with six new turbines, improving output by over three times to around 27GWh per annum. This new project is expected to, at times of high wind, provide sufficient power for the entire Lizard Peninsula in Cornwall.
- Loscar in Yorkshire has also moved to construction and will comprise three machines with a total anticipated capacity of 4.5MW. The project is expected to produce around 10GWh of clean electricity per annum and will make a solid contribution to local renewable energy targets.

The construction of Goonhilly and Loscar will increase our total UK output of green electricity to over 80GWh per annum. However, now that we have one of the strongest balance sheets amongst the smaller wind developers, our ambition is to grow our UK wind capacity to over 100MW over the next few years. We believe we will have ample opportunities to deploy new capital at attractive rates of return and notwithstanding continued local planning hurdles, we believe our UK pipeline will continue to deliver worthwhile projects across the UK.

REG Bio-Power

When we acquired the two constituent companies of REG Bio-Power, Living Fuels and Living Power in 2006 we did not fully appreciate the confused state of the legislation governing the use of used cooking oil in the UK. Belief in the proposition and a good performance in the business have enabled us to make good progress and we have now been granted permission from the Environment Agency to use our proprietary refining process to turn used cooking oil into a fuel that, subject to the right environmental permits, can be used in diesel engines to make renewable electricity. We believe this to be a groundbreaking environmental and legislative development.

Following this success we now have three generating units totalling 1.2MW which have been producing green electricity for several months. The first unit is a 400kW unit, operating as a combined heat and power plant thus qualifying for two ROCs. The second two units are a partial start up of our existing Bentwaters power station operating at 800KW as an open cycle plant, qualifying for 1.5 ROCS.

We have taken the process from start-up to revenue generation slowly in order to gather operational data on this new application for the Volvo engines that we are using. However, we are gaining confidence that the concept now works and accordingly we are anticipating purchasing a plant to process around 6000 tons per annum of LF100.

The cost of this project will be around £300,000 and will produce sufficient fuel to produce around 25GWh per annum of green electricity.

REG Bio-Power has a number of projects that will move to construction over the next few months. All will be constructed as combined heat and power plants which will capture 2 ROCs for every MW generated. This will optimise the economics of the fuel being used.

REG Bio-Power is at the forefront of confronting, challenging and even changing legislation surrounding the use of used cooking oil as a renewable fuel. Now that we have been through the inevitably difficult gestation period we are confident that we have a valuable business worthy of further modest incremental investment over the next twelve months, underpinned by a ready supply of used cooking oil through our exclusive agreements with local UK councils and London boroughs.

Canada

The Canadian business finalised the commissioning of four new wind projects totalling 39.6MW during the year, built under the Canadian standard offer programme, which is a twenty year power purchase agreement at C$0.11 per KWh. A further four projects again totalling 39.6MW have just been refinanced and are currently moving to construction.

AIM has been one of the key participants in securing the new Green Energy act in Ontario. The new twenty year feed in tariffs are highly attractive for large scale wind developers like International Power and we are pleased to have realised a fair value for this operation with its subsequent sale.

Outlook

The sale of our Canadian business is genuinely transformational for REG. The Group now has no bank debt and a strong cash balance. REG will put in place some moderate structured long term financing that should allow the Group to fulfil its ambition of building a substantial portfolio of operational wind plant in the UK over the next few years. The sale will also benefit our profit and loss account and underpins our dividend proposition.

The market for small wind projects in the UK has improved over the last few months. Larger developers are now focussed on bigger-scale offshore and onshore projects, which provides further opportunities for smaller developers with strong balance sheets like REG.

We aim to pursue a dual strategy of adding substantially to operating MWs over the next 3 years through the development of our own portfolio whilst, at the same time, consolidating / acquiring a number of smaller wind projects which are either operating or have planning consent.

Andrew Whalley

Chief Executive Officer

26 November 2009

Who We Are

RENEWABLE ENERGY GENERATION

Incorporated in Guernsey, Renewable Energy Generation Ltd is a leading international wind power and biopower group. It was established and listed on London's Alternative Investment Market (AIM) in May 2005.

CORNWALL LIGHT & POWER
PART OF THE REG GROUP

The Cornwall Light & Power Co. Ltd based in Cornwall, UK, currently operates seven wind projects in Cornwall, Cambridgshire, County Durham, Cumbria and Gwynedd, with a total capacity of 21.3MW and has a development pipeline of around 350MW.

REG BIOPOWER
PART OF THE REG GROUP

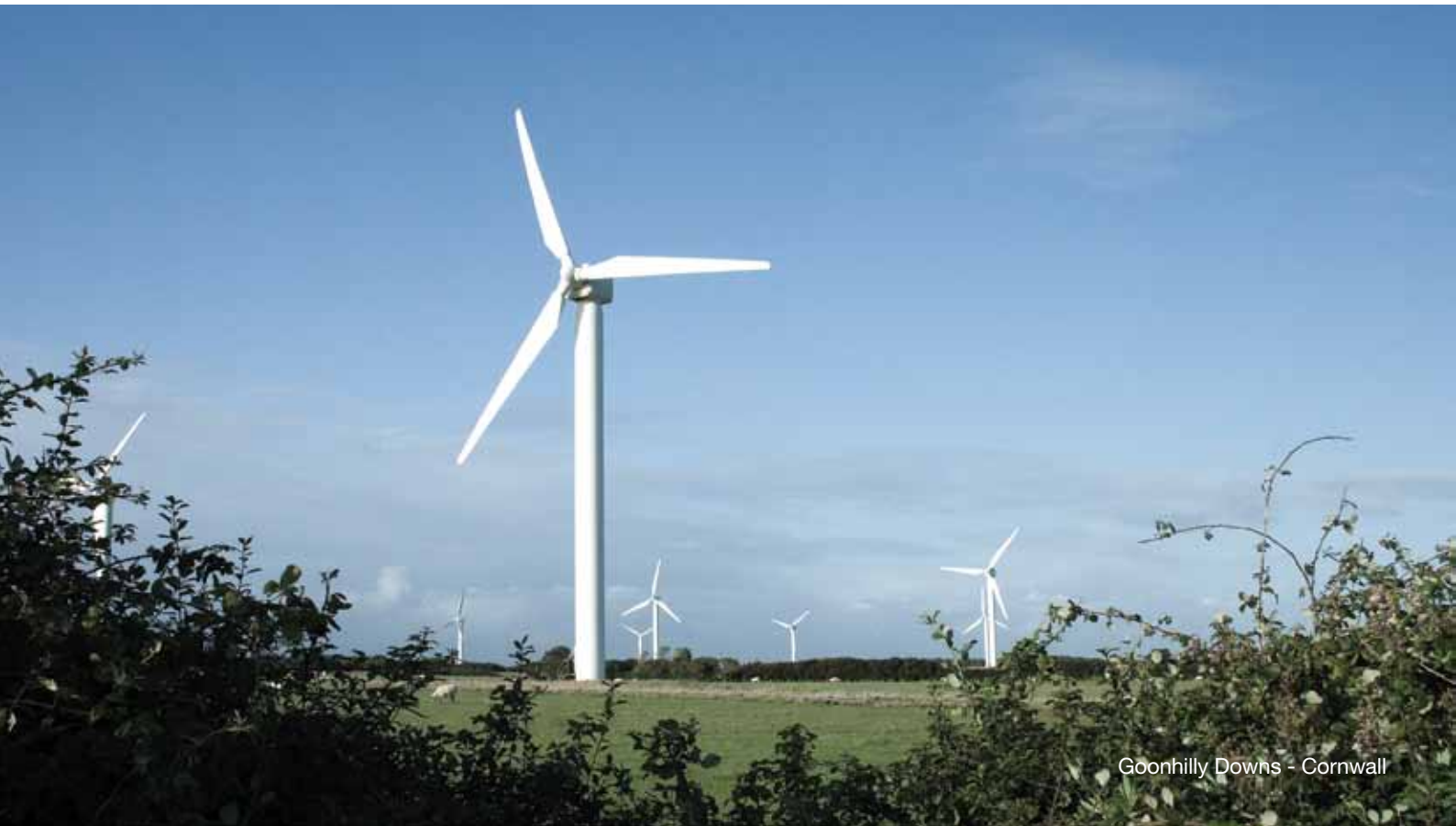
REG Bio-Power UK Ltd based in Nottingham, UK, operates electricity generation plant and Combined Heat and Power (CHP) plant fuelled by various grades of vegetable oil.

LIVING FUELS
PART OF THE REG GROUP

Living Fuels based in Norfolk, UK, operates around 200 Waste Cooking Oil (WCO) collection points across the UK and also provides a collection service for small businesses, Schools, Prisons and Councils across the UK.

LIVING POWER
PART OF THE REG GROUP

Living Power based in Nottingham, UK, operates the generation of energy through the use of the WCO collected by Living Fuels. The energy that Living Power produces is Carbon Neutral.



Goonhilly Downs - Cornwall

We currently run a portfolio of turbines within the UK that have an installed capacity of 21.3MW along with 1.2MW of operational Biomass plant. Below is a short detail about each of our generation sites

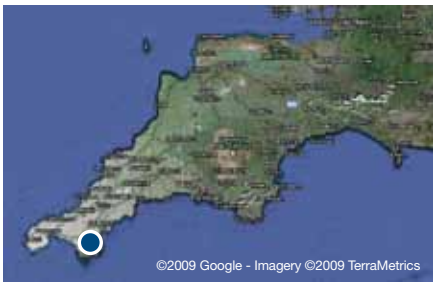
Wind Power

Total installed capacity: 21.3MW

Goonhilly: Cornwall

Installed Capacity: 5.6MW

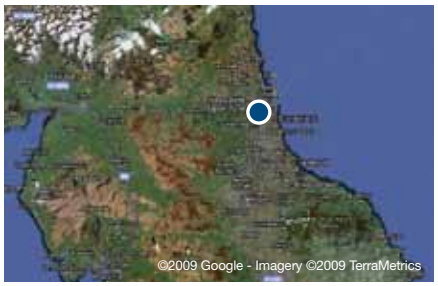
Established: 1994



High Sharpley: County Durham

Installed Capacity: 2.6MW

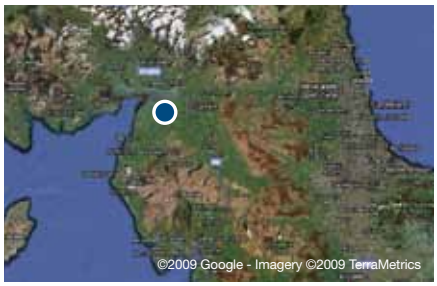
Established: 2007



High Pow: Cumbria

Installed Capacity: 3.9MW

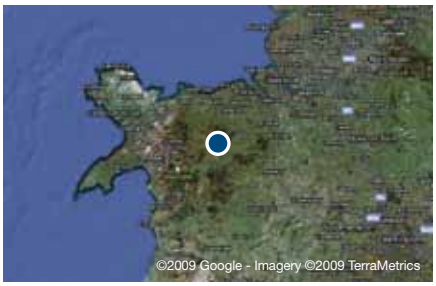
Established: 2007



Braich Ddu: Gwyneth

Installed Capacity: 3.9MW

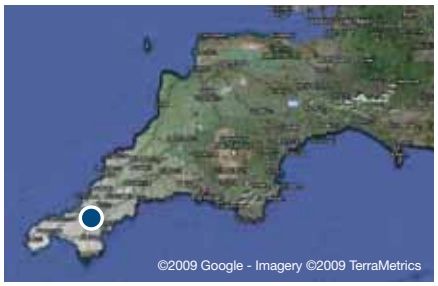
Established: 2007



Roskrow Barton: Cornwall

Installed Capacity: 1.7MW

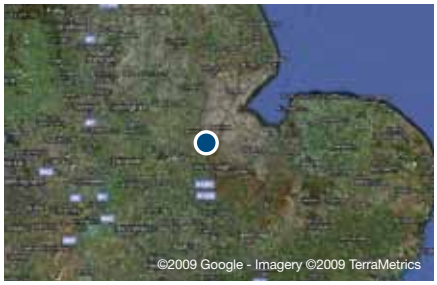
Established: 2008



Whittlesey: Cambridgeshire

Installed Capacity: 1.8MW

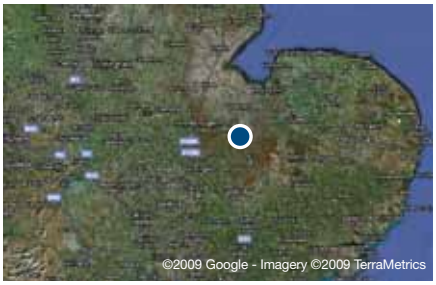
Established: 2008



Ramsey: Cambridgeshire

Installed Capacity: 1.8MW

Established: 2008



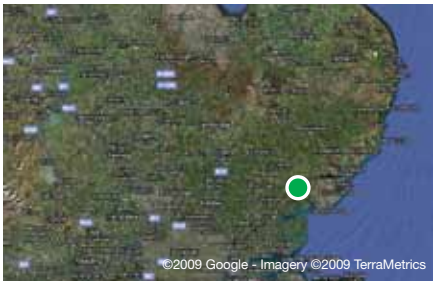
Bio Power

Total installed capacity: 1.2MW

Bentwaters: Suffolk

Installed Capacity: 0.8MW

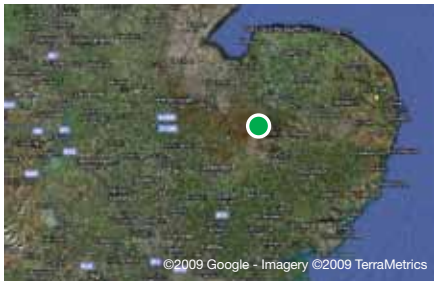
Established: 2008



Hockwold: Suffolk

Installed Capacity: 0.4MW (CHP)

Established: 2009



Company Information

Registered number

43099

Directors

M. J. Liston Chairman
A. N. Whalley
N. A. Le Quesne
M. Kennedy
N. Syvret
D. Crockford

Secretary

RMB Investment Services Limited
La Plaiderie House
La Plaiderie
St. Peter Port
Guernsey
GY1 4HE

Auditors

Ernst & Young LLP
14 New Street
St. Peter Port
Guernsey
GY1 4AF

Bankers

Bank of Scotland
155 Bishopsgate Exchange
London
EC2M 3YB

Registered Office

La Plaiderie House
St. Peter Port
Guernsey
GY1 4HE

The board of REG comprises four Non-executive Directors and two Executive Directors

Mike Liston OBE - Chairman, Non-Executive Director

Mike Liston is a chartered electrical engineer, with more than 30 years experience of UK and overseas power industries, in Policy, Operations and Technical functions.

He was until 2009, Chief Executive of London – listed Jersey Electricity for 17 years, during which time it undertook several major power generation, transmission and distribution infrastructure projects and diversified into telecommunications, internet data centres and property development.

Mike's recent non-executive roles include Chairman, KSK Emerging India Energy Fund; General Partner of Foresight Solar, and Chairman of the postal utility Jersey Post. He has been appointed to many honorary roles by the government of Jersey, currently including Chairman of the Jersey Appointments Commission, which ensures probity in public sector appointments

Mike is a Fellow of The Royal Academy of Engineering and is a Fellow of The Institution of Engineering and Technology.

Mike was awarded an OBE in the 2007 New Years Honours List, for services to the electricity industry.

He is a member of the Audit Committee of Renewable Energy Generation Limited.

Nigel Le Quesne - Non Executive Director, Chairman of the Audit Committee

Nigel Le Quesne, is the Group Managing Director of the Jersey Trust Company. He holds a number of directorships across several business sectors in both private and quoted companies. Nigel is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of Renewable Energy Generation Limited.

Nigel was admitted as an Associate in 1989 and a Fellow in 1999 of the Institute of Chartered Secretaries and Administrators and as a Fellow of the Chartered Management Institute. He is also a member of The Society of Trust and Estate Practitioners, The Jersey Taxation Society and The Institute of Directors.

Nigel Syvret – Non-Executive Director

Nigel Syvret is a Group Director of the Jersey Trust Company. He holds a number of directorships across several business sectors in both private and quoted companies. He is also a member of the Nomination and Remuneration Committee of Renewable Energy Generation Limited.

Nigel was admitted as an Associate of the Institute of Chartered Secretaries and Administrators in 1997 and is a Member of The Society of Trust and Estate Practitioners. Nigel also attends, as a committee member, the monthly meetings of the Jersey Association of Trust Companies (JATCo).

Dr Malcolm Kennedy CBE - Non Executive Director, Chairman of the Nomination and Remuneration Committee

Dr Kennedy has held many high profile positions during his 40 years in the power industry, including his Presidency of the Institution of Electrical Engineers from 1999-2000. He is a fellow of the Royal Society of Edinburgh, the Royal Academy of Engineering, and in 1999 was awarded a CBE in recognition of his services to exports to developing markets. He was formerly Chairman of NEA, national energy action charity, and advises OFGEM (Office of Gas and Electricity Markets)/DTI on Renewables. Malcolm was formerly Chairman of international consulting engineers PB Power Ltd, formerly Merz and McLellan, which he joined in 1964. He was appointed a member of the Electricity Networks Strategy Group in 2005, sponsored by OFGEM and DTI. He is a non executive director of the New and Renewable Energy Centre.

Malcolm is Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of Renewable Energy Generation Limited.

Andrew Whalley – Chief Executive

Andrew Whalley, was a leading fund manager in the utility sector with over 15 years of specific experience in utility investment. He was head of investment at Legg Mason Investments plc and was a main board director of Johnson Fry plc prior to the takeover by Legg Mason Inc. Andrew founded Renewable Energy Generation Limited in 2005 and has been Chief Executive Officer since 2007.

David Crockford – Finance Director

David commenced his career as a Chartered Accountant with Deloitte where he gained 10 years of experience in private and public sector business. Following his time at Deloitte, David moved overseas to work in the international petroleum sector. Prior to his appointment as Finance Director to Renewable Energy Generation, he was the Chief Financial Officer of Duchy Originals Limited.

Report of the Directors

The Directors present their report along with the audited Financial Statements of Renewable Energy Generation Limited (the Company) for the year ending 30 June 2009.

Principal Activity

The principal activity of the Company and its subsidiaries, ("the Group"), is to provide investors with an opportunity to participate in the growth of the global renewable energy market, through investment in wind energy and other renewable energy projects.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Financial Statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the directors should:-

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The results for the year are shown on page 16.

Dividend

A final dividend of 1.5 pence has been proposed.

Directors and Their Interests

The Directors in office during the period and their interests in the share capital of the Company are shown in the table below:-

			Ordinary share of 10p each
	1 July 2008	30 June 2009	Latest date prior to publication
	No.	No.	No.
Mike Liston	48,131	48,131	48,131
Andrew Whalley	262,017	262,017	262,017
Nigel Syvret	23,000	23,000	23,000
Malcolm Kennedy	13,500	13,500	13,500
Nigel Le Quesne	23,000	23,000	23,000
David Crockford	-	-	-

Directors' interests in share options and warrants are disclosed on page 13.

Substantial shareholdings

Up to 12 October 2009, the Company had been notified of the following disclosable interests which amounted to 3 per cent or more of the issued share capital of the Company:-

	Number	Percentage held
Utilico Investments	18,763,682	18.2%
Henderson Global Investments	17,000,000	16.5%
Artemis Investment Management	10,749,783	10.4%
Fidelity Investments	9,893,470	9.6%
Aviva Investors	7,885,815	7.6%
Rathbones	3,184,280	3.1%

Payment policy

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that Suppliers are aware of these terms and abide by them.

Going Concern

The post year end sale of the Group's Canadian wind business for a cash consideration of Cdn$124.6million has resulted in a substantial cash inflow to the Group.

The immediate cash flow needs of the Group are amply covered by its current cash balances.

The Board have reviewed the Group's forecasts and budgets over the next 36 months and are satisfied that current cash balances in combination with cash generation from operating activities will provide excellent liquidity for the Group to pursue its strategy of the continued build out of its Wind and Bio-Power portfolios for the foreseeable future.

Auditors

The Auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

The Report of the Directors was approved by the Board and signed on its behalf by:-

David Crockford

Director

26 November 2009

Directors' Remuneration Report

The Directors present a Directors' Remuneration Report for the year ended 30 June 2009.

A resolution to approve this Directors' Remuneration Report will be proposed at the Company's forthcoming Annual General Meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee membership consists of Nigel Le Quesne, Nigel Syvret and Malcolm Kennedy. The Committee meets at least once a year and is charged with advising on the nomination and remuneration policy for the Non-executive directors.

Non-Executive Directors

The Non-executive Directors do not have service contracts. The Non-executive Directors have letters of appointment concerning, amongst other things, the initial terms for which they are appointed, a general statement of their role and the duties and the fees they will receive as a Director.

Service Contracts and Letters of Appointment

The Letters of Appointment of the Directors who served during the period ending 30 June 2009 include the following terms:-

	Date of letter of appointment	Unexpired term (months)	Notice period (months)
Executive Directors			
Andrew Whalley	1 July 2007	12	12
David Crockford	4 December 2007	12	12
Non-executive Directors			
Mike Liston	25 June 2009	7	1
Nigel Le Quesne	25 June 2009	7	1
Malcolm Kennedy	25 June 2009	7	1
Nigel Syvret	25 June 2009	7	1

Non-executives are generally appointed for terms of one year. The Letters of Appointment contain a notice period of 1 month.

Directors' Remuneration	Total salary and fees for year ended 30 June 2009 £	Total salary and fees for year ended 30 June 2008 £
Executive directors		
Andrew Whalley	215,000	180,000
David Crockford	131,250	64,250
Non-executive directors		
Mike Liston	50,000	50,000
Nigel Le Quesne	25,000	25,000
Malcolm Kennedy	25,000	25,000
Nigel Syvret	25,000	25,000
John Donelan	-	8,348
Aggregate Remuneration	471,250	377,598

Directors' share options and warrants

The following rights to subscribe to warrant shares were held by Directors during the period to 30 June 2009.

	1 July 2008	Transferred	30 June 2009	Exercise price	Date from which exercisable	Expiry date
Warrants						
Andrew Whalley	527,159	-	527,159	100p	16 May 2008	16 May 2010

	1 July 2008	Granted	30 June 2009	Exercise price	Date from which exercisable	Expiry date
Options granted under Employee Share Option Plan						
Andrew Whalley	250,000	-	250,000	114p	5 December 2010	5 December 2017
David Crockford	100,000	-	100,000	114p	5 December 2010	5 December 2017

Share options are awarded by the Remuneration Committee under the Employee Share Option Plan. Options can only be exercised if certain Performance Conditions are satisfied. The Performance Conditions are measured once only at the end of the Performance Period, which commences on the date of grant of the Options and ends on the third anniversary of that date.

The value delivered to the Company's shareholders (total shareholder return) will be ranked in comparison with the value delivered to the shareholders of nine other similar companies which have been selected by the Board of Directors. The companies are placed together in a "Comparator Group".

If the Company's ranking is below the median of the Comparator Group then the Options shall not vest and shall lapse at the end of the Performance Period. If the Company's performance places it at the median of the Comparator Group, then the Options shall be exercisable as to 50%. If the Company's ranking places it above the median of the Comparator Group then, depending on its exact placing in the Comparator Group, a percentage above 50% and up to 100% of the Options shall vest.

The market price of the Company's shares on 30 June 2009 was 41.0 pence per share. The highest and lowest market prices during the year for each share under option that is unexpired at the year end were 127.0 pence and 27.0 pence respectively.

Approval

The Directors' Remuneration Report was approved by the Board and signed on its behalf by:-

Nigel Le Quesne

Director

26 November 2009

Corporate Governance

The Company is committed to meeting high standards of corporate governance and as such the Board acknowledges its contribution to achieving management accountability, improving risk management and ultimately to creating shareholder value. The Company has its listing on AIM and therefore does not need to comply with the Combined Code. However, we have chosen to report on Corporate Governance because in our view it constitutes best practice.

Operation of the Board

The Board of Directors comprises the Non-executive Chairman, three other Non-executive Directors and two Executive Directors. The Board is responsible to the Company's shareholders for the proper management of the Company. It met 31 times during the year. All Directors receive written reports prior to each Board meeting which enable them to make informed decisions on the corporate and business issues under consideration.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and all Directors have access to his advice and services.

The Board has a formal schedule of matters specifically reserved to it for decision. These include strategic planning, business acquisitions and disposals, authorisation of major capital expenditure and material contractual arrangements, setting policies for the conduct of business and approval of budgets and financial statements. Operational decisions are delegated to the Executive Directors.

Evaluation of the Board's performance

Performance evaluation takes place at a number of levels, for individual Directors, Board committees and in assessing the effectiveness of the Board as a whole. The evaluation of individual Directors' performance is carried out by the Nomination and Remuneration Committee. Executive Directors' performance is evaluated using a balanced scorecard approach which combines business and personal performance objectives with financial and non-financial measures of achievement against those objectives.

The evaluation of Non-executive Directors uses self-appraisal and interview with the Chairman to consider aspects of performance including attendance and participation at Board meetings, quality of involvement in committees, commitment and effectiveness of their contribution to Board activities, the adequacy of training and Director independence. The performance of the Chairman is reviewed annually in a meeting of the Executive and Non-executive Directors.

Board Committees

The Board has established a number of committees, each with defined terms of reference, procedures, responsibilities and powers. The minutes of committee meetings are normally sent to all Directors and verbal updates are given at Board meetings.

Audit Committee

The Audit Committee consists of Mike Liston, Malcolm Kennedy and Nigel Le Quesne (Chairman). The Audit Committee met twice during the year to consider the annual and interim Financial Statements and is charged with monitoring the adequacy and effectiveness of the systems of internal control and risk assurance function, reviewing the scope and results of the work carried out by external auditors and reviewing the Financial Statements and related policies and assumptions. The scope of the non-audit services provided is reviewed by the Audit Committee before engagement of the services.

The terms of reference of the Audit Committee will be available for inspection at the AGM.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee met 7 times during the year and comprises Malcolm Kennedy (chairman), Nigel Le Quesne and Nigel Syvret all of whom are Non-executive Directors. The Committee keeps under review the composition of the Board and makes recommendations to the Board concerning appointments.

The Committee is also responsible for setting remuneration for all Executive Directors appointed by the Company, including pension rights and provision for compensation payments.

Communications and relationships with Shareholders

Communications with shareholders are given high priority. The board is accountable to the Company's shareholders and as such it is important for the Board to appreciate the requirements of shareholders and equally that shareholders understand how the actions of the board and short-term financial performance relates to the achievement of the Company's longer term goals.

The Company has a policy of maintaining an active dialogue with institutional shareholders, fund managers and analysts with regular dialogue, together with general presentations, at the time of the announcement of the financial results. The Annual General Meeting is used as an opportunity to communicate with shareholders. All shareholders are given due notice of the Annual General Meeting and are welcome to participate.

Independent auditors' report to the members of Renewable Energy Generation Limited

We have audited the group's financial statements for the year ended 30 June 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 38. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the group's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the group financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the group has not kept proper accounting records, if the group's financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read the Company Information, Directors' Profiles, Chairman's Statement, Chief Executive's Statement, Report of the Directors the Directors' Remuneration Report and Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2009 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Ernst & Young LLP

Guernsey

26 November 2009

Notes :

1. The maintenance and integrity of the Renewable Energy Generation Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 30 June 2009

	Notes	2009	Restated 2008
		£	£
Revenue	6	5,588,668	3,543,519
Cost of sales		(3,512,469)	(1,605,752)
Gross profit		2,076,199	1,937,767
Administrative expenses		(2,950,508)	(2,557,678)
Exceptional administrative expenses	11	(447,536)	-
Development costs		(1,111,573)	(753,936)
Group trading loss		(2,433,418)	(1,373,847)
Other operating income	8	41,564	61,980
Share of post tax loss of associate accounted for using the equity method		-	(48,035)
Group operating loss from continuing operations		(2,391,854)	(1,359,902)
Finance revenue	9	78,506	563,899
Finance costs	10	(41,297)	(90,280)
Loss on continuing operations before taxation	11	(2,354,645)	(886,283)
Tax credit/(charge)	13	296,284	(139,085)
Loss for the year from continuing operations		(2,058,361)	(1,025,368)
Discontinued operations			
Loss for the year from discontinued operations	7	(7,049,519)	(3,059,826)
Loss for the year		(9,107,880)	(4,085,194)
Loss for the year attributable to:			
Equity holders of the parent		(9,107,880)	(4,085,194)
Loss per share (pence)			
Basic and diluted LPS from continuing operations	15	(2.00p)	(0.99p)
Basic and diluted LPS on loss for the year	15	(8.83p)	(3.96p)

Consolidated Balance Sheet

as at 30 June 2009

	Notes	2009 £	2008 £
ASSETS			
Non-current assets			
Goodwill	16	4,890,148	4,813,460
Other Intangibles	16	-	20,888,176
Development costs	16	3,870,496	3,920,595
Property, plant and equipment	18	23,909,467	80,658,466
		32,670,111	110,280,697
Current assets			
Inventories	21	54,972	116,217
Trade and other receivables	22	918,222	4,297,653
Intangibles	23	940,670	316,982
Cash and cash equivalents	24	705,922	16,453,225
		2,619,786	21,184,077
Assets of disposal group held for sale	7	109,292,064	-
Total assets		144,581,961	131,464,774
EQUITY			
Share capital	29	10,325,101	10,310,101
Share premium	30	79,707,376	79,645,688
Special reserve	31	-	10,000,000
Fair value and other reserves	32	-	4,009,899
Share based payment reserve	33	1,037,685	994,872
Retained earnings		(15,069,313)	(12,352,148)
Foreign currency translation reserves relating to disposal group		5,070,403	-
Total equity attributable to the Company's equity holders		81,071,252	92,608,412
LIABILITIES			
Non-current liabilities			
Financial liabilities	26	-	16,915,481
Deferred tax liabilities	28	698,322	5,797,775
		698,322	22,713,256
Current liabilities			
Trade and other payables	25	1,947,299	6,243,686
Financial liabilities	26	14,957,517	9,899,420
		16,904,816	16,143,106
Liabilities of disposal group classified as held for sale	7	45,907,571	-
Total liabilities		63,510,709	38,856,362
Total equity and liabilities		144,581,961	131,464,774

These consolidated financial statements were approved and authorised for issue by the Board on 26 November 2009 and signed on its behalf by

Andrew Whalley
Director

David Crockford
Director

Consolidated Cash Flow Statement

for the year ended 30 June 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Cash used in operations	34	(8,387,173)	(4,584,309)
Net cash used in operating activities		(8,387,173)	(4,584,309)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	20	-	(1,427,872)
Purchase of property, plant and equipment		(25,804,244)	(44,815,860)
Proceeds from sale of investments		-	10,000,000
Interest received		128,007	892,696
Movement in restricted cash accounts	22	(1,594,218)	13,835,260
Net cash used in investing activities		(27,270,455)	(21,515,776)
Cash flows from financing activities			
New borrowings	26	27,978,004	26,217,368
Repayment of borrowings		(915,468)	-
Interest paid (including interest rate swap)		(1,506,850)	(90,280)
Dividends paid to the Company's equity shareholders	14	(3,609,285)	(4,124,040)
Net cash generated from financing activities		21,946,401	22,003,048
Net decrease in cash and cash equivalents		(13,711,227)	(4,097,037)
Cash at the beginning of the year		16,453,225	20,751,234
Exchange loss		(219,822)	(200,972)
Cash at end of year		2,522,176	16,453,225
Cash at end of year – continuing operations	24	705,922	16,453,225
Cash at end of year – discontinued operations	7	1,816,254	-
		2,522,176	16,453,225

Consolidated Statement of Changes in Equity

for the year ended 30 June 2009

	Share capital	Share premium account	Special reserve	Fair Value and other reserves	Share based payment reserve	Retained earnings	Foreign currency translation reserves relating to disposal group	Total equity
	£	£		£	£	£	£	£
At 1 July 2007	10,310,101	79,645,688	10,000,000	1,479,662	546,648	(4,142,914)	-	97,839,185
Foreign currency translation	-	-	-	2,530,237	-	-	-	2,530,237
Net income and expense for the year recognised directly in equity	-	-	-	2,530,237	-	-	-	2,530,237
Loss for the year	-	-		-	-	(4,085,194)	-	(4,085,194)
Total income and expense for the year	-	-	-	2,530,237	-	(4,085,194)	-	(1,554,957)
Share based payments	-	-	-	-	448,224	-	-	448,224
Dividend	-	-	-	-	-	(4,124,040)	-	(4,124,040)
At 30 June 2008	10,310,101	79,645,688	10,000,000	4,009,899	994,872	(12,352,148)	-	92,608,412
Realised foreign exchange gain	-	-	-	(2,212,258)	-	-	-	(2,212,258)
Foreign currency translation	-	-	-	3,272,762	-	-	-	3,272,762
Net income and expense for the year recognised directly in equity	-	-	-	1,060,504	-	-	-	1,060,504
Loss for the year	-	-	-	-	-	(9,107,880)	-	(9,107,880)
Total income and expense for the year	-	-	-	1,060,504	-	(9,107,880)	-	(8,047,376)
Issue of share capital	15,000	61,688	-	-	-	-	-	76,688
Transfers	-	-	(10,000,000)	(5,070,403)	-	10,000,000	5,070,403	-
Share based payments	-	-	-	-	42,813	-	-	42,813
Dividend	-	-	-	-	-	(3,609,285)	-	(3,609,285)
At 30 June 2009	10,325,101	79,707,376	-	-	1,037,685	(15,069,313)	5,070,403	81,071,252

1. General Information

Renewable Energy Generation Limited (the Company) and its subsidiaries (the Group) provide shareholders with the opportunity to participate in the growth of the renewable energy market through the development, construction and ownership of wind energy and other renewable power projects.

The Company is a limited liability company incorporated and domiciled in Guernsey. The address of its registered office is La Plaiderie House, La Plaiderie, St. Peter Port, Guernsey, GY1 4HE. The Group has no employees.

The Company has its listing on the Alternative Investment Market.

The consolidated financial statements for the year ended 30 June 2009 were approved and authorised for issue by the Board of Directors on 26 November 2009.

2. Statement of Compliance

These consolidated financial statements of the Group are for the year to 30 June 2009.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 30 June 2009.

New standards and interpretations not applied

IASB and IFRIC have issued the following relevant standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs)	Effective date*
IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations	1 January 2009
IFRS 3R Business Combinations (revised January 2008)	1 July 2009
IFRS 8 Operating Segments	1 January 2009
IAS 1 Presentation of Financial Statements (revised September 2007)	1 January 2009
IAS 23 Borrowing Costs (revised March 2007)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (revised January 2008)	1 July 2009
Amendment to IAS 39 Eligible hedged items	1 July 2009
IFRS 9 Financial instruments	1 January 2013
International Financial Reporting Interpretations Committee (IFRIC)	
IFRIC 17 Distribution of non-cash assets to owners	1 July 2009

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas a failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The amendment is mandatory for periods beginning on or after 1 January 2009 and the Group is currently assessing its impact on the financial statements, although it is not expected to be material.

The Group does not anticipate early adopting the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 1 January 2010. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IFRS 8 requires disclosure based on information presented to the board for evaluating the performance of operating segments. The impact of adopting IFRS 8 is under assessment.

IAS 23 has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional provisions in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date of 1 January 2009. No changes will be made for borrowing costs incurred prior to this date that have been expensed.

IAS 27 revised is effective for annual periods beginning on or after 1 July 2009, with earlier application only permitted when the revised IFRS 3 is applied. The revised standard applies retrospectively with some exceptions. IAS 27 revised no longer restricts the allocation to minority interest of losses incurred by a subsidiary to the amount of the non-controlling equity investment in the subsidiary. A partial disposal of equity interest in a subsidiary that does not result in a loss of control will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to any gain or loss. Where there is loss of control of a subsidiary, any retained interest will have to be remeasured to fair value, which will impact the gain or loss recognised on disposal. The Group is currently assessing the impact on its financial statements from adopting IAS 27 revised.

IFRS 9 is effective for annual periods beginning on or after 1 January 2009. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost, replacing the many different rules in IAS 39. The impact of IFRS 9 is under assessment.

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

* The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations. As the Group has elected to prepare their financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

3. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Group for the year ended 30 June 2009. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2009.

The Group financial statements are presented in Sterling and all values are rounded to the nearest pounds (£) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2009.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in value of individual investments. The Group income statement reflects the share of the associate's results after tax. The Statement of changes in equity reflects the Group's share of any income and expense recognised by the associate outside profit and loss.

Disposal Group held for sale and discontinued operations

Disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a. Generation revenue
Revenue from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when when electricity is generated.

b. TRIADS revenue
Revenue from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, pre sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

c. ROCs, LECs revenue
Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators as evidence that a licensed electricity supplier has supplied qualifying electricity to their customers in Great Britain. These certificates may be traded separately from the electricity to which they relate through a system of limited banking and borrowing in order to give individual suppliers more flexibility as to how they meet the demands of the Obligation.
Renewable energy generators who meet Customs & Excise conditions for exemption will be issued with Levy Exemption Certificates (LECs) for their generation. The LECs transfer along with the electricity and can be used by business consumers to claim levy exemption.
The fair value of Renewable Obligation Certificates is recognised in the income statement account as operating income when eligible electricity is generated.

d. Interest income
Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

e. Dividend income
Revenue is recognised when the Group's right to receive the payment is established.

Share-based payment transactions

Equity-settled transactions - Warrants

Warrant holders of the Group receive remuneration in the form of share-based payment transactions, whereby warrant holders render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant warrant holder becomes fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Equity-settled transactions – Employee Share Option Plan

Share options are awarded under the Employee Share Option Plan. Options can only be exercised if certain Performance Conditions are satisfied. The Performance Conditions are measured once only at the end of the Performance Period, which commences on the date of grant of the Options and ends on the third anniversary of that date.

The value delivered to the Company's shareholders will be ranked in comparison with the value delivered to the shareholders of nine other similar companies which have been selected by the Board of Directors. The companies are placed together in a "Comparator Group".

If the Company's ranking is below the median of the Comparator Group then the Options shall not vest and shall lapse at the end of the Performance Period. If the Company's performance places it at the median of the Comparator Group, then the Options shall be exercisable as to 50%. If the Company's ranking places it above the median of the Comparator Group then, depending on its exact placing in the Comparator Group, a percentage above 50% and up to 100% of the Options shall vest.

The cost of equity-settled transactions with employees under the Employee Share Option Plan is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period

has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets/liabilities are carried on an undiscounted basis.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units to which it relates, or groups of cash-generating units, that are expected to generate future cash flows, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes (usually at an operating segment level); and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss in disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Development costs

An intangible asset arising from the development expenditure on an individual renewable energy project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

A summary of the policies applied to the Group's development costs is as follows:

Useful life	Finite
Method used	Amortised over the period of expected future sales from the related project on a straight-line basis
Internally generated or acquired	Both
Impairment testing/recoverable amount testing	Annually for assets not yet in use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Other intangibles represent the MW of potential projects acquired on the acquisition of AIM Powergen Inc. Therefore, at the year end this was reclassified as a discontinued activity and recognised at cost less an allocation of the IFRS 5 impairment charge to reduce the assets of the disposal group to fair value less costs to sell.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

As assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.

Assets in the course of construction are stated at cost and are recognised only when it is probable that a project under development will be constructed by the Group. This decision is based on management judgement when the project meets key criteria required for its successful development, including planning permission and grid access.

Depreciation is charged so as to write off the cost or valuation of assets, other than assets in the course of construction and freehold land , over their estimated useful lives, using the straight line method, on the following bases;

- Operating wind sites — over 20 years
- Other generation plant — over 5 to 20 years
- Fixtures, fittings and other equipment — over 5 to 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Freehold land and assets in the course of construction are not depreciated.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials – purchase cost on weighted average basis,
- Processed fuel – cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs. Processed fuel is principally used in the process of electricity generation.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Renewable Obligation Certificates

The fair value of ROCs is recognised on the balance sheet as a current intangible asset. The carrying amount of ROCs generated in the current financial year is re-valued to the current fair value based on a market price in an active market as at the balance sheet date. ROCs that existed at the previous year end are revalued as at the balance sheet date with the corresponding gain/loss recognised in equity.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. The fair value of trade and other receivables is equal to the carrying amount.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand and deposits held at call with banks.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed as part of the cost of that asset. Capitalisation of borrowing costs should commence when:

- Expenditures for the asset and borrowing costs are being incurred; and
- Activities necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation ceases when the asset is substantially ready for its intended use or sale. For borrowing associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowings is used.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from the changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit and loss for the year. There are no derivatives designated in a hedge.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The fair value of interest rate swap contracts is determined by discounting future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Foreign currency translation

The consolidated financial statements are presented in sterling, which is the Company's functional currency and the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

The assets and liabilities of foreign operations are translated into sterling at the exchange rate ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the share premium account.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

4. Financial risk management objectives and policies

The Group finances its activities with a combination of short term and long term bank loans, cash and short-term deposits. The group uses cash and short term loans from its bankers to finance the development and construction of its property, plant and equipment which is predominantly wind farms in the UK and Canada. Where needed, the Group employs letters of credit backed either by the group's cash balance or short term loan arrangements. On completion and successful commissioning of projects, the group refinances the assets with longer term debt that more suits the expected useful life of the asset.

The board actively monitor the cash and debt position of the group, and allocates funds to each of its cash generating units based on capital requirements, cash commitments and the most appropriate source of funding for each project.

Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is and has been throughout 2009 and 2008 the Group's policy that no trading in derivatives shall be undertaken.

Financial instruments give rise to foreign currency, interest rate, credit, and liquidity risk.

Information on how these risks arise is set out below, as are the objectives, policies and processes agreed by the board for their management and the methods used to measure each risk. Derivative instruments are used to change the economic characteristics of financial instruments in accordance with the Group's policies.

Foreign currency risk

The Group has invested in operations outside the United Kingdom and also buys and sells goods and services denominated in currencies other than sterling. As a result the value of Group's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and in Canadian Dollars in particular.

The Group seeks to mitigate the effect of its structural currency exposures by borrowing in the same functional currency as the foreign operation into which it invests.

The Group's transactional currency exposures arise from sales or purchases by an operating unit in currencies other than its functional currency. It is the Group's policy not to enter into forward contracts for purchases until a firm commitment is in place. Forward currency contracts must be in the same currency as the hedged item and it is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

The Group's exposure to foreign currency risk is shown (by way of sensitivity to a reasonably possible change in exchange rates) in the foreign currency risk table in note 27.

Interest rate risk

The Group has entered into both long term bank loans and a revolving credit facility as it moves to a geared business model for financing the construction and future development of its development pipelines.

The Group aims to mitigate the interest rate risk of these borrowings by ensuring facilities are contracted under flexible terms that are advantageous to the Group's ongoing management of its borrowing facilities.

The Group's policy is to manage its cost of borrowing using a mix of fixed and variable rate debt. Whilst fixed rate interest bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling. In addition, the fair value risk inherent in fixed rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process. In contrast, whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise.

As set out in note 38, following the year end the Group sold its interests in AIM Powergen Corporation resulting in significant cash reserves for the group going forward. These cash balances are invested in a portfolio of short and longer term deposits at fixed and floating rates with a number of financial institutions.

The Group's exposure to interest rate risk is shown (by way of sensitivity to a reasonably possible change in rates) in the interest rate risk table in note 27.

Credit risk

The Group trades only with recognised, creditworthy third parties, who are generally blue chip energy corporates. UK electricity generation is predominately sold under short term power purchase agreements to a single customer. Renewable Obligation Certificates are sold on the open market with little or no credit risk involved in the transactions. Canadian electricity generation is sold to Government backed provincial power authorities under power purchase agreements of 20 years. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generation and investment by its operations. Cash forecasts identify the liquidity requirements of the business over a 36 month period and are regularly reviewed by management to ensure sufficient headroom exists. In its funding strategy, the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and bank loans.

Excess cash used in managing liquidity is only invested in financial instruments exposed to insignificant risk of changes in market value, being placed on interest-bearing deposit.

The maturity profile of the Group's financial liabilities at the year end is set out in note 27.

The Board continues to evaluate further financing opportunities that will facilitate the continued build out of the Group's development portfolios over and above that allowed by cash balances on hand.

As set out in note 38, the group has significant cash reserves going forward. Furthermore, the corporate credit facility renewed on 30 December 2008 has been repaid in full and cancelled by the bank. The Board have reviewed the Group's forecasts and budgets and are satisfied that the current cash balances provide adequate resources to continue in operational existence for the foreseeable future.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key estimates and assumptions at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Estimated impairment of goodwill, development costs and other intangibles
The Group tests annually whether goodwill, development costs and other intangibles have suffered any impairment in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates such as expected future cash flows from the cash generating units and choosing an appropriate discount rate in order to calculate the net present value of these cash flows (see note 17).

b. Share-based payments
The estimation of share-based payment costs requires the selection of a suitable and appropriate valuation model and consideration as to the inputs necessary for the model. Details of the assumptions used in the binominal model for calculating the fair value of options and warrants are given in note 33.

6. Segment information

a) Primary reporting format – business segments

At 30 June 2009, the Directors consider that the Group's primary business segment is that of energy generation. Following the disposal of the Group's interest in AIM PowerGen Corp as shown in note 7, that business segment has been disclosed as a discontinued operation at the year end.

		Continuing operations		Discontinued operations	
Year ended 30 June 2009	Wind Energy	Bio Power Generation	Total	AIM PowerGen Corp.	Total
	£	£	£	£	£
Segment revenue – external sales	4,620,861	967,807	5,588,668	5,085,459	
Segment result	53,657	(1,178,755)	(1,125,098)	(5,051,490)	
Unallocated expenses			(1,266,756)	-	
Group operating loss			(2,391,854)	(5,051,490)	
Net finance revenue/(expense)			37,209	(3,780,412)	
Loss before taxation			(2,354,645)	(8,831,902)	
Tax credit			296,284	1,782,383	
Loss for the year			(2,058,361)	(7,049,519)	
Electricity sales	2,334,563	548,274	2,882,837	5,085,459	
ROC sales	2,073,172	328,338	2,401,510	-	
LEC sales	177,724	26,140	203,864	-	
TRIAD sales	35,402	65,055	100,457	-	
	4,620,861	967,807	5,588,668	5,085,459	
As at 30 June 2009					
Assets and liabilities:					
Segment assets	29,443,165	4,988,972	34,432,137	106,670,783	141,102,920
Unallocated assets			1,662,787	1,816,254	3,479,041
			36,094,924	108,487,037	144,581,961
Segment liabilities	(941,956)	(130,362)	(1,072,318)	(1,620,689)	(2,693,007)
Unallocated liabilities			(16,530,820)	(44,286,882)	(60,817,702)
Total liabilities			(17,603,138)	(45,907,571)	(63,510,709)
Other segmental information:					
Capital expenditure:					
Intangibles	-	-	-	-	-
Property, plant and equipment	3,495,905	910,462	4,406,367	22,193,247	26,599,614
Depreciation	1,203,276	115,288	1,318,564	2,399,922	3,718,486
Amortisation	50,099	-	50,099	-	50,099
Share based payments	-	-	42,813	-	42,813

Year ended 30 June 2008	Wind Energy Generation	Continuing operations Bio Power Generation	Total	Discontinued operation Financial investment management	Discontinued operation AIM PowerGen Corp	Total
	£	£	£	£	£	£
Segment revenue – external sales	3,539,341	4,179	3,543,520	-	20,138	
Segment result	(1,121,407)	(190,460)	(1,311,867)	(507,959)	(2,796,795)	
Share of loss of associate	-	(48,035)	(48,035)	-	-	
Operating loss	(1,121,407)	(238,495)	(1,359,902)	(507,959)	(2,796,795)	
Net finance revenue			473,619	-	(268,736)	
Group loss before taxation			(886,283)	(507,959)	(3,065,531)	
Tax expense			(139,085)	-	513,664	
Loss for the year			(1,025,368)	(507,959)	(2,551,867)	
Energy generation income is broken down as follows:						
Electricity sales	1,575,759	4,179	1,579,938			
ROC sales	1,747,557	-	1,747,557			
LEC sales	135,435	-	135,435			
TRIAD sales	80,590	-	80,590			
	3,539,341	4,179	3,543,520			
As at 30 June 2008						
Assets and liabilities:						
Segment assets	28,570,643	2,329,890	30,900,533	-	84,111,016	115,011,549
Unallocated assets			7,314,628	-	9,138,597	16,453,225
			38,215,161	-	93,249,613	131,464,774
Segment liabilities	(1,392,614)	(94,497)	(1,487,111)	-	(4,756,575)	(6,243,686)
Unallocated liabilities			(10,452,417)	-	(22,160,259)	(32,612,676)
Total liabilities			(11,939,528)	-	(26,916,834)	(38,856,362)
Other segmental information:						
Capital expenditure:						
Intangibles	-	1,803,546	1,803,546	-	-	1,803,546
Property, plant and equipment	7,828,807	366,384	8,195,191	-	40,642,839	48,838,030
Depreciation	862,756	10,005	872,761	-	175,838	1,048,599
Amortisation	42,839	-	42,839	-		42,839
Share based payments	448,224	-	448,224	-		448,224

Segment assets consist primarily of property, plant and equipment, intangible assets, receivables and operating cash. Segment liabilities comprise operating liabilities. Unallocated liabilities represent financial liabilities and non-current liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

All revenue in the current year derives from one revenue stream being energy generation. In the prior year income was derived from energy generation and financial investment management.

b) Secondary reporting format – geographical segments

The Company is domiciled in Guernsey. The following table represents revenue, expenditure and certain asset information regarding the Group's geographical segments:

	Continuing operations	Discontinued operation	
	UK	Canada	Total Group
	£	£	£
Year ended 30 June 2009			
Revenue from operations	5,588,668	5,085,459	10,674,127
Other segmental information:			
Segment assets	36,094,924	108,487,037	144,581,961
Capital expenditure on:			
Property, plant and equipment	4,448,688	22,193,247	26,641,935
Year ended 30 June 2008			
Revenue from continuing operations	3,543,519	20,138	3,563,657
Other segmental information:			
Segment assets	38,215,161	93,249,613	131,464,774
Capital expenditure on:			
Property, plant and equipment	8,195,191	40,642,839	48,838,030

7. Discontinued operations

On 22 October 2009 the board announced that the group had sold its wholly owned subsidiary, AIM PowerGen Corporation for an initial cash consideration of C$124.6 million. As at 30 June 2009, AIM PowerGen Corporation was classified as a discontinued operation. (see note 38)

On 16 October 2007 the board announced that the group had sold its position in the Tymien Wind Project in Poland for a cash consideration of £10 million.

On 4 December 2007 the board announced that the group had purchased its fund management company and cancelled the management contract at a cost of £1.6 million. There were no other assets or liabilities disposed of with the management contract.

Following the disposal of the Tymien Wind Project and the purchase of the Group's management company, the segment of Financial Investment Management is a discontinued activity.

	AIM PowerGen Corp	AIM PowerGen Corp	Financial investment management	Total
	2009	2008	2008	2008
	£	£	£	£
Revenue	5,085,459	20,138	-	20,138
Cost of sales	(3,499,173)	(163,399)	-	(163,399)
Gross profit	1,586,286	(143,261)	-	(143,261)
Exceptional administrative expenses	(3,718,155)	-	-	-
Fair value impairment on discontinued activity	(2,586,936)	-	-	-
Administrative expenses	(1,481,963)	(1,306,500)	(1,952,278)	(3,258,778)
Development costs	(1,062,980)	(1,396,466)	-	(1,396,466)
Trading loss	(7,263,748)	(2,846,227)	(1,952,278)	(4,798,505)
Other operating income	2,212,258	49,432	1,444,319	1,493,751
Operating loss	(5,051,490)	(2,796,795)	(507,959)	(3,304,754)
Finance revenue	49,501	328,797	-	328,797
Finance costs	(3,829,913)	(597,533)	-	(597,533)
Loss before tax from discontinued operation	(8,831,902)	(3,065,531)	(507,959)	(3,573,490)
Tax credit	1,782,383	513,664	-	513,664
Loss for the year from discontinued operations	(7,049,519)	(2,551,867)	(507,959)	(3,059,826)

Finance costs include £2,099,553, (2008: £597,533) of unrealised losses and £37,686 (2008: £nil) of realised losses on the interest rate swap.

During December 2008, the Group terminated a turbine supply agreement with General Electric Corp as a direct result of the credit market conditions. This resulted in a write off of £2,913,128 which has been recognised as an exceptional administrative expense. Also included within exceptional administrative expenses are £805,027 of costs incurred by the year end in relation to the sale of AIM Powergen Corp.

	AIM PowerGen Corp 2009
The major classes of assets and liabilities of the discontinued activities were as follows:	
Assets	£
Intangibles (Cost of £22,052,392 (note 16) less £545,725 impairment allocation)	21,506,667
Property, plant and equipment (Net book value of £82,483,959 (note 18) less £2,041,211 impairment allocation)	80,442,748
Trade and other receivables	5,526,395
Cash and cash equivalents	1,816,254
	109,292,064
Liabilities	
Trade and other payables	(1,620,689)
Deferred tax liabilities	(3,267,410)
Financial liabilities	(41,019,472)
	(45,907,571)
Net assets associated with the disposal group	63,384,493
Reserves of disposal group classified as held for sale	(10,508,237)

Included in Trade and other receivables is an amount of £4,802,182 of cash held as cash collateral supporting payment guarantees.

The net cash flows attributable to the discontinued activities were as follows:	
	£
Operating cash flows	(7,034,093)
Investing cash flows	(23,737,964)
Financing cash flows	19,831,869
Net cash outflow	(10,940,188)
Loss per share from discontinued operations	
Basic and diluted LPS from discontinued operations (note 15)	(6.83p)

8. Other operating income

	2009 £	2008 £
Continuing operations		
Profit on sale of property, plant and equipment	-	35,041
Consultancy and other fees	13,261	26,939
Government grants	28,303	-
	41,564	61,980

9. Finance revenue

	2009 £	2008 £
Continuing operations		
Bank interest receivable	78,506	563,899
Total interest income for financial assets not at fair value through profit or loss	78,506	563,899

10. Finance costs

	2009 £	2008 £
Continuing operations		
Bank loans	(41,297)	(90,280)

11. Loss on continuing operations before taxation

		2009 £	2008 £
Loss on continuing operations before taxation is stated after charging:			
Amortisation of intangibles		(50,099)	(42,839)
Depreciation	– owned assets	(1,320,680)	(872,761)
Auditors' remuneration	– audit of the accounts	(76,500)	(59,000)
	– taxation services	(22,273)	(41,000)
Operating lease rentals	– minimum lease payments	(202,976)	(100,317)

Exceptional administrative expenses

During April 2009, the year the Group received an offer for its entire issued share capital. On 30 July 2009, the board announced that offer talks had closed. During the financial year, the Group expensed £447,536 (2008 - £nil) of legal and professional costs in relation to the offer process.

12. Staff costs and directors' emoluments

	2009 £	2008 £
Continuing operations		
Staff costs		
Wages and salaries	1,197,490	737,269
Social security costs	118,659	70,528
Other staff costs	109,913	15,582
Share based payments	42,813	448,224
	1,468,875	1,271,603
Directors' emoluments		
Directors' emoluments	471,250	377,598
The average monthly number of employees during the year was made up as follows:		
Directors	6	6
Administration and finance	13	10
	19	16

Full details of Directors' emoluments and share options are given within the Directors' Remuneration Report on pages 12 to 13.

13. Taxation

a) Tax on loss on ordinary activities

The tax charge/(credit) is made up as follows:	2009 £	2008 £
Current income tax – continuing operations	600	600
Current income tax – discontinued operations	69,443	237,417
Total current income tax	70,043	238,017
Deferred taxation (note 28)		
Origination and reversal of temporary differences	(2,241,391)	(567,663)
Prior period adjustment	92,681	-
Impact of changes in deferred tax rates	-	(44,933)
Taxation charge/(credit) in the income statement	(2,078,667)	(374,579)

The tax charge/(credit) is disclosed in the income statement as follows:		
Income tax expense on continuing operations	(296,284)	139,085
Income tax credit on discontinued operations	(1,782,383)	(513,664)
	(2,078,667)	(374,579)

b) Reconciliation of total tax credit

The tax on the Group's loss before tax differs from the theoretical amount that would arise under the weighted average tax rate applicable to profits of the consolidated companies of 31.5% (2008: 20.8%) as follows:

	2009 £	2008 £
Loss from continuing operation before taxation	(2,354,645)	(886,283)
Loss from discontinued operations before taxation	(8,831,902)	(3,573,490)
Accounting loss before taxation	(11,186,547)	(4,459,773)
Tax calculated at domestic tax rates applicable to profits of the respective countries	(3,526,792)	(927,946)
Effects of:		
- Losses carried forward	122,331	98,250
- Notional Guernsey tax charge	600	600
- Canadian capital taxes	69,443	237,417
- Reduction in deferred taxes resulting from reduction in tax rates	-	(44,933)
- Prior year adjustments	92,681	-
- Non-deductible expenses	1,163,070	262,033
Total credit	(2,078,667)	(374,579)

The weighted average tax rate is based on the following tax rates: UK 28% (2008: 30%); Canada 29% (2008: 29%); Guernsey 0% (2008: 0%).

c) Unrecognised tax losses

The Group has tax losses which arose in the UK of £745,286 (2008 - £745,286) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as insufficient profits are forecast in the entities in which the losses are held to suggest that a tax benefit will be realised for these losses.

14. Dividends per share

Declared and paid during the period	2009 £	2008 £
Equity dividends on ordinary shares		
Final paid for 2008 of 3p (2007 – 3p) per ordinary share	3,093,030	3,093,030
Interim Dividend for 2009 paid of 0.5p (2008 – 1p) per ordinary share	516,255	1,031,010
	3,609,285	4,124,040

A dividend of 1.5p per ordinary share, amounting to a final dividend of £1,548,765 was proposed by the directors at their meeting on 18 November 2009. The proposed dividend has not been recognised as a liability as at 30 June 2009.

15. Loss per share (LPS)

The calculations of loss per share are based on the following loss and numbers of shares.

	Basic and diluted	
	2009	2008
	£	£
Losses for the financial year		
Loss for the year from continuing operations	(2,058,361)	(1,025,368)
Loss for the year from discontinued operations	(7,049,519)	(3,059,826)
Loss for the financial year	(9,107,880)	(4,085,194)

	2009	**2008**
	Number of shares	**Number of shares**
Weighted average number of shares:		
For basic and diluted loss per share	103,108,473	103,101,014

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants and options.

The loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted loss per share are identical to those used for basic earning per ordinary share. This is because the exercise of share options and warrants would have the effect of reducing the loss per ordinary share and is therefore not dilutive.

Discontinued operations

Loss per share for the discontinued operations is derived from the net loss attributable to equity holders of the parent from discontinued operations of £7,049,519 (2008: loss of £3,059,826), divided by the weighted average number of ordinary shares for both basic and diluted amounts as per the table above. (see note 7)

16. Intangible assets

	Development costs	Other intangibles	Goodwill	Total
	£	£	£	£
Cost				
At 1 July 2007	4,156,424	20,703,800	3,009,914	27,870,138
Acquisition of subsidiary	-	-	1,803,546	1,803,546
Exchange differences	-	184,376	-	184,376
At 30 June 2008	4,156,424	20,888,176	4,813,460	29,858,060
Acquisition of subsidiary	-	-	76,688	76,688
Exchange differences	-	1,164,216	-	1,164,216
Discontinued operations (note 7)	-	(22,052,392)	-	(22,052,392)
At 30 June 2009	4,156,424	-	4,890,148	9,046,572
Amortisation and impairment				
At 1 July 2007	192,990	-	-	192,990
Amortisation charge	42,839	-	-	42,839
At 30 June 2008	235,829	-	-	235,829
Amortisation charge	50,099	-	-	50,099
At 30 June 2009	285,928	-	-	285,928
Net book values				
At 30 June 2009	3,870,496	-	4,890,148	8,760,644
At 30 June 2008	3,920,595	20,888,176	4,813,460	29,622,231
At 1 July 2007	3,963,434	20,703,800	3,009,914	27,677,148

Development costs include the acquired cost of £4,156,424 for 24 wind projects in the UK. This cost is amortised over the period of expected future sales from the related project which would normally be expected to be 20 years. Amortisation is charged to cost of sales.

The carrying value of assets not yet available for use was tested for impairment as at 30 June 2009 (see note 17). Goodwill is subject to annual impairment testing (see note 17).

17. Impairment of goodwill and intangible assets not yet available for use

Goodwill acquired through business combinations, development costs and other intangibles not yet available for use have been allocated for impairment testing purposes to three cash-generating units as follows:

- UK based wind farms operated through The Cornwall Light & Power Co. Limited,
- Canadian based wind farms operated through AIM Powergen Inc., and
- UK based Vegetable oil to power generation through the REG Bio-Power UK Limited sub group that comprises, Living Power Limited and Living Fuels Limited.

These represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Carrying amount of goodwill, development costs and other intangibles not yet available for use allocated to cash-generating units

	UK wind farms		Canadian wind farms		Vegetable oil to power		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	£	£	£	£	£	£	£	£
Development costs	3,870,496	3,920,595	-	-	-	-	3,870,496	3,920,595
Other intangibles	-	-	-	20,888,176	-	-	-	20,888,176
Goodwill	3,009,914	3,009,914	-	-	1,880,234	1,803,546	4,890,148	4,813,460
	6,880,410	6,930,509	-	20,888,176	1,880,234	1,803,546	8,760,644	29,622,231

Key assumptions used in value in use calculations

UK Wind Farms

The recoverable amount of the UK wind farms unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 25 year period, being a 5 year timeframe to develop and build the projects in addition to the expected 20 year operational lives of the wind turbines. No terminal values have been applied at the end of the 20 year operations cycle.

All UK projects are assumed to be contracted on short term Power Purchase Agreements with prices based on independent pricing forecasts for the UK power market. ROC prices are estimated using current market information to evaluate the likely ROC recycle price on top of the ROC buyout prices. All operational and maintenance costs in the projects are fully index linked.

The discount rate applied to cash flow projections is 15% (2008 - 15%) and cash flows are extrapolated using a 2.5% rate of inflation (2008 - 2.5%).

The calculation of value in use for UK wind farms is most sensitive to the following assumptions:

Discount rates – discount rates reflect the high hurdle rate that the Board places on its investment appraisals to ensure optimum allocation of the Group's resources.

Electricity price – the electricity price is based on current market data, or current contracted power purchase agreements where applicable.

Wind resource – estimates are made from various independent sources, along with site data where applicable to estimate the level of wind resource at each project.

Capital costs – turbines and balance of plant costs are based on historic data assimilated by the Group and known industry averages. These costs are themselves dependent on variables such as commodity prices and exchange rates.

Right and ability to construct – the UK wind farm portfolio is subject to successful planning permission. The Board reviews the portfolio on a regular basis to ensure that projects will meet the various requirements to succeed through the UK planning process. The Board also monitor the sites to ensure they are viable to build in terms of a firm grid connection and ensuring they meet the various environmental standards expected of them.

Canadian Wind Farms

The recoverable amount of the Canadian wind farms was monitored during the year based on a value in use calculation using cash flow projections based on financial budgets covering a 30 year period, being a 10 year timeframe to develop and build the projects due to the relative size of the portfolio, in addition to the expected 20 year operational lives of the wind turbines. Land leases on Canadian sites are generally for 40 years however no terminal values have been applied at the end of the 20 year operations cycle. The Canadian model assumes a level of gearing in each project of 75%, with long term project financing interest rates above those already contracted by the group (see note 26). Debt terms are assumed to be 20 years, matching the life cycle of both the generating plant and the power purchase agreements.

All Canadian projects are assumed to be locked in to 20 year power purchase agreements which are only partially index linked as is the generally accepted principle in the Canadian power markets. All operational and maintenance costs in the projects are fully index linked.

The discount rate applied to cash flow projections is 15% (2008 - 15%) and cash flows are extrapolated using a 2.5% rate of inflation (2008 - 2.5%).

The calculation of value in use for Canadian wind farms is most sensitive to the following assumptions:

Discount rates – discount rates reflect the high hurdle rate that the Board places on its investment appraisals to ensure optimum allocation of the Group's resources.

Electricity price – the electricity price is based on current market data, or current contracted power purchase agreements where applicable.

Wind resource – estimates are made from various independent sources, along with site data where applicable to estimate the level of wind resource at each project.

Capital costs – turbines and balance of plant costs are based on historic data assimilated by the Group and known industry averages. These costs are themselves dependent on variables such as commodity prices and exchange rates.

Debt markets and rates – the Canadian value in use model assumes a proportion of gearing placed in to each wind farm on commercial debt rates in a normal liquid credit market.

Right and ability to construct – The Board reviews the portfolio on a regular basis to ensure that projects will meet the various requirements to succeed through the Canadian planning process. The Board also monitor the sites to ensure they are viable to build in terms of a firm grid connection and ensuring they meet the various environmental standards expected of them.

Following the year end, the Canadian business was sold, along with all of the Canadian Wind Farms. The fair value of the Canadian wind farms was measured at the lower of carrying amount and fair value less costs to sell, resulting in an impairment charge booked to the discontinued activity.

Vegetable oil to power generation

The recoverable amount of the Vegetable oil to power generation is also determined on a value in use basis using cash flow projections based on financial budgets covering a 10 year period being the assumed life cycle of the generating equipment. The discount rate applied to the cash flow projections is 15% (2008 - 15%) and cash flows are extrapolated using a 2.5% rate of inflation (2008 - 2.5%).

Future project capital costs estimates are based on capital costs already incurred by the Group. Growth rates for the business are assumed to be high in this new market in the first 2 years.

All projects are assumed to be contracted on short term Power Purchase Agreements with prices based on independent pricing forecasts for the UK power market. ROC prices are estimated using current market information to evaluate the likely ROC recycle price on top of the ROC buyout prices. Simple power generation projects earn ROCs at 1.5 ROCs per MWh, whereas Combined Heat and Power projects earn ROCs at 2 ROCs per MWh. Fuel costs are based on a mix of vegetable oils from varying sources that cover those traded on the open market to smaller distribution channels. All operational and maintenance costs in the projects are fully index linked.

The calculation of value in use for the Vegetable oil to power generation is most sensitive to the following assumptions:

Discount rates – discount rates reflect the high hurdle rate that the Board places on its investment appraisals to ensure optimum allocation of the Group's resources.

Electricity price – the electricity price is based on current market data, or current contracted power purchase agreements where applicable.

Fuel prices – prices are based on known open market prices and estimates, along with known negotiated prices for certain fuels.

Capital costs – generation plant costs are based on historic data assimilated by the Group.

Growth rate estimates – are based on the Board's estimation of the size of the market and its plan to gain a substantial share with the Group's first mover advantage.

Discount rates reflect management's estimate of return on capital employed (ROCE) required in each business. This is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals.

Sensitivity to changes in assumptions

With regards to the assessment of value in use of the UK Wind farms, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

For the vegetable oil to power unit, management has considered the following sensitivities of note:

Fuel prices – management has considered the possibility of greater than budgeted increases in raw material costs for the vegetable oil to power generation unit. The value in use calculation considers a fuel mix biased towards the higher costs fuels the unit can use. Management is confident that the mix of fuels available could be reweighted away from higher priced fuels to offset their impact on the value in use model. Should the Group be unable to pass on, absorb or reweight the fuel mix additional cost increases of 30% (2008: 30%) would reduce the value in use calculation to a value equal to the carrying amount.

Power prices – substantial changes in power prices in the UK have a marked effect on the value in use calculation with all other assumptions remaining constant. Management are confident that marked changes in power prices would be offset by an according change in the price of fuels and the ability to reweight the mix of fuels employed, and so as such are confident that the margin between power prices and fuel costs can be managed such that the value in use calculation is not impacted by reasonably possible changes. Should the Group be unable to pass on, absorb or reweight the fuel mix, decreases in the UK power prices of 50% (2008: 50%) would reduce the value in use calculation to a value equal to the carrying amount.

18. Property, plant and equipment

	Operating wind sites	Other generation plant	Assets in the course of construction	Freehold land	Fixtures, fittings and equipment	Total
	£	£	£	£		£
Cost						
At 1 July 2007	16,891,208	-	18,290,020	925,500	599,860	36,706,588
Acquisition of subsidiary	-	-	-	-	81,898	81,898
Additions	563,465	-	47,811,213	-	381,454	48,756,132
Exchange differences	107,616	-	976,454	-	32,496	1,116,566
Movements	59,305,230	-	(59,305,230)	-	-	-
At 30 June 2008	76,867,519	-	7,772,457	925,500	1,095,708	86,661,184
Additions	248,181	-	25,995,554	-	398,200	26,641,935
Movements	6,034,220	2,360,020	(8,394,240)	-	-	-
Exchange differences	3,193,082	-	(476,995)	-	46,030	2,762,117
Discontinued operations (note 7)	(60,482,835)	-	(23,315,604)	-	(1,248,878)	(85,047,317)
At 30 June 2009	25,860,167	2,360,020	1,581,172	925,500	291,060	31,017,919
Depreciation						
At 1 July 2007	4,909,804	-	-	-	44,315	4,954,119
Depreciation charge	854,261	-	-	-	190,511	1,044,772
Exchange differences	-	-	-	-	3,827	3,827
At 30 June 2008	5,764,065	-	-	-	238,653	6,002,718
Depreciation charge	3,400,234	80,423	-	-	239,945	3,720,602
Exchange differences	(58,454)	-	-	-	6,944	(51,510)
Discontinued operations (note 7)	(2,151,029)	-	-	-	(412,329)	(2,563,358)
At 30 June 2009	6,954,816	80,423	-	-	73,213	7,108,452
Net book value						
At 30 June 2009	18,905,351	2,279,597	1,581,172	925,500	217,847	23,909,467
At 30 June 2008	71,103,454	-	7,772,457	925,500	857,055	80,658,466
At 1 July 2007	11,981,404	-	18,290,020	925,500	555,545	31,752,469

During the year an amount of £1,178,860 (2008 - £747,809) of borrowing costs were capitalised into property, plant and equipment.

19. Investments at fair value through profit or loss

	£
At 1 July 2007	8,555,681
Disposal	(8,555,681)
At 30 June 2008 and at 30 June 2009	-

On 24 August 2005 the Group entered into a 50% joint venture with Invenergy Wind LLC, a Delaware limited liability company. The investment in the wind farm at Tymien, Poland has been made via Invenergy Wind Europe LLC. As an investment company, building up a portfolio of renewable energy projects, the company has taken the exemption in IAS 31 and has elected to treat the interest in the joint venture as an investment at fair value through profit or loss (designated as such upon initial recognition) and has therefore not proportionally consolidated the financial information of Invenergy Wind Europe LLC in these consolidated financial statements.

The investment in Tymien was revalued to its fair value, being the recoverable amount, determined based on value in use calculations. These calculations use cash flow proje ctions based on financial budgets approved by management covering a 20 year period.

On 16 October 2007 the board announced that the Group had sold its position in the Tymien Wind Project in Poland for a cash consideration of £10 million, giving rise to a profit of £1.4 million.

20. Business combinations

Minority interest acquired year ended 30 June 2009

On 30 December 2008, the Group acquired the remaining 10% of the share capital of its 90% owned subsidiary undertaking REG Bio Power UK Limited, a UK based renewable energy company for a consideration of £76,688 paid in shares of REG. The shares were issued at fair value of 150,000 ordinary shares at 51.13p each, being the closing share price on 30 December 2008.

REG Bio Power UK Limited is also the intermediary holding company for Living Power Limited and Living Fuels Limited, acquired by the group in the year ended 30 June 2008 as noted below.

Business combinations year ended 30 June 2008

Living Power Limited

On 26 September 2007, the Group acquired 80% of the share capital of Living Power Limited; a UK based renewable energy company for a cash consideration if £1,040,000.

On 2 June 2008, the group acquired a further 20% of the share capital of Living Power Limited in exchange for a 2% share holding in REG Bio Power UK Limited, the immediate parent of Living Power Limited. There was no cash consideration.

Details of net assets acquired and goodwill are as follows:	£
Purchase consideration	
Cash paid	1,040,000
Direct costs relating to the acquisition	32,508
Total purchase consideration	1,072,508
Fair value of net liabilities acquired	66,050
Goodwill	1,138,558

The goodwill is attributable to the expertise of the development team at Living Power.

The assets and liabilities arising from the acquisition are as follows:	Fair value	Acquiree's carrying amount
	£	£
Net cash	(6,597)	(6,597)
Receivables	25,612	25,612
Payables	(85,065)	(85,065)
Net liabilities acquired	(66,050)	(66,050)
Purchase consideration settled in cash		1,072,508
Cash and cash equivalents in subsidiary acquired		6,597
Cash outflow on acquisition		1,079,105

Living Fuels Limited

On 26 September 2007, the Group acquired 20% of the share capital of Living Fuels Limited; a UK based processor of used cooking oil. The acquisition was treated as an investment in an associate.

On 2 June 2008, the group acquired a further 80% of the share capital of Living Fuels Limited in exchange for an 8% share holding in REG Bio Power UK Limited, the immediate parent of Living Fuels Limited. There was no cash consideration.

Details of net assets acquired and goodwill are as follows:	£
Purchase consideration	
Cash paid	260,000
Direct costs relating to the acquisition	42,945
Total purchase consideration at 26 September 2007	302,945
Total purchase consideration at 2 June 2008	-
Fair value of net liabilities acquired	362,043
Goodwill	664,988

The goodwill is attributable to the expertise of the development team at Living Fuels.

The assets and liabilities arising from the acquisition are as follows:	Fair value	Acquiree's carrying amount
	£	£
Property, plant and equipment	81,898	81,898
Net cash	(45,822)	(45,822)
Receivables	142,984	142,984
Payables	(589,138)	(589,138)
Net liabilities	(410,078)	(410,078)
Proportion of net liabilities recognised as share of associate losses	48,035	48,035
Net liabilities acquired	(362,043)	(362,043)
Purchase consideration settled in cash		302,945
Cash and cash equivalents in subsidiary acquired		45,822
Cash outflow on acquisition		348,767

The acquired businesses contributed revenues of £3,858 and a net loss of £204,113 to the Group for the period from 3 June 2008 to 30 June 2008. If the combination had taken place at the beginning of the year, the consolidated loss for the Group would have been £4,489,000 and revenue from continuing operations would have been £3,679,088.

21. Inventories

	2009	2008
	£	£
Inventories – fuel	54,972	116,217

£992,284 (2008: £67,594) of inventory costs have been recognised as an expense in the year

22. Trade and other receivables

	2009	2008
	£	£
Trade receivables	82,048	116,185
Social security and other taxes	-	167,140
Other receivables	64,416	3,183,996
Prepayments and accrued income	771,758	830,332
	918,222	4,297,653

Accrued income of £309,631 (2008: £213,368) represents LEC's, TRIADs and generation not yet billed.

Other receivables includes £nil (2008: £3,078,555) used as cash collateral supporting payment guarantees for balance of plant contracts and turbine manufacturers. This cash collateral is interest bearing under normal banking terms. Trade receivables and other receivables are non-interest bearing.

As at 30 June 2009 there were £26,664 of trade receivables (2008: £nil) that were considered to be impaired due to the financial status of the debtor. As at 30 June the ageing analysis of trade receivables is as follows:-

	Total	Neither past due nor impaired	Past due but not impaired			
			30-60 days	60-90 days	90-120 days	>120days
	£	£	£	£	£	£
2009	82,048	48,026	-	-	-	34,022
2008	116,185	86,990	-	-	-	29,195

23. Current intangibles

	£
Cost and net book value	
At 1 July 2007	760,053
ROCs generated through operating activities	1,747,557
ROCs sold	(2,190,628)
At 30 June 2008	316,982
ROCs generated through operating activities	2,401,510
ROCs sold	(1,777,822)
At 30 June 2009	940,670

The carrying amount of ROCs generated in the current financial year is re-valued to the current fair value as at the balance sheet date. ROCs that existed at the previous year end are revalued as at the balance sheet date with the corresponding gain/loss recognised in equity. The ROCs that existed at the previous year end were all sold in the current year and hence there is no revaluation in 2009.

24. Cash and cash equivalents

	2009 £	2008 £
Cash at bank and in hand	705,922	16,453,225

25. Trade and other payables

	2009 £	2008 £
Trade payables	806,165	4,496,221
Social security and other taxes	114,796	21,852
Other payables	59,233	16,322
Accruals	967,105	1,709,291
	1,947,299	6,243,686

26. Financial liabilities

	2009	2008
	£	£
Current		
Bank loans and overdrafts	14,957,517	9,848,449
Interest rate swap	-	50,971
	14,957,517	9,899,420
Non-current		
Bank loans	-	16,368,919
Interest rate swap	-	546,562
	-	16,915,481
Bank loans comprise the following:		
£ variable rate loan under the revolving credit facility	12,741,231	5,000,000
Cdn$4,238,869 variable rate loan under the revolving credit facility	2,216,286	4,457,211
Cdn$33,842,110 variable rate loan 2023	-	16,760,157
	14,957,517	26,217,368
Less current instalments due on bank loans	(14,957,517)	(9,848,449)
	-	16,368,919

£sterling and Canadian dollar variable rate loans under the revolving credit facility

These loans have been drawn down under a credit facility which is due for renewal on 30 June 2010 and bears interest at LIBOR+3.5% (2008: +1.75%). The 18 month revolving credit facility is secured by way of a fixed and floating charge over the assets of the Company and certain subsidiary companies.

The facility totals £20,000,000 (2008: £30,000,000), of which at the year end, £14,957,517 (2008: £9,457,211) was utilised as loans, £3,652,154 (2008: £19,300,577) was allocated to cover letters of credit issued to suppliers of wind turbines and £1,390,329 (2008: £1,242,212) was undrawn.

Canadian dollar $33,842,110 variable rate loan 2023 with an interest rate swap.

The loan is secured by a charge over AIM Phase I SOP LP, a Canadian subsidiary of the Group that holds 4 operational wind farms totalling 39.6MW of capacity. The loan is repayable on 27 June 2023 with an option to extend the loan by a further 5 years to 27 June 2028. The loan bears interest at Canadian Bankers Acceptance plus a variable rate margin between 1.375% and 2.375% depending on the relative performance of the 4 wind farms over the term of the loan.

A 20 year interest rate swap has been purchased to fix the loan's underlying variable Canadian Bankers Acceptance rate which results in a fixed interest charge of 4.593%. The profile of the swap exactly matches the capital amounts outstanding on the loan at any given time.

27. Derivatives and other financial instruments

An explanation of the Group's financial instruments risk management objectives, policies and strategies are set out in note 4 to the accounts 'Financial risk management objectives and policies'.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. The sensitivity analysis excludes all non-derivative fixed rate financial instruments carried at amortised cost but includes those recognised at fair value as well as all non-derivative floating rate financial instruments.

	Increase/(decrease) in basis points	Impact on profit before tax £
2009		
£sterling	+50	(60,177)
Canadian dollar	+100	(102,768)
£sterling	-50	60,177
Canadian dollar	-100	74,146
2008		
£sterling	+50	11,753
Canadian dollar	+100	331,270
£sterling	-50	(11,753)
Canadian dollar	-100	(359,892)

Credit risk

The Group trades only with recognised, creditworthy third parties, who are generally blue chip energy corporates. UK electricity generation is predominantly sold under short term power purchase agreements to a single customer. Renewable Obligation Certificates are sold on the open market with little or no credit risk involved in the transactions. Canadian electricity generation is sold to Government backed provincial power authorities under power purchase agreements of 20 years. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the Canadian dollar exchange rate with all other variables held constant, of the Group's profit before tax (due to changes in monetary assets held by operations with a different functional currency).

	Increase/(decrease) in sterling vs Cdn Dollar rate %	Effect on profit before tax £
2009		
Canadian dollar	+5%	(49,224)
Canadian dollar	-5%	49,224
2008		
Canadian dollar	+5%	(36,675)
Canadian dollar	-5%	36,675

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2009 based on contractual undiscounted payments.

30 June 2009	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Continuing activities					
Interest bearing loans	15,182,522	-	-	-	15,182,522
Trade and other payables	1,607,498	-	-	-	1,607,498
	16,790,020	-	-	-	16,790,020
Discontinued activities					
Interest bearing loans	-	3,651,136	14,380,120	47,143,023	65,174,279
Trade and other payables	1,620,689	-	-	-	1,620,689
Interest rate swap	-	1,530,918	2,221,824	(1,729,252)	2,023,490
	1,620,689	5,182,054	16,601,944	45,413,771	68,818,458
	18,410,709	5,182,054	16,601,944	45,413,771	85,608,478
30 June 2008					
Interest bearing loans	9,570,547	1,061,783	7,676,975	19,659,902	37,969,207
Trade and other payables	6,221,834	-	-	-	6,221,834
Interest rate swap	-	52,106	313,893	439,317	805,316
	15,792,381	1,113,889	7,990,868	20,099,219	44,996,357

It has been assumed in the information above that the option to extend the loan will be taken up.

Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder return.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years end 30 June 2009 and 30 June 2008.

The Group monitors capital management by using detail financial information provided to key management personnel. The Group has complied with all externally imposed banking covenants on its loans during the current and preceding years.

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments, including those classified under discontinued operations that are carried in the financial statements.

	2009 Book value £	2008 Book value £	2009 Fair value £	2008 Fair value £
Continuing activities				
Financial assets				
Cash	705,922	16,453,225	705,922	16,453,225
Financial liabilities				
Floating rate borrowings	(14,957,517)	(26,217,368)	(14,957,517)	(25,953,621)
Derivative financial instruments	-	(597,533)	-	(597,533)
Discontinued activities				
Financial assets				
Cash	1,816,254	-	1,816,254	-
Financial liabilities				
Floating rate borrowings	(38,298,259)	-	(35,748,359)	-
Derivative financial instruments	(2,549,900)	-	(2,549,900)	-

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of the derivative financial instruments are estimated by discounting future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Other short term assets and liabilities where fair value approximates to book value are excluded from the table above.

28. Deferred tax liabilities

	2009 £	2008 £
At 1 July	5,797,775	6,774,483
Exchange movements	316,667	(364,112)
Income statement credit	(2,241,391)	(567,663)
Prior period adjustment	92,681	-
Impact of changes in deferred tax rates	-	(44,933)
At 30 June	3,965,732	5,797,775

Deferred tax is provided as follows:

	2009 £	2008 £
Intangible assets	6,395,195	6,215,412
Accelerated capital allowances	(24,921)	119,269
Tax losses available	(2,404,542)	(536,906)
	3,965,732	5,797,775

Reflected in the balance sheet as follows

		2009 £	2008 £
Deferred tax liability	– continuing operations	698,322	5,797,775
	– discontinued operations	3,267,410	-
		3,965,732	5,797,775

The balance of deferred tax for tax losses carried forward in 2009 and 2008 relates to losses arising in The Cornwall Light & Power Co. Limited and AIM Powergen Corp., recoverability of which is dependent on future gains in excess of those arising from the reversal of deferred tax liabilities. The Group considers that the business plans for The Cornwall Light & Power Co. Limited and AIM PowerGen Corp. businesses are such that profits will be realised in the near term to realise the deferred tax losses carried forward.

The deferred tax included in the Group income statement is as follows:

	2009 £	2008 £
Accelerated capital allowances	(805,110)	(689,127)
Movement in tax losses	(1,343,600)	154,729
Impact of changes in deferred tax rates	-	(44,933)
Fair value adjustment	-	(33,265)
	(2,148,710)	(612,596)

Temporary differences associated with Group investments

At 30 June 2009, there was no recognised deferred tax liability (2008: £nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future and the Group is registered in Guernsey.

29. Share capital

	2009 No. of shares	2008 No. of shares
Authorised		
Ordinary shares of 10p each	103,251,014	103,101,014

	No. of shares	**£**
Ordinary shares		
Issued and fully paid at 1 July 2006	55,000,000	5,500,000
Issued and fully paid at 18 August 2006	3,645,721	364,572
Issued and fully paid at 7 December 2006	41,500,000	4,150,000
Issued and fully paid at 21 December 2006	2,955,293	295,529
At 30 June 2008	103,101,014	10,310,101
Issued and fully paid at 30 December 2008	150,000	15,000
	103,251,014	10,325,101

The Company has one class of ordinary shares which carry no right to fixed income.

During the year to 30 June 2009, the issued share capital was increased by £15,000 by the creation of 150,000 ordinary shares of 10p each. The shares were issued as the purchase consideration for the minority interest in REG Bio-Power UK Limited for a value of £76,688 (note 20).

30. Share Premium Account

	2009 £	2008 £
At 1 July	79,645,688	79,645,688
Issue of 150,000 ordinary shares of 10p each	61,688	-
At 30 June	79,707,376	79,645,688

31. Special reserve

A resolution to reduce the Share Premium account by £10,000,000 was proposed and passed at an Extraordinary General Meeting on 3 April 2006. The application to reduce the Share Premium account was approved by the Royal Court of Guernsey on 21 April 2006. The £10,000,000 is now treated as a distributable reserve created for the purpose of paying the annual dividend. Following a change in legislation this has been transferred to retained earnings.

32. Fair value and other reserves

	Fair value and other reserves £
At 1 July 2007	1,479,662
Foreign currency translation	2,530,237
At 30 June 2008	4,009,899
Realised foreign exchange gain	(2,212,258)
Foreign currency translation	3,272,762
Total income and expense for the year	1,060,504
Transferred to disposal group	(5,070,403)
At 30 June 2009	-

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

33. Share based payments

Share based payments reserve	2009 £	2008 £
At 1 July	994,872	546,648
Charged to the income statement	42,813	448,224
At 30 June	1,037,685	994,872

The Group operates two equity settled share based payment schemes. A warrant program that is without market conditions attached and a share options scheme under the Employee Share Option Plan. Options can only be exercised if certain Performance Conditions are satisfied (see the Directors' Remuneration Report). The Performance Conditions are measured once only at the end of the Performance Period, which commences on the date of grant of the Options and ends on the third anniversary of that date.

The fair value of the granted warrants and options is reported as an administrative expense with a corresponding increase in shareholders' equity. Fair value is calculated at the grant date and allocated over the period during which the benefit is earned. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. The charge is based on the market value of the award as at the date of grant.

	2009		2008	
	Average exercise price £	Outstanding warrants and options	Average exercise price £	Outstanding warrants and options
Outstanding at 1 July	1.016	5,770,051	1.000	5,155,051
Granted	0.572	135,000	1.140	615,000
Outstanding at 30 June	1.006	5,905,051	1.016	5,770,051
Exercisable at 30 June	1.000	5,155,051	1.000	5,155,051

During the year 135,000 share options were granted to directors and staff under the Group's Employee Share Option Plan, exercisable between 9 December 2011 and 9 December 2018.

The fair value of options granted during the period, determined using the Binomial model was 20.982p for 135,000 options. The significant inputs into the model were share price of 57.25p at the grant date, exercise price of 57.25p, volatility of 52% over a 12 month period, expected option life of 36 months and 2% risk-free rate (10 year gilts).

The fair value of options granted during the year to 30 June 2008, determined using the Binomial model was 18.228p for 615,000 options. The significant inputs into the model were share price of 114p at the grant date, exercise price of 114p, volatility of 10.8% over a 12 month period, expected option life of 36 months and 5% risk-free rate (10 year gilts).

For the share options outstanding as at 30 June 2009, the weighted average remaining contractual life is 0.90 years (2007 – 2.68 years).

Options outstanding at the year end had the following exercise prices:

	2009		2008	
	Exercise price	Outstanding warrants and options	Exercise price	Outstanding warrants and options
	£		£	
Options and warrants issued at 100p	1.000	5,155,051	1.000	5,155,051
Options and warrants issued at 114p	1.140	615,000	1.140	615,000
Options and warrants issued at 57.25p	0.572	135,000	-	-
		5,905,051		5,770,051

34. Reconciliation of cash flows from operating activities

	2009	2008
	£	£
Loss before taxation from continuing activities	(2,354,645)	(886,283)
Loss before taxation from discontinued activities	(8,831,902)	(3,573,490)
Loss before taxation	(11,186,547)	(4,459,773)
Adjustments for:		
Net finance costs	3,743,203	(204,883)
Realised foreign exchange gains	(2,253,822)	-
Gain on sale of investments	-	(1,444,319)
Depreciation and impairment of property, plant and equipment	5,761,814	1,048,599
Amortisation and impairment of intangible assets	595,824	42,839
Share based payments	42,813	448,224
Changes in working capital		
Inventories	61,245	(116,217)
Trade and other receivables	(914,734)	721,232
Trade and other payables	(4,166,926)	(381,994)
Income tax paid	(70,043)	(238,017)
	(8,387,173)	(4,584,309)

35. Financial commitments

Capital commitments

As at the year end there were capital commitments amounting to £3,652,154 (2008 - £42,389,886) relating to the purchase of wind turbines.

Operating lease commitments

The Group has entered into commercial leases on certain properties. These leases have an average duration of between 5 and 25 years. Some of the property lease agreements contain an option for renewal, with such options being exercisable before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2009 £	2008 £
Not later than one year	121,930	-
After one year but not more than five years	294,908	204,908
After five years	3,311,120	3,446,676
	3,727,958	3,651,584

36. Contingent liabilities

The Group has entered into a business combination that involves deferred consideration being paid; the value and subsequent payment of which are contingent on certain conditions being met. A deferred payment of £500,000 will be due in the event that the Goonhilly Downs site is re-powered and the re-powering of the site results in turbines being constructed with an aggregate output of more than 6MW. As at 30 June 2009 planning permission has been received to re-power the site and it is management's intention is to pursue this option but no agreements have been formally entered into. As at 30 June 2009 the Group has not recognised a provision in relation to this transaction.

37. Related party transactions

The consolidated financial statements include the financial statements of Renewable Energy Generation Limited and the subsidiaries listed in the following table:

Name of Company	Holding	Country of incorporation	Proportion of voting rights and shares held	Nature of Business
REG Holdings Limited	Ordinary shares	UK	100%	Holding company
The Cornwall Light & Power Co. Limited	Ordinary shares	UK	100%*	Wind farms
AIM Powergen Limited	Ordinary shares	UK	100%	Holding company
AIM Powergen Corp.	Ordinary shares	Canada	100%*	Wind farms
AIM Phase I SOP LP	Ordinary shares	Canada	100%*	Wind farms
AIM Phase I SOP GP	Ordinary shares	Canada	100%*	General partner
REG Power Management Limited	Ordinary shares	UK	100%	Dormant
REG Bio-Power UK limited	Ordinary shares	UK	100%*	Vegetable oil to power
Living Power Limited	Ordinary shares	UK	100%*	Vegetable oil to power
Living Fuels Limited	Ordinary shares	UK	100%*	Vegetable oil to power

* Held by a subsidiary undertaking

Renewable Energy Generation Limited is the ultimate parent entity.

The Group has incurred consultancy fees, management fees and expenses with certain related parties as follows:

	Amounts charged to the income statement		Amounts payable at the year end	
	2009	2008	2009	2008
	£	£	£	£
Jersey Trust Company*	130,267	154,487	28,164	28,043

*N Le Quesne and N Syvret, directors of Renewable Energy Generation Limited with significant voting rights in the Jersey Trust Company.

Compensation of key management personnel (including directors):

	2009	2008
	£	£
Short-term employee benefits	471,250	377,598
Share based payments	21,246	55,815
	492,496	433,413

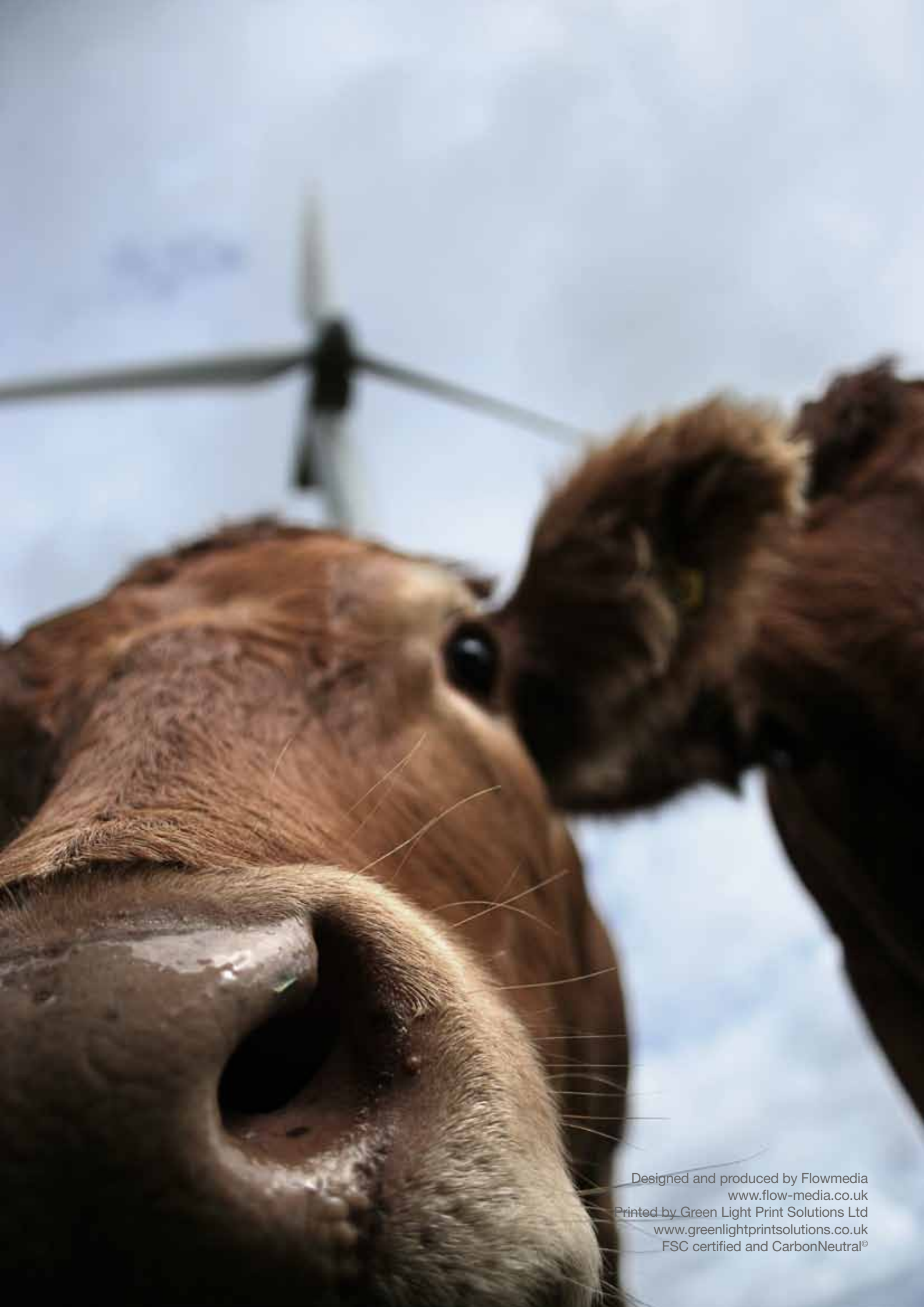
38. Post balance sheet events

On 21 October 2009, the Group completed the sale of its wholly owned subsidiary, Aim Powergen Corporation for a gross cash consideration of Cdn$124.6million to be received by the company in various tranches.

As at the date of signing these accounts, the Group has received an amount of Cdn$96.5million in cash. An amount of Cdn$22.2m is held in escrow pending the receipt of tax clearances from the Canada Revenue Agency and a further amount of Cdn$5.9m is receivable following the release of funds held in escrow under the terms of a non recourse credit facility with Fortis Capital (Canada) Limited.

Following the year end, the Group had entered in to a series of foreign exchange forward contracts and options to sell Canadian Dollars at rates of between Cdn$1.7310:£1 and Cdn$1.7500:£1 for a substantial portion of the funds due from the sale transaction between 21 October 2009 and 31 October 2010.

Following the year end and the receipt of funds noted above from the sale of Aim Powergen Corporation, the Group has repaid all outstanding borrowing under the revolving credit facility with the Bank of Scotland.



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