



Press Release

19 October 2010

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

Preliminary Results for the year ended 30 June 2010

Renewable Energy Generation Limited (AIM: WIND), the renewable energy group, today announces its preliminary results for the year ended 30 June 2010.

Financial Year Highlights

- Revenue of £6.2 million (2009: £5.6 million)
- EBITDA¹ Loss of £0.9million (2009: £0.6 million)
- Loss before tax and exceptional items from continuing activities of £2.4 million (2009: loss of £1.9 million)
- Loss for the year from continuing activities of £3.0 million (2009: £2.1 million)
- Total cash and restricted cash of £22.1 million
- Proposal to pay final dividend of 1.5p per Ordinary Share (2009: 1.5p)

Operational highlights

- Sale of AIM PowerGen Corporation to International Power Canada Inc. for consideration of CAN\$125 million
- Construction of Goonhilly and Loscar wind farms (energised October 2010)
- Purchase of High Haswell and St.Breock wind farms
- Construction of the Hockwold oil processing plant (completed October 2010)
- Repayment of all the continuing Group's debt
- Internalisation of key functions
- Expansion of wind project pipeline to 560MW
- Appointment of 2 senior Non-Executive Directors

Post year end

- Provisional approval gained for Sancton Hill
- 9 operating projects with total capacity of 37.15MW (against 8 projects of 26.25MW at year end)

¹ Earnings before interest, taxation, depreciation and amortisation ("EBITDA") is equal to the Group's continuing operating loss before exceptional items, interest, taxation, depreciation and amortisation.

REG Chief Executive Officer Andrew Whalley said:

“The sale of our Canadian business has given us a firm foundation for growth in our UK portfolio. Our three new wind projects at Goonhilly, Loscar and High Haswell will more than double our operating output whilst the recent success in planning consents at French Farm and Sancton Hill provide a foundation for future growth. Over the last year our development portfolio has expanded considerably and now has 70 projects totalling over 560MW. We are also considering leveraging our existing portfolio in order to take advantage of new Government feed in tariffs for solar. Whilst at an early stage this initiative could generate additional shareholder value. The year has been transformational for REG and we are confident that we can continue to help meet the demand for new sustainable energy projects across the UK.”

A presentation to analysts will be held today at 9:30am at the offices of Piper Jaffray, One South Place, Moorgate, London, EC2M 2RB. Please contact Sarah Ireland at MHP on 020 7357 9477 if you would like to attend.

ENDS

Enquiries:

Renewable Energy Generation Limited

+44 (0)1483 901 790

Andrew Whalley, Chief Executive Officer

David Crockford, Finance Director

Smith & Williamson Corporate Finance Limited (Nominated Adviser)

+44 (0)117 376 2213

Nick Reeve / Martyn Fraser

Piper Jaffray Limited (Corporate Broker)

+44 (0)20 3142 8700

Jens Rosebrock / Charlie Lilford

MHP Communications

+44 (0)20 3128 8100

Katie Hunt / Vicky Watkins

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 nine wind projects in Cambridgeshire, Cornwall, County Durham, Yorkshire, Cumbria and Gwynedd, with a total capacity of 37.15MW and has a development pipeline of around 560MW.
- REG Bio-Power UK Ltd: based in Nottingham, UK: it operates electricity generation plant fuelled by waste vegetable oil.

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

www.renewableenergygeneration.co.uk

Chairman's Statement

Context

The global renewable energy scene in 2009/10 has shown it to be reassuringly resilient in the face of universal spending cuts in the wake of the financial crisis, with new investment at its second highest annual figure. Despite generally aggressive economic austerity policies, governments intervened like never before to preserve momentum in clean energy development, with almost \$200bn of "green stimulus" commitments being activated. For the second consecutive year, global spending on new renewable power generating capacity was higher than for fossil-fuelled capacity. Wind maintained its position as the most dominant of the new energy capacity added, followed by solar.

Public market investment rose slightly, albeit remaining little more than half the record high level pre-crisis in 2007 and on average, clean energy share prices recovered around one-third of the losses experienced in 2008. Whilst these positive trends were skewed by dramatic growth in renewable energy activity in the developing countries, the addition of substantial new manufacturing capacity coupled with subdued demand in the West led to a collapse in the cost, particularly of wind and solar energy equipment, the latter falling by 50%. Price depression is thought likely to be sustained in the medium term to the benefit of developers like ourselves, and together with rising fossil-fuel prices will accelerate progress towards "grid-parity" at which the production costs of renewable energy equal those of conventional technologies – reducing reliance on price subsidies.

Closer to Home

We will remain focussed on the UK wind market, where we are uniquely placed as one of the few well capitalised independent wind power developers able to exploit the well-documented compound pressures in its energy sector. With more than one-third of conventional power plant being forced off the power system in the next five years for reasons of age or non-compliant emissions performance, and insufficient progress towards meeting its legal obligation to produce 15% of its energy needs from renewable energy by 2020 (requiring about 40% of electricity to come from renewables, compared with 7% achieved to date) the UK's energy regulator OFGEM estimates that £200bn of new investment is needed in the next 10-15 years to secure energy supplies and meet carbon reduction targets. We expect that the anticipated power generating capacity shortages, together with the need to attract new investment, will sustain higher wholesale power prices and maintain policy support for renewables – both of which we will benefit from as a renewable energy developer and operator.

As Europe's windiest nation, the UK should be capable of de-carbonising almost all of its power sector in the next two decades, as called for by its government advisor, the Committee on Climate Change, and as recently declared as the target for on-shore wind by the government of Wales. The CAN\$125M proceeds from the sale of our Canadian business in 2009 has proved to be a timely reinforcement of our balance sheet as we now see projects emerging successfully from the planning process in the UK, where as a result of our continuing activities during the past four years we have more than 70 projects being actively developed for planning submission totalling over 560MW.

Projects currently under construction or committed, will double our existing output of green energy during the next year and assuming the average planning approval rate we expect that we will add at least 25MW in each of the following two years. We have progressively strengthened our in-house project development resource which prepares, builds and operates our own projects, but in addition we have begun selectively acquiring consented projects from others. Well capitalised and skilled, we can build what smaller developers cannot finance and we can re-power or extend older operating projects being disposed of by the utilities as they focus on off-shore wind. Re-powering projects such as our successful Goonhilly scheme benefit from more favourable planning consideration and easier financing and we anticipate they will constitute a significant part of our built portfolio.

Focus

Whilst averse to the risks in significant diversification we remain alert to opportunities to leverage our capabilities in complementary activities, especially in response to supportive long-term policy initiatives. Our establishment of REG Bio-Power in 2008 reflected enhanced government incentives to develop bio-fuels and accelerate the use of good Combined Heat and Power by industry. Having secured patents for our Used Cooking Oil refining process and pioneered the attainment of approvals by the Environment Agency for the use of the resulting bio-fuel for power generation, we now have three plants in operation. Subject to the current review by government confirming present policy which recognises power production as an appropriate use for waste cooking oil, we have several more projects ready to build in the next few years offering attractive returns.

We are well-placed to take advantage of the Feed-In Tariffs introduced in the UK in April 2010 which provide attractive, inflation linked 25 year guaranteed tariffs for renewable energy projects up to 5MW. A number of our smaller wind projects are suitable for these tariffs and we have resurrected an additional small portfolio of wind projects in order to take advantage of them.

Philosophy, Future and Folk

Now five years old, I believe we have matured into an organisation with a sound “corporate memory” which has learned much from its early experiences in an environment of heady activity- ironically unsustainable in an industry pursuing energy sustainability. Our ambitions, post credit crisis, reflect our confidence that we can deliver shareholder value reliably without straying radically from familiar territories and technologies. I believe we can achieve robust growth from within the British Isles and are better placed to manage performance and risk, having built in-house a team of industry specialists whose objectives are more easily aligned with the company’s than those of external service providers, upon whom we previously relied.

Our transition from an Investment Fund to an operating company has necessitated the building of corporate cultures, management disciplines and risk controls, which your Board believes now equip your company for its next stage of development as a mainstream player in renewable energy. We appreciate the confidence shown by our shareholders as we have strived for this position. The extraordinary meteorological conditions impacting wind patterns this year frustrated our expected entry into a future of profitable operations, but we expect that new projects entering service now, will herald that milestone in the coming year. Accordingly, whilst mindful of our many opportunities to deploy capital for project construction, we propose to pay a final dividend of 1.5 pence (2009 - 1.5 pence).

Following the successful sale of our Canadian business we committed to invest at least £100m in new renewable energy projects in the UK over the next three years. The current year’s construction programme together with the recent acquisition of St Breock and High Haswell have cemented £33m of this commitment. Post the end of the period we secured provisional approval for a 10MW wind farm at Sancton Hill in Yorkshire. The construction of this wind farm, following discharge of suitable planning conditions, will take us halfway to our target within the first year of the plan. We have been greatly encouraged by anticipatory negotiations with potential lenders, which indicate that we have several options for financing a bigger building programme than planned.

It has taken longer than expected to reach this point where we are now adding substantial value to the project pipeline which we have been preparing throughout recent years. We anticipate that earnings capacity will continue to accelerate quickly, having broken through the cost of the now complete but efficiently resourced in-house development team, able to execute the intensive build programme we see ahead.

Chief Executive's Statement

Strategy and key goals

We closed the sale of our Canadian subsidiary AIM PowerGen in October 2009 for CAN\$125m providing a strong platform to fulfil our goal of investing at least £100m into new renewable energy projects in the UK over the next three years. Our principal strategy is to focus on the development, construction and operation of smaller onshore wind projects (typically between 5MW and 20MW) where the energy generated is fed into the local rather than national network. These projects, notwithstanding current low energy prices, still offer attractive equity returns whilst generally being below the threshold of interest for the larger utility companies. We believe that as we build operating MWs our return on equity will improve materially through economies of scale and more efficient use of technology.

In addition we also operate a number of renewable energy projects operating on waste cooking oil. This oil is converted to a fuel through a patented processing technology and is then used to generate power and heat.

So far we have allotted almost £33m of our £100m target into four wind projects which will almost double our output to over 100GWh per annum. We have invested into our development team which is now working on 70 new wind projects across the UK with a potential capacity of over 560MW. The group now has the financial strength, not only to support this added development effort, but also to finance and build new projects upon consent. Thus we believe that REG is strongly placed to be able to continue to grow its operating portfolio.

Group Financial highlights

Group revenue from continuing activities rose by 11% from £5.6m to £6.2m with losses from continuing activities before tax and exceptional items of £2.4m (2009 - £1.9m). Earnings before exceptional items, interest, taxation, depreciation and amortisation ("EBITDA") from continuing activities was a loss of £0.9m (2009 - £0.7m). The Group recorded a profit after tax for the year of £2.5m (2009 - loss of £9.1m) following the disposal of its Canadian subsidiary and the recycling of foreign exchange reserves associated with the disposal.

Output from the wind business was some 20% below budget due to the abnormally low wind conditions across the UK. This statistic was reinforced by a Garrad Hassan report commissioned by REG that illustrated the wind indices at our operating sites (and indeed across the UK) were around 20% lower than normal. Assuming a "normalised" P50 wind year net earnings could have been some £1.3m higher, assuming all other factors remaining normal.

Wind - operational overview of period

At the end of the period REG operated eight projects totalling 26.25MW of capacity. Total output decreased slightly from 41.1GWh in 2009 to 39.3GWh. Total revenues from the wind business increased from £4.6m to £5.3m in 2010 due to improved power prices achieved under the existing Smartest power purchase agreement. Average power price achieved in the period was £76/MWh (2009 - £57/MWh) by the wind business.

Market prices for electricity over the period have improved although they remain substantially below the level at which we fixed our price back in 2008. Current ROC pricing is around £50/MWh and power prices £41/MWh. With LECs, Triads and REGOs, current all in pricing achievable in the market is around £90 to £95/MWh compared to the £130/MWh at which we fixed our price for the 2010 financial year. Our fixed price PPA rolls off in March 2011. We believe UK power prices will increase over the next few years and a central core of our strategy in refinancing our operating portfolio is that shareholders should benefit from any price increases in future.

The poor wind resource we experienced during the period was mirrored by others in the industry. This appears to be due to the North Atlantic oscillation, in layman's terms the Atlantic's version of the Pacific El Nino/Nina cycle, which over the winter period dropped to the lowest value in a hundred years (records only go back about 150 years). This resulted in one of the coldest winters in years, wind speeds dropping by around 25% of the average winter wind speeds.

Availability over the period averaged 94.2% for our operating fleet. Capacity factors over the period averaged 21% (2009 - 22.5%) although this varied enormously from wind farm to wind farm. Goonhilly Downs displayed the lowest capacity factor at 15% (2009 - 16%) due to its low hub height and ageing technology. This compares to our nearby Roskrow Barton site where the capacity factor, from much newer technology, was 31% (2009 - 34%). Overall however, capacity factors were impacted by the poor wind resource across the UK.

During the second quarter we initiated a programme of in-sourcing of our maintenance and operations functions. This has now been centralised at our Truro office, the new Bath office being devoted to new project development.

The Group's contract with Pure Energy Professionals was terminated, resulting in some cost savings. More importantly, however, we now have direct operational control of our assets which should lead to better understanding of output patterns and maintenance requirements.

As well as in sourcing operations and maintenance, we have also initiated a comprehensive programme of meteorological data acquisition for our operating and late stage planning projects. As met data is acquired, typically using 15 metre met masts (but in some cases hub height met masts) supplemented by LIDAR, comprehensive output reports are being compiled by Garrad Hassan, the renewable energy consultants. This will enable REG to better qualify its projects, both operating and in development.

Bio-Power – operational overview of the period

REG Bio-Power operates combined heat and power plants utilising recycled waste cooking oil. During the period this business lost £1.6m compared to a loss last year of £1.2m. The business has spent heavily on research and development of the technology and this has now come to an end culminating in an excellent report from the engineers Mott MacDonald which concluded that our fuel from waste, called LF100 has no detrimental impact on engine performance compared to red diesel fuel. Indeed we have now operated our engines for over 31,000 hours with no significant failures.

A report published by the Department of Energy and Climate Change last year concluded that recycled waste cooking oil used in combined heat and power ("CHP") plants was the most efficient use for that material. REG Bio is now operating two projects as CHP at Hockwold in Norfolk and Port of Dover Authority. Our largest project at Bentwaters is currently being converted to CHP, thus qualifying for an additional half a Renewable Obligation Certificate and will be operating by Q1 2011.

In order to supply oil for our existing power projects as well as an additional 10MW of CHP, we have constructed a state of the art processing plant at Hockwold. Total investment in this project has been £650,000 which will allow us to turn 18,000 tons of waste cooking oil into fuel every year, sufficient to operate 15MW of CHP plant.

The current DECC review into the long term grandfathering of bio liquids is unhelpful but we are confident that waste cooking oil will ultimately be grandfathered in line with DECC's own internal reports. We have developed a world beating technology which has now achieved many tens of thousands of operational hours and which has received an endorsement from a leading engineering consultancy. If the DECC consultation concludes that waste cooking oil should be grandfathered we have many projects that can be built in a very short timeframe.

Acquisitions

In December we paid £800,000 to acquire a fully consented wind site in County Durham called High Haswell. Work is now well progressed and the construction of this project and turbines are scheduled for erection during Q4 2010. We are likely to expand this site, subject to planning.

In June we purchased a 16 year old wind farm called St Breock in Cornwall from E.ON for an initial consideration of £2.8m, with an additional £1.2m payable dependent on a successful planning application being received for the repowering of the site. This project, which is highly energetic, utilises eleven Bonus 450KW machines. When the project was acquired it was done so with one turbine that had suffered a major technical failure. This was reflected in the price paid and it is testament to our new operational team that the machine was quickly repaired and has operated faultlessly since. We believe that the site should, like Goonhilly Downs, be able to accommodate new turbines thus producing a significantly greater output from the available wind resource. We have already started the process of developing a repowered scheme on the site and we hope to be able to make a submission next year.

We will continue to seek accretive acquisitions where REG's team can add significant value. St Breock and Goonhilly are good examples of this.

Staff

REG has an outstanding team of individuals and they have all worked tirelessly over the last year often under difficult conditions. I am extremely grateful to them for their forbearance and effort.

Outlook

The construction of three new projects in the current period will almost double REG's output. We have started to put in place long term project finance on our first phase of operating projects built two years ago. This will release

equity to invest in new wind developments. In tandem with this we will continue to review opportunities to acquire operating or consented sites but we will only do so where this adds tangible value.

REG has restructured its activities over the last year and has internalised key functions such as operations and meteorological data acquisition. This has resulted in some cost savings allied to a better understanding and control of our assets. In addition, we have also expanded our development team to enable us to increase the pace of our project consenting programme.

Our strategic plan centres around the delivery of at least £100m of new renewable energy projects over the next few years. Our balance sheet is solid and we have a significant portfolio of short and long term opportunities. Thus we feel REG is well placed to benefit from the UK's continuing requirement for green electricity.

Consolidated Income Statement

For the year ended 30 June 2010

	2010 £	2009 £
Revenue	6,196,392	5,588,668
Cost of sales	(3,676,383)	(3,512,469)
Gross profit	<u>2,520,009</u>	<u>2,076,199</u>
Administrative expenses	(3,415,263)	(2,950,508)
Exceptional administrative expenses	(1,030,018)	(447,536)
Total administrative expenses	(4,445,281)	(3,398,044)
Development costs	(1,524,894)	(1,111,573)
Group trading loss	<u>(3,450,166)</u>	<u>(2,433,418)</u>
Other operating income	8,698	41,564
Group operating loss from continuing operations	<u>(3,441,468)</u>	<u>(2,391,854)</u>
Finance revenue	150,102	78,506
Finance costs	(197,025)	(41,297)
Loss on continuing operations before taxation	<u>(3,488,391)</u>	<u>(2,354,645)</u>
Tax credit	507,540	296,284
Loss for the year from continuing operations	<u>(2,980,851)</u>	<u>(2,058,361)</u>
Discontinued operations		
Profit/(loss) for the year from discontinued operations	<u>5,440,203</u>	<u>(7,049,519)</u>
Profit/(loss) for the year	<u>2,459,352</u>	<u>(9,107,880)</u>
Profit/(loss) for the year attributable to:		
Equity holders of the parent	<u>2,459,352</u>	<u>(9,107,880)</u>
Earnings/(loss) per share (pence)		
Basic and diluted LPS from continuing operations	(2.89p)	(2.00p)
Basic and diluted EPS/(LPS) on profit/(loss) for the year	2.38p	(8.83p)

Consolidated Balance sheet

As at 30 June 2010

	2010	2009	2008
	£	£	£
ASSETS			
Non-current assets			
Goodwill	7,390,148	4,890,148	4,813,460
Development costs	3,820,397	3,870,496	3,920,595
Other intangibles	-	-	20,888,176
Property, plant and equipment	37,916,179	23,909,467	80,658,466
	<u>49,126,724</u>	<u>32,670,111</u>	<u>110,280,697</u>
Current assets			
Inventories	106,178	54,972	116,217
Trade and other receivables	7,908,082	918,222	1,219,098
Intangibles	1,827,688	940,670	316,982
Restricted cash	4,856,614	-	3,078,555
Cash and cash equivalents	17,223,702	705,922	16,453,225
	<u>31,922,264</u>	<u>2,619,786</u>	<u>21,184,077</u>
Assets of disposal group held for sale	-	109,292,064	-
Total assets	<u><u>81,048,988</u></u>	<u><u>144,581,961</u></u>	<u><u>131,464,774</u></u>
LIABILITIES			
Non-current liabilities			
Financial liabilities	-	-	16,915,481
Other long term liabilities	1,200,000	-	-
Deferred tax liabilities	154,181	698,322	5,797,775
	<u>1,354,181</u>	<u>698,322</u>	<u>22,713,256</u>
Current liabilities			
Trade and other payables	3,235,082	1,947,299	6,243,686
Financial liabilities	-	14,957,517	9,899,420
	<u>3,235,082</u>	<u>16,904,816</u>	<u>16,143,106</u>
Liabilities of disposal group held for sale	-	45,907,571	-
Total liabilities	<u><u>4,589,263</u></u>	<u><u>63,510,709</u></u>	<u><u>38,856,362</u></u>
EQUITY			
Share capital	10,325,101	10,325,101	10,310,101
Share premium	79,707,376	79,707,376	79,645,688
Share based payment reserve	1,102,229	1,037,685	994,872
Special reserve	-	-	10,000,000
Retained earnings	(14,674,981)	(15,069,313)	(12,352,148)
Foreign currency translation reserves relating to disposal group	-	5,070,403	4,009,899
Total equity attributable to the Company's equity holders	<u><u>76,459,725</u></u>	<u><u>81,071,252</u></u>	<u><u>92,608,412</u></u>
Total equity and liabilities	<u><u>81,048,988</u></u>	<u><u>144,581,961</u></u>	<u><u>131,464,774</u></u>

Consolidated Cash Flow Statement

For the year ended 30 June 2010

	2010 £	2009 £
Cash flows from operating activities		
Cash used in operations	(770,978)	(8,387,173)
Net cash used in operating activities	<u>(770,978)</u>	<u>(8,387,173)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,140,194)	(25,804,244)
Business combination	(2,550,000)	-
Net proceeds from sale of subsidiary before deferred consideration	51,600,311	-
Interest received	150,102	128,007
Movement in restricted cash accounts	(34,216,584)	(1,594,218)
Net cash used in investing activities	<u>(14,156,365)</u>	<u>(27,270,455)</u>
Cash flows from financing activities		
New borrowings	48,476,669	27,978,004
Repayment of borrowings	(15,957,517)	(915,468)
Interest paid (including interest rate swap)	(1,010,949)	(1,506,850)
Dividends paid to the Company's equity shareholders	(2,065,020)	(3,609,285)
Net cash generated from financing activities	<u>29,443,183</u>	<u>21,946,401</u>
Net increase/(decrease) in cash and cash equivalents	14,515,840	(13,711,227)
Cash at the beginning of the year	2,522,176	16,453,225
Exchange loss	185,686	(219,822)
Cash at end of year	<u><u>17,223,702</u></u>	<u><u>2,522,176</u></u>
Cash at end of year – continuing operations	17,223,702	705,922
Cash at end of year – discontinued operations	-	1,816,254
	<u><u>17,223,702</u></u>	<u><u>2,522,176</u></u>

Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

	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 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
Foreign currency translation	-	-	-	-	-	-	4,772,017	4,772,017
Net income and expense for the year recognised directly in equity	-	-	-	-	-	-	4,772,017	4,772,017
Released on disposal	-	-	-	-	-	-	(9,842,420)	(9,842,420)
Profit for the year	-	-	-	-	-	2,459,352	-	2,459,352
Total income and expense for the year	-	-	-	-	-	2,459,352	(5,070,403)	(2,611,051)
Share based payments	-	-	-	-	64,544	-	-	64,544
Dividend	-	-	-	-	-	(2,065,020)	-	(2,065,020)
At 30 June 2010	10,325,101	79,707,376	-	-	1,102,229	(14,674,981)	-	76,459,725

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 October 2010. It is not the Company's statutory accounts. The statutory accounts for the year ended 30 June 2010 will be delivered to the Registrar of Companies. The auditors have reported on those accounts: their reports were unqualified and did not draw attention to any matters by way of emphasis.

Going Concern

The sale of the Group's Canadian wind business 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. Accordingly the accounts have been prepared on the basis of a going concern.

In order for the Group to pursue its strategy of the continued build out of its Wind and Bio-Power businesses the Board will continue to evaluate the opportunity to supplement cash balances with debt finance to enhance both liquidity and returns to shareholders.

Dividends

	2010	2009
	£	£
Declared and paid during the period		
Equity dividends on ordinary shares		
Final paid for 2009 of 1.5p (2008 – 3p) per ordinary share	1,548,765	3,093,030
Interim Dividend for 2010 paid of 0.5p (2009 – 0.5p) per ordinary share	516,255	516,255
	<u>2,065,020</u>	<u>3,609,285</u>

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 October 2010. The proposed dividend has not been recognised as a liability as at 30 June 2010.

Exceptional items

	2010	2009
	£	£
Legal and professional fees relating to offer to acquire the Group	-	(447,536)
Migration costs	(142,880)	-
IFRS 3 acquisition costs	(447,974)	-
Foreign exchange losses	(439,164)	-
	<u>(1,030,018)</u>	<u>(447,536)</u>

During April 2009, 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 £nil (2009 - £447,536) of legal and professional costs in relation to the offer process.

As announced on 16 October 2009, the approval of the Company's shareholders was attained at an Extraordinary General Meeting held on that date in relation to, inter alia, the proposals to cease the Company's designation as a fund and the moving of the Company's domicile from Guernsey to Jersey (the "Migration"), subject, amongst other things, to the consent of the authorities in Guernsey and Jersey. The migration became effective on 6 January 2010.

IFRS 3 (2008) Revised became effective for accounting periods beginning on or after 1 July 2009. Following its implementation, the Group expenses deal costs relating to business combinations. The Directors have determined that the acquisition of the St. Breock wind farm from E.ON Climate and Renewables UK Operations Limited in June 2010 satisfies the definition of a business combination under IFRS 3.

Discontinued operations

On 22 October 2009 the group entered into a sale agreement to dispose of AIM PowerGen Corporation, which carried out all of the group's Canadian operations. The disposal was effected in order to generate cash flow for the expansion of the group's other businesses. The disposal was completed for an initial cash consideration of C\$124.8 million.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	AIM PowerGen Corp 2010 £	AIM PowerGen Corp 2009 £
Revenue	1,333,384	5,085,459
Cost of sales	(1,332,108)	(3,499,173)
Gross profit	1,276	1,586,286
Exceptional administrative expenses	-	(3,718,155)
Gain on disposal of discontinued activity	7,177,014	-
Fair value impairment on discontinued activity	-	(2,586,936)
Administrative expenses	(500,487)	(1,481,963)
Development costs	(185,424)	(1,062,980)
Trading profit/(loss)	6,492,379	(7,263,748)
Other operating income	-	2,212,258
Operating profit/(loss)	6,492,379	(5,051,490)
Finance revenue	-	49,501
Finance costs	(1,009,719)	(3,829,913)
Profit/(loss) before tax from discontinued operation	5,482,660	(8,831,902)
Tax (charge)/credit	(42,457)	1,782,383
Profit/(loss) for the year from discontinued operations	5,440,203	(7,049,519)

The net assets of AIM PowerGen Corporation at the date of disposal and at 30 June 2009

	22 October 2009 £	30 June 2009 £
Assets		
Intangibles	23,518,237	21,506,667
Property, plant and equipment	103,390,720	80,422,748
Trade and other receivables	30,856,119	5,526,395
Cash and cash equivalents	6,826,253	1,816,254
	164,591,329	109,292,064
Liabilities		
Trade and other payables	(1,803,504)	(1,620,689)
Deferred tax liabilities	(3,601,487)	(3,267,410)
Financial liabilities	(92,414,071)	(41,019,472)
	(97,819,062)	(45,907,571)
Net assets associated with the disposal group	66,772,267	63,384,493

Discontinued operations (continued)

	22 October 2009
	£
Loss on disposal	(2,665,406)
	<u>64,106,861</u>
Satisfied by:	
Cash	58,426,564
Deferred consideration	5,680,297
	<u>64,106,861</u>

Business combinations

During June 2010, the Group acquired the St. Breock wind farm from E.ON Climate and Renewables UK Operations Limited for an initial cash consideration of £2.55 million. A further cash consideration of up to a maximum of £1.45 million will be payable subject to the achievement of certain operating performance criteria and the receipt of planning permission to repower the site.

Following the guidance in IFRS 3 (2008) Revised, the Directors have determined that the acquisition of the St. Breock wind farm satisfies the definition of a business combination given it is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of economic benefits directly to the Group. As a consequence of IFRS 3 (2008), deal costs on business combinations are expensed to the income statement when incurred.

The details of the assets acquired and goodwill are as follows:

	£
Purchase consideration	
Cash paid	2,550,000
Contingent consideration	1,450,000
	<u>4,000,000</u>
Total purchase consideration	4,000,000
Fair value of assets acquired	(1,500,000)
	<u>2,500,000</u>
Goodwill	<u>2,500,000</u>

Contingent consideration of £1,450,000 has been recognised in other payables in respect of the deferred consideration.

The assets acquired constitute an operating wind farm at St. Breock with all the associated electrical infrastructure, turbines and land agreement. A fair value of £1,500,000 has been placed on these assets.

Capital commitments

As at the year end there were capital commitments amounting to £7,545,408 (2009 - £3,652,154) relating to the purchase of wind turbines.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.