



Press Release

19 November 2009

**Renewable Energy Generation Ltd
("REG", "the Company" or "the Group")**

Unaudited Preliminary Results for the year ended 30 June 2009

Renewable Energy Generation Limited (AIM: RWE), the renewable energy group, today announces its unaudited preliminary results for the year ended 30 June 2009.

Financial Year Highlights

- Group revenue of £5.6 million (2008: £3.5 million)
- UK wind business generated profit after tax of £0.5 million
- Proposal to pay final dividend of 1.5p per Ordinary Share (2008: 3p)

Post Year End Developments

- Sale of AIM PowerGen Corporation to International Power Canada Inc. for consideration of C\$124.8 million (completed on 22 October 2009)
- Refocusing of Group to grow UK wind portfolio and the REG Bio-Power business
- Repayment of all the continuing Group's debt
- 21.3MW of operational wind assets at seven locations across the UK
- Wind project pipeline now 350MW, 16MW of which is due for completion in 2010
- Three Bio-Power units totalling 1.2MW now operational
- REG Bio-Power first commercial contract signed
- Re-domiciliation to Jersey underway, further preparing the Group for the next stage of growth
- Appointment of Matthew Partridge as Head of Wind Development, strengthening the management team

REG Chief Executive Officer Andrew Whalley said:

“The sale of our Canadian business is genuinely transformational for REG. The Group now has no bank debt and a strong cash balance. 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 is providing further opportunities for smaller developers with strong balance sheets like REG.

“We aim to pursue a twin 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.”

A presentation to analysts will be held today at 9:30am at the offices of Numis Securities, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT. If you would like to attend, please contact Jennifer Kelly at Hogarth on 020 7357 9477.

ENDS

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Notes to Editors

Renewable Energy Generation Ltd (REG) is a UK orientated renewable energy group. The Group's main business is the development, construction and operation of wind farms in the UK and generating power from refined used cooking oil in the UK.

- The Cornwall Light & Power Co. Ltd: based in Cornwall, UK, it currently operates seven wind projects in Cornwall, County Durham, Cumbria and Gwynedd, with a total capacity of 21.3MW and has a development pipeline of around 350MW.
- REG Bio-Power UK Ltd: based in Norfolk, UK: it operates electricity generation plant fuelled by vegetable oil.

Headquartered in Guernsey, REG was admitted to trading on AIM, a market operated by the London Stock Exchange, in May 2005 (AIM:RWE).

www.renewableenergygeneration.co.uk

Chairman's Statement

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\$124.8m.

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 Company'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 16MW 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-domiciliation 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.

Chief Executive's Statement

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 is 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.

Unaudited Consolidated Income Statement

For the year ended 30 June 2009

	2009	Restated 2008
	£	£
Revenue	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 administration expense	(447,536)	-
Development costs	(1,111,573)	(753,936)
Group trading loss	(2,433,418)	(1,373,847)
Other operating income	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	78,506	563,899
Finance costs	(41,297)	(90,280)
Loss on continuing operations before taxation	(2,354,645)	(886,283)
Tax credit/(charge)	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	(7,049,519)	(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	(1.97p)	(0.99p)
Basic and diluted LPS on loss for the year	(8.83p)	(3.96p)

Unaudited Consolidated Balance sheet

As at 30 June 2009

	2009	2008
	£	£
ASSETS		
Non-current assets		
Goodwill	4,890,148	4,813,460
Intangibles	-	20,888,176
Development costs	3,870,496	3,920,595
Property, plant and equipment	23,909,467	80,658,466
	<u>32,670,111</u>	<u>110,280,697</u>
Current assets		
Inventories	54,972	116,217
Trade and other receivables	1,723,249	4,297,653
Intangibles	940,670	316,982
Cash and cash equivalents	705,922	16,453,225
	<u>3,424,813</u>	<u>21,184,077</u>
Assets of disposal group held for sale	108,487,037	-
	<u>144,581,961</u>	<u>131,464,774</u>
EQUITY		
Share capital	10,325,101	10,310,101
Share premium	79,707,376	79,645,688
Special reserve	-	10,000,000
Fair value and other reserves	-	4,009,899
Share based payment reserve	1,037,685	994,872
Retained earnings	(15,069,313)	(12,352,148)
Foreign currency translation reserves relating to disposal group	5,070,403	-
	<u>81,071,252</u>	<u>92,608,412</u>
LIABILITIES		
Non-current liabilities		
Financial liabilities	-	16,915,481
Deferred tax liabilities	698,322	5,797,775
	<u>698,322</u>	<u>22,713,256</u>
Current liabilities		
Trade and other payables	1,947,299	6,243,686
Financial liabilities	14,957,517	9,899,420
	<u>16,904,816</u>	<u>16,143,106</u>
Liabilities of disposal group classified as held for sale	45,907,571	-
	<u>63,510,709</u>	<u>38,856,362</u>
Total equity and liabilities	<u>144,581,961</u>	<u>131,464,774</u>

Unaudited Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Year ended 30 June 2009 £	Year ended 30 June 2008 £
Cash flows from operating activities		
Cash used in operations	(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	-	(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	(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	27,978,004	26,217,368
Repayment of borrowings	(915,468)	-
Interest paid	(1,506,850)	(90,280)
Dividends paid to the Company's equity shareholders	(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	705,922	16,453,225
Cash at end of year – discontinued operations	1,816,254	-
	2,522,176	16,453,225

Unaudited 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

Basis of preparation

This preliminary statement which is prepared on the same basis as set out in the previous year's accounts was approved by the Board on 18 November 2009. It is not the Company's statutory accounts. The statutory accounts for the year ended 30 June 2009 will be delivered to the Registrar of Companies.

Dividends

	2009	2008
	£	£
Declared and paid during the period		
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
	<u>3,609,285</u>	<u>4,124,040</u>

A dividend of 1.5p per ordinary share, amounting to 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.