Triodos Renewables

Annual report 2007

Positive investment,
positive energy

Triodos Renewable Energy Fund plc
trading as Triodos Renewables

Contents

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Registered in England and Wales no. 2978651

Chair's report

Welcome to the 2007 Annual Report.

Since our last share issue in 2005, we have seen tremendous growth in the Company with our asset base now standing at some £31m million. Most of this came in 2005 and 2006 with the acquisition of wind farms at Ness Point (Lowestoft), Caton Moor (Lancashire), Sigurd (Orkney), and through an investment in a pioneering waste heat business, Connective Energy.

Our strategy to use most of our funds to create new generation capacity, while diversifying into new technologies through strategic investments, continues to progress. In 2007, for example, we invested in Marine Current Turbines Ltd, one of the world's leading marine renewable energy companies. The groundbreaking business will install the first fully commercial tidal stream device off the coast of Northern Ireland during April 2008. With a potential capacity of 1.2MW, the machine could produce enough clean electricity for 1,000 homes. If it's successful there are plans to develop clusters of turbines to capture energy from more of the UK's fantastic tidal resources. Triodos Renewables has a long term interest in these projects which we hope to bring into our portfolio in the future.

While we have moved forward, 2007 was a year of consolidation, building a platform for future growth. The team has expanded, taking on a full time Technical Manager to oversee operations at our generation projects, and helped resolve issues with the new acquisitions into the portfolio. At the same time, the team has developed a strong pipeline of investment projects which means we are ready to raise more money in 2008 and prepare for the next stage of our growth. Strengthening our team is crucial for our future development and we hope to build on this platform during 2008.

Financially, 2007 was a very challenging year. Profit before tax was some £630,000 lower than 2006. A combination of factors influenced this performance and financial results: poorer electricity production because of lower than average wind speeds during the year; a significant fall in the energy price at Caton Moor (which has now recovered in the first part of 2008), and difficulties with our development portfolio meant we created provisions during the year. Administrative costs and interest charges have increased significantly during 2007, reflecting the full year impact of last year's Hainsford acquisition. The difference in profit between 2006 and 2007 was also marked because the 2006 financial performance benefited from a one-off investment gain of some £518,000. We believe the learning from dealing directly with these difficult situations puts us in a very good position to plan for the future and make well-informed investment decisions. Despite these issues we propose a 2.0 pence per share dividend to be paid in 2008.

On behalf of the Board, I would like to thank all shareholders for your continued support. We have enjoyed listening to your views and feel confident that we can meet the ambitions for the Company that so many of you shared in our investor questionnaire last year. Our 'community of interest' model is proving successful and gives us, together with our experience and track record in the sector, a great chance of delivering significant success in the renewable energy market.

As we promised, we will make sure that all present shareholders get a chance to invest in the next share issue. We are planning a priority shareholder issue of 2 million shares. We hope many of you will choose to invest more with us, helping us grow the UK's renewable energy sector at a crucial time, and building a more sustainable future together.

Charles Secrett
Chair

Officers, management and professional advisers

DIRECTORS

Charles Secrett (Chair)
Emma Howard Boyd
James Blanchard
John Harrison
James Vaccaro (appointed 10 March 2008)
Triodos Investments Limited

COMPANY SECRETARY

Triodos Investments Limited

MANAGEMENT

Managing Director:
James Vaccaro

Operations Director:
Matthew Clayton

Technical Management:
Scott Ridley

Administration:
Abi Collier, Monika Paplaczyk

REGISTERED OFFICE

Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

BANKERS

Triodos Bank NV
Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

SOLICITORS

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

AUDITORS

Elliott Bunker Ltd
Chartered Accountants
3-8 Redcliffe Parade West
Bristol
BS1 6SP

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

Triodos Renewable Energy Fund plc was established to provide equity finance for small-scale renewable energy projects. The principal activity of the Company is direct investment in the development and operation of small to medium scale renewable energy projects such as wind farms and hydro schemes. It provides a mechanism for individuals and institutions to invest directly in renewable energy opportunities. The Group now comprises five operating companies: Triodos Renewables (Beochlich) Limited which operates a hydro electric project and Triodos Renewables (Haverigg II) Limited, Triodos Renewables (Ness Point) Limited, Triodos Renewables (Caton Moor) Limited and Triodos Renewables (Sigurd) Limited which operate wind farm projects. It has investments in joint venture companies, Connective Energy Limited (33%), Triodos Mellinsus Projects Limited (60%) and holds shares in Marine Current Turbines Limited.

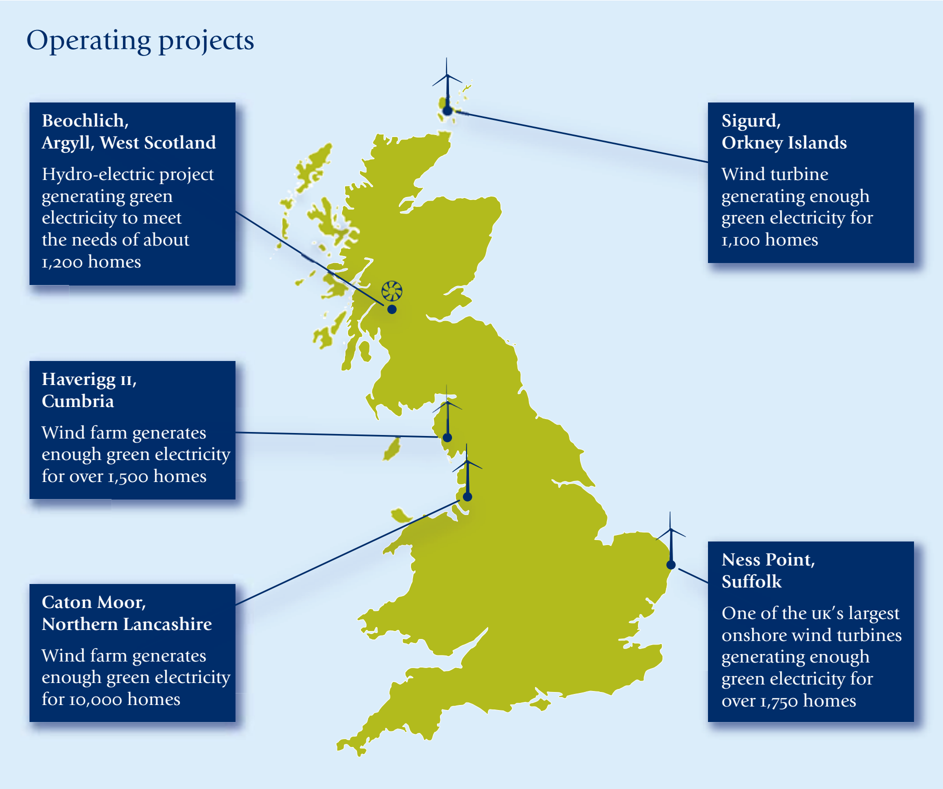
REVIEW OF THE BUSINESS

Triodos Renewable Energy Fund plc made investments in 1998 into two operating projects via subsidiary undertakings: Triodos Renewables (Haverigg II) Limited and Triodos Renewables (Beochlich) Limited. On 3 June 2005 the entire issued share capital of Triodos Renewables (Ness Point) Limited was acquired. On 8 August 2006 the Company acquired 33% of the issued share capital of Connective Energy Limited. On 16 August 2006 the Company acquired 60% of the issued share capital of Triodos Mellinsus Projects Limited. On 28 September 2006 the entire issued share capital of Hainsford Group Limited was acquired; and, as part of this transaction, the issued share capital of Triodos Renewables (Ness Point) Limited, Triodos Renewables (Sigurd) Limited and Triodos Renewables (Caton Moor) Limited was transferred to Brunel Wind Limited, a wholly-owned subsidary holding company. In June 2007 the Company acquired 1.52% of Marine Current Turbines Limited. The Group achieved a profit before taxation for the year to 31 December 2007 of £122,235 (2006 £752,017).

Turnover for the year increased by £2,315,324 as a result of the Caton Moor and Sigurd projects being in the Group for the full year and consequently operating profit rose by £1,169,907. However, the full year impact of Caton Moor and Sigurd project increased interest payable by £1,125,746 and this, along with lower investment and interest income of £673,943, meant a reduction in profit before tax of £629,782 as against 2006. An increase in administrative expenses of £366,950 included an increase in rates of £98,824 and insurance of £47,127 as a result of the full year impact of Caton Moor and Sigurd. One off items and provisions accounted for £146,505 of the increase in administrative expenses and a further £71,494 was due to ongoing cost increases resulting from the enlargement of the group.

OPERATING PROJECTS

The figure below presents the locations of Triodos Renewables operating renewable assets.



Summary of Generation Assets

In 2007 Triodos Renewables generated 63,729 MWh more renewable energy than at any point in the Company's 10 year history. However, 2007 was a challenging year for the operational portfolio. Lower than forecast wind resources in the months of September, October and November had a negative impact on the portfolio's production. An electricity generation underperformance of 6% against targets can be attributed to the low wind resource. In addition to this the falling wholesale electricity prices in the fourth quarter of 2006 and first quarter of 2007 had a detrimental impact on the sales price of electricity at Caton Moor with a 29% fall in price against 2006. The wholesale electricity prices at the end of the 2007 had recovered which will be beneficial to Caton Moor's performance in 2008. The other four sites have not been exposed to this wholesale electricity price movement, as they are on government backed fixed term power sales agreements.

Beochlich

The Beochlich hydro electric project is located in an area thought to be one of the best for small-scale hydro power in Scotland. Beochlich Burn runs into the southeast side of Loch Awe in Argyll, West Scotland. It falls steeply some 250m to the loch shore, draining water from a high plateau. The 1.0MW hydro project, which was built in 1998, involved the creation of a six-metre high dam to form a new storage reservoir, which feeds water through two turbines. Electricity output for the year 2007 was 4,346,674 kWh (2006: 3,754,419 kWh), a 15.8% increase, reflecting the high reservoir levels throughout the year.

Caton Moor

Caton Moor wind farm is in an upland area within the Forest of Bowland in northern Lancashire, just east of Morecambe Bay. It was one of the earliest commercial wind farms built in the UK, coming into service in 1994. In 2005 the repowering of Caton Moor commenced, with the wind farm's ten older turbines replaced by eight modern and more efficient ones with a total site capacity of 16.0MW. The Company acquired the wind farm as it was commissioned in 2006 as part of the purchase of the entire issued share capital of Hainsford Group Limited. Electricity output for 2007 was 43,216,308 kWh (last quarter of 2006: 15,725,916 kWh) which was below the annual forecast of

47,000,000 kWh. This shortfall can be attributed to the lower than forecast wind resource, as technical availability at the site was managed successfully.

Haverigg II

Based in Cumbria, Haverigg II was a joint venture between Triodos Renewables and The Wind Company (UK), which enabled the second wind cluster at the Haverigg site to be built. The site has a total capacity of 2.4MW, with one of the four turbines now being owned by Baywind Energy Cooperative. Electricity output for the year 2007 was 6,064,431 kWh (2006: 5,672,280 kWh), an increase of 6.9%. Higher technical availability was achieved in 2007 than in the previous two years, resulting in higher production, despite the lower wind resource.

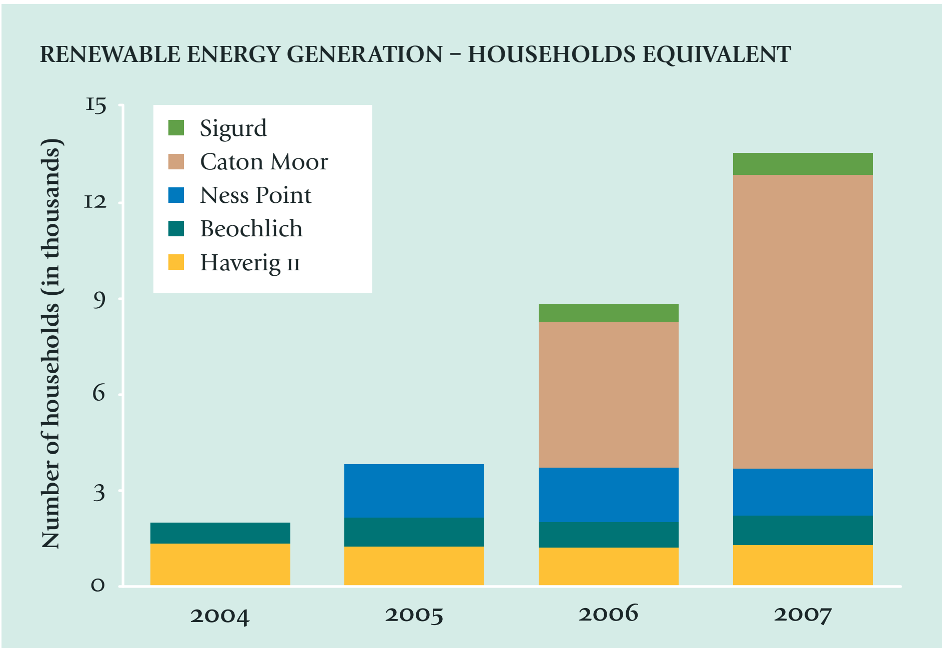
Ness Point

Ness Point is located at England's most Easterly point in Lowestoft, Suffolk. Standing on the site of a former gas works, and nicknamed 'Gulliver' after a competition in the local paper, the turbine is a popular addition to the industrial landscape in the town. With a 126 metre tip height, it has a capacity of 2.75 MW. Electricity output for the year 2007 was 6,886,843 kWh (2006: 8,044,636 kWh), a decrease of 14.4%. Following two lightning strikes in the summer of 2007, Ness Point required a substantial repair to one of its three blades. On 30 October 2007 the turbine ceased operation, following which the rotor was removed and repair undertaken. Delays in the repair process, largely due to the availability of the necessary equipment (including specialist cranes) and the weather led to the outage continuing beyond the end of the year. This prolonged outage is the primary reason for the reduction in generation. The rotor was replaced on 19 February 2008. The cost of the repair and the missed output are an insured loss.

Sigurd

Sigurd is a single wind turbine project sited on Burgar Hill in the Orkney Islands. This turbine was commissioned in 2001 and is sited on one of the windiest onshore sites in Europe. The turbine has a capacity of 1.3MW and was acquired as part of the purchase of the entire issued share capital of Hainsford Group Limited. A transformer failure in October meant that little production was achieved in the last quarter of 2006. The turbine became fully operational again in the Spring of 2007 and electricity output for the year was 3,215,093 kWh.

The chart below illustrates the power generated as 'households equivalent'[1] which the Company's portfolio has generated over the past 4 years.



[1] Average UK Household Electricity Consumption – 4.7MWh/p.a., British Wind Energy Association, 2006.

INVESTMENTS IN SUSTAINABLE ENERGY AND DEVELOPMENT COMPANIES

Connective Energy

In the summer of 2006, the Company invested in a new, low carbon business venture, Connective Energy Limited (CEL). A joint venture between Triodos Renewables, Doosan Babcock and the Carbon Trust, Connective Energy plans to become a leading supplier of low carbon heat solutions by using waste heat to displace primary generation. About 45% of the UK's industrial primary energy consumption is wasted. Instead of being used, this heat is released into the environment. Connective Energy will capture it at source and transfer it in the form of steam or hot water to other industrial or public sector consumers in the same area, providing a stable, low cost heat supply.

The progress of CEL towards securing contracts on the energy efficiency and waste energy capture projects was hindered by a fall in the year ahead wholesale Natural Gas price of 49% between March 2006 and January 2007. The benefits of the energy transfer projects were compromised as the cost of business's existing (conventional) energy source falls. CEL's management are experiencing increasing interest in the alternative energy supply options they can offer in a climate of increasing energy costs. We expect CEL to close its lead project in the first half of 2008.

Marine Current Turbines Ltd

In June 2007 Triodos Renewables acquired a small shareholding in Marine Current Turbines Limited, an innovative tidal technology company. The Directors believe that marine renewables, including tidal power, have a major role to play in the delivery of sustainable energy in the UK and that the sector is expected to be a significant investment opportunity for the Company. This investment will help to finance what is considered to be the world's first commercial scale tidal turbine, the 1.2MW SeaGen tidal energy project in Northern Ireland's Strangford Lough. This development will be connected to the local electricity grid, generating enough power for approximately 1,000 homes, and providing the foundation for larger marine turbine projects in the future.

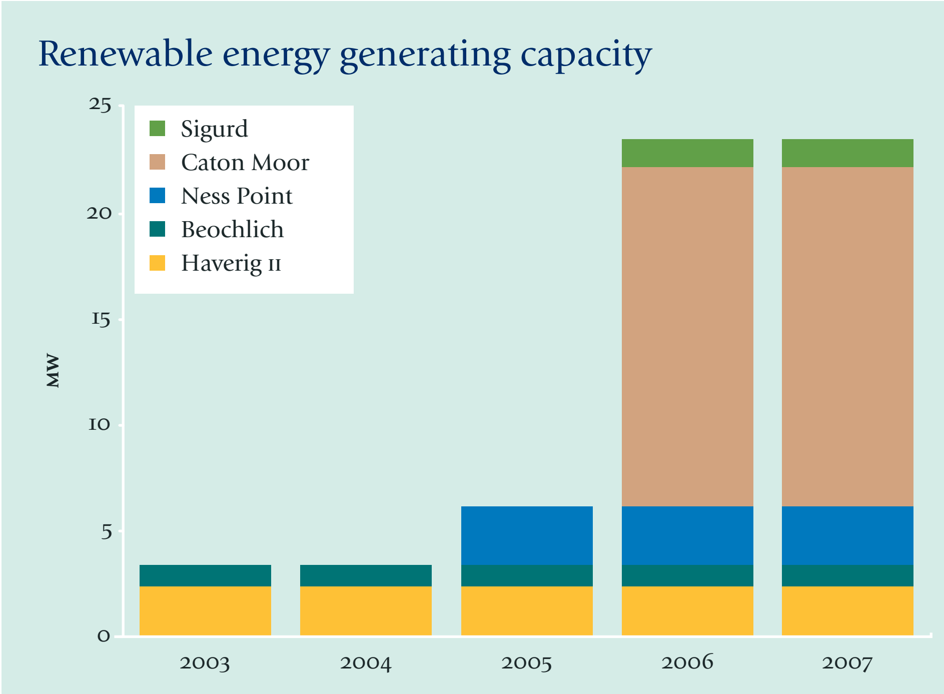
Triodos Mellinsus Projects Limited

Since 2006, the Company has been working with community wind project developers, Mellinsus Renewables to develop a portfolio of renewable energy projects in the UK. In 2006 a joint venture, Triodos Mellinsus Projects Limited, was formed between the Company and Mellinsus Renewables. The Company owns 60% of the issued share capital of Triodos Mellinsus Projects Limited (TMPL). The joint venture has a pipeline of around 30MW of onshore wind projects due to enter the planning process over the coming three years. Two of TMPL's projects located in Scotland are experiencing hurdles in the planning process which may prevent them coming to fruition. Once projects are approved and built it is anticipated that they will become investments within the Company's portfolio.

PORTFOLIO

Portfolio

The portfolio has grown significantly over the past three years. This is illustrated in the following generating capacity chart and turnover table:



Turnover by operating project £'000

Project	Acquired	2004	2005	2006	2007
Haverigg II	1998	295	307	301	324
Beochlich	1998	157	220	213	262
Ness Point	3 June 2005	-	341	545	588
Caton Moor	28 September 2006	-	-	1,126	3,218
Sigurd	28 September 2006	-	-	14	122
Turnover £'000		**452**	**868**	**2,199**	**4,514**

The current shape of the portfolio is:

Operational projects	93% (target per 2005 Prospectus 80%)
Investments	6% (target per 2005 Prospectus 10%)
Developments	1% (target per 2005 Prospectus 10%)

In addressing this investment mix, we are actively seeking to increase our investments in renewable energy companies, alongside potentially diversifying into new technologies such as wave and tidal energy. In addition, we are seeking to secure some development stage projects in order to ensure operating projects for the future.

FINANCIAL RESULTS AND DIVIDENDS

The Group achieved a profit before tax of £122,235 (2006: £752,017), resulting in earnings per share of 1.56 pence (2006: 8.31 pence).

The Directors recommend the payment of a final proposed dividend of £126,160 (2006: £278,133) to be paid from retained profits in 2008. The retained loss for the year of £179,558 (2006: £455,099 profit) has been transferred to reserves.

The Directors consider that the Company is well placed to perform satisfactorily in the future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors have considered the exposure of the Company and the Group to price risk, credit risk, liquidity risk and cash flow risk, and consider that suitable precautions have been taken.

PAYMENT POLICY

The Group policy is to comply with the terms of payment agreed with a supplier rather than to follow a particular code or standard. Where terms are not negotiated, the Company endeavours to adhere to the suppliers' standard terms. Trade creditors relate mainly to fixed assets purchased in the year and so no meaningful 'creditors days' calculation is possible.

DIRECTORS

The Directors during the year were as follows:

Charles Secrett
Emma Howard Boyd
James Blanchard
John Harrison
Triodos Investments Limited

DIRECTORS' INTERESTS IN SHARES

The Directors and their interests in the ordinary shares of the Company at the beginning of the financial year and end of the financial year were:

	50p Ordinary shares fully paid	
	2007	**2006**
Charles Secrett	700	700
Emma Howard Boyd	1,400	1,400
James Blanchard	-	-
John Harrison	5,000	5,000
Triodos Investments Limited	400	400

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Elliott Bunker Ltd be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board on 11 April 2008

Triodos Investments Limited
Secretary

John Harrison
Director

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom General Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The Directors of a Company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the Directors are aware:

- there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Triodos Investments Limited
Secretary

John Harrison
Director

Independent auditors' report to the shareholders of Triodos Renewable Energy Fund plc

We have audited the financial statements of Triodos Renewable Energy Fund plc for the year ended 31 December 2007, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and the Group as at 31 December 2007 and of the profit of the Group for the year then ended, and

- the financial statements have been prepared in accordance with the Companies Act 1985, and
- the information given in the Directors Report is consistent with the financial statements for the year ended 31 December 2007.

Elliott Bunker Ltd
Chartered Accountants and Registered Auditors
3-8 Redcliffe Parade West
Bristol BS1 6SP

20 March 2008

Consolidated profit and loss account

Year ended 31 December 2007

	Note	2007	2006
		Continuing operations	
		£	£
Turnover	1	4,514,399	2,199,075
Cost of sales		(1,864,198)	(1,084,911)
Gross profit		2,650,201	1,114,164
Administrative expenses	25	(923,692)	(557,562)
Operating profit	3	1,726,509	556,602
Gain/(loss) on investment		-	517,773
Interest receivable and similar income		63,003	234,505
Interest payable and similar charges	5	(1,571,818)	(446,072)
Share of associated company profit/(loss)		(95,459)	(110,791)
Profit on ordinary activities before taxation		122,235	752,017
Tax credit/(charge) on profit on ordinary activities	6	(28,320)	(234,539)
Profit on ordinary activities after taxation		93,915	517,478
Minority interests		4,660	2,543
Dividends paid	7	(278,133)	(64,922)
Retained profit for the year	17	(179,558)	455,099

The Group has no recognised gains or losses other than the profit for the current financial year or the preceding financial year. Accordingly no statement of total recognised gains and losses has been prepared.

Consolidated balance sheet

At 31 December 2007

	Note	2007	2007	2006	2006
		£	£	£	£
Fixed assets					
Tangible assets	9		16,778,870		17,773,385
Intangible assets	9		13,771,865		14,363,016
Investments	10		506,250		139,209
			31,056,985		32,275,610
Current assets					
Debtors	11	1,734,989		1,536,833	
Investments	21	70,000		221,500	
Cash at bank and in hand		1,833,090		663,101	
		3,638,079		2,421,434	
Creditors: amounts falling due within one year	12	(2,555,021)		(5,892,808)	
Net current assets/ (liabilites)			1,083,058		(3,471,374)
Total assets plus current liabilities			32,140,043		28,804,236
Creditors: amounts falling due after more than one year	13		(22,998,527)		(19,478,959)
Provisions for liabilities and charges	15		(788,958)		(768,078)
Net assets			8,352,558		8,557,199
Capital and reserves					
Called up share capital	16		3,153,997		3,128,997
Share premium account	17		4,520,675		4,566,098
Profit and loss account	17		685,049		864,607
Minority interests			(7,163)		(2,503)
Equity shareholders' funds	18		8,352,558		8,557,199

These financial statements were approved by the Board of Directors on 11th April 2008

Signed on behalf of the Board of Directors

Emma Howard Boyd
Director

John Harrison
Director

Company balance sheet

At 31 December 2007

	Note		2007		2006
		£	£	£	£
Fixed assets					
Investments	10		6,822,278		6,350,395
Current assets					
Debtors	11	10,179,879		11,187,638	
Investments		70,000		-	
Cash at bank and in hand		849,745		63,739	
		11,099,624		11,251,377	
Creditors: amounts falling due within one year	12	(2,756,322)		(6,337,345)	
Net current assets			8,343,302		4,914,032
Total assets plus current liabilities			15,165,580		11,264,427
Creditors: amounts falling due after more than one year	13		(7,558,578)		(3,000,000)
Provisions for liabilities and charges			29,900		-
Net assets			7,636,902		8,264,427
Capital and reserves					
Called up share capital	16		3,153,997		3,128,997
Share premium account	17		4,520,675		4,566,098
Profit and loss account	17		(37,770)		569,332
Equity shareholders' funds			7,636,902		8,264,427

These financial statements were approved by the Board of Directors on 11th April 2008

Signed on behalf of the Board of Directors

Emma Howard Boyd
Director

John Harrison
Director

Consolidated cash flow statement

Year ended 31 December 2007

	Note		2007		2006
		£	£	£	£
Net cash inflow from operating activities	19		3,090,958		1,055,010
Returns on investments and servicing of finance					
Gain on E-Concern investment		-		517,773	
Investment income		-		-	
Minority interest share of loss		-		2,543	
Interest received		63,003		234,505	
Interest paid		(1,571,818)		(446,072)	
Net cash inflow from returns on investments and servicing of finance			(1,508,815)		308,749
Taxation					
Corporation tax paid			(88,015)		(1,115)
Capital expenditure and financial investment					
New share capital		75,000		556,536	
Share issue costs		(95,423)		-	
Bank loans		3,750,000		17,350,000	
Other loans		1,000,000		3,000,000	
Minority investment		-		40	
Decrease in current asset investment		151,500		(48,000)	
Purchase of tangible and intangible fixed assets		(148,597)		(27,415,089)	
Net cash inflow/(outflow) from capital expenditure and financial investment			4,732,480		(6,556,513)
Acquisitions and disposals					
Investment in E-Concern BV repaid		-		344,087	
Investment in Marine Current Turbines Ltd		(300,000)		-	
Investment in Connective Energy Ltd		(162,500)		(250,000)	
Hainsford Energy (Caton Moor) Ltd loan repaid		-		1,800,000	
Deferred tax provision on acquisition		-		399,344	

Net cash inflow from acquisitions and disposals			(462,500)		2,293,431
Net cash outflow before use of liquid resources and financing			5,764,108		(2,900,438)
Equity Dividends Paid		(320,425)		(23,847)	
Financing					
Repayment of borrowings		(1,482,586)		(507,980)	
Net cash outflow from financing			(1,803,011)		(531,827)
			3,961,097		(3,432,265)
Increase/(Decrease) in cash in the year	21		1,169,989		(641,157)
(Increase)/Decrease in bank overdraft in year	21		2,791,108		(2,791,108)
Net movement in cash and cash equivalents			3,961,097		(3,432,265)

Notes to the accounts

Year ended 31 December 2007

1 **ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiaries for the financial year ended 31 December 2007. The Directors have also taken advantage of the exemption granted by the Companies Act to omit the Company profit and loss account from these financial statements.

Current asset investment

Current asset investments represent cash held on deposit or short term loans.

Investments

Investments held as fixed assets are stated at cost less any impairment in value.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and machinery	5% per annum
Land & buildings	4% per annum

Assets under course of construction are not depreciated.

Intangible fixed assets & Goodwill

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets and goodwill. The rates of depreciation are as follows:

Power Purchase Agreement & Goodwill 5% per annum

Development Costs

Development costs representing prospective renewable energy projects at the pre-planning permission stage are stated at cost and are not depreciated. Development expenditure is carried forward until it is determined that the project is no longer viable and is then written off. Once the project is operating then the expenditure is amortised over the period from which the Company is expected to benefit.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced in relation to the Company's and Group's principal activities in the United Kingdom.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Rentals in respect of operating leases are charged to profit and loss in equal annual amounts over the lease term.

2 CLASS OF BUSINESS

The Directors consider that there is only one class of business and hence segmental information by class is not provided. The total turnover of the Group for the period has been derived from its principal activity wholly undertaken in the UK.

3 OPERATING PROFIT

	2007	2006
Operating profit is after charging:	£	£
Auditors' remuneration:		
- audit services	12,000	12,000
- other services including taxation	1,190	14,049
Depreciation & amortisation	1,734,263	682,453
Other operating leases	124,411	56,393

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007	2006
The emoluments of Directors of the Company were:	£	£
Directors' emoluments	16,000	7,200
No pension emoluments were paid on behalf of Directors.		
Co-worker costs were as follows:		
Wages and salaries	24,564	-
Social security costs	2,620	-
Other pension costs	-	-
	27,184	-

During 2007 the average number of co-workers employed in management positions was 1 (2006: 0).

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
On overdrafts	160,859	36,476
Loans repayable up to thirteen years	1,410,959	409,596
	1,571,818	446,072

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£	£
a. Analysis of charge in period		
Current tax:		
Corporation tax charge on profits in the period	(932)	(88,647)
Adjustment in respect of previous years	(6,508)	(214)
	(7,440)	(88,861)
Deferred taxation		
Origination and reversal of timing differences	(43,888)	(140,361)
Effect of increased tax rate on opening liability	-	(169,283)
Increase in discount	23,008	163,966
	(20,880)	(145,678)
Total tax charge	(28,320)	(234,539)
b. Factors affecting tax charge for the period		
Profit on ordinary activities before tax	122,235	752,017
Profit on ordinary activities at stand rate of corporation tax		
In the UK of 30%	36,670	225,605
Effects of:		
Expenses not deductible for tax purposes	103,094	176,322
Capital allowances in excess of depreciation	(432,267)	(333,902)
Utilisation of tax losses	293,918	20,836
Lower rate of tax charge in subsidaries	(483)	-
Adjustments to tax charge in respect of previous periods	6,508	-
	7,440	88,861

7 DIVIDENDS

	2007	2006
	£	£
Final dividend paid per ordinary share	250,320	58,430
Final dividend paid per 'A' ordinary share	27,813	6,492
	278,133	64,922

Note 26 explains dividends in respect of the 2007 earnings.

8 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's retained loss for the financial year amounted to £607,102 (2006: £114,334 profit).

9 FIXED ASSETS

	Group Tangible Fixed Assets		
	Land & Buildings	Plant & Machinery	Total
	£	£	£
Cost			
At 1 January 2007	325,000	19,137,647	19,462,647
Additions	-	-	-
At 31 December 2007	325,000	19,137,647	19,462,647
Accumulated depreciation			
At 1 January 2006	100,384	1,588,878	1,689,262
Charge in year	16,152	978,363	994,515
At 31 December 2007	116,536	2,567,241	2,683,777
Net book value			
At 31 December 2007	208,464	16,570,406	16,778,870
At 31 December 2006	224,612	17,548,769	17,773,385

	Group Intangible Fixed Assets			
	Goodwill	Development Costs	Power Purchase Agreement	Total
	£	£	£	£
Cost				
At 1 January 2007	14,239,303	91,740	279,975	14,611,018
Additions	78,657	69,940	-	148,597
At 31 December 2007	14,317,960	161,680	279,975	14,759,615
Accumulated depreciation				
At 1 January 2007	213,140	-	34,862	248,002
Charge in year	725,749	-	13,999	739,748
At 31 December 2007	938,889	-	48,861	987,750
Net book value				
At 31 December 2007	13,379,071	161,680	231,114	13,771,865
At 31 December 2006	14,026,163	91,740	245,113	14,363,016

10 INVESTMENTS

	Group	Company
	£	£
Investments in subsidiary undertakings at cost:		
Balance brought forward	-	6,211,186
New in year	-	104,842
	-	6,316,028
Other investments:		
Balance brought forward	139,209	139,209
New in year	462,500	462,500
Share of associated Company loss	(95,459)	(95,459)
	506,250	506,250
Balance as at 31 December 2007	506,250	6,822,278

The Company owns 100% of the issued ordinary shares of Triodos Renewables (Beochlich) Limited, a Company incorporated in England. The principal business activity of Triodos Renewables (Beochlich) Limited is energy supply.

The Company owns 100% of the issued ordinary shares of Triodos Renewables (Haverigg II) Limited, a Company incorporated in England. The principal business activity of Triodos Renewables (Haverigg II) Limited is energy supply.

The Company owns 100% of the issued ordinary shares of Brunel Wind Limited, a Company incorporated in England. The principal business activity of Brunel Wind Limited is energy supply.

The Company owns 33% of the issued ordinary shares of Connective Energy Limited, a Company incorporated in England. The principal business activity of Connective Energy Limited is energy supply.

The Company owns 60% of the issued ordinary shares of Triodos Mellinsus Projects Limited, a Company incorporated in England. The principal business activity of Triodos Mellinsus Projects Limited is energy supply.

The Company owns 100% of the issued ordinary shares of Triodos Renewables (HGL) Limited, a Company incorporated in England. The principal business activity of Triodos Renewables (HGL) Limited is energy supply.

On 5 June 2007, the Company acquired 1.52% of the issued ordinary shares of Marine Current Turbines Limited, a Company incorporated in England. The principal business activity of Marine Current Turbines Limited is energy supply.

11 DEBTORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	733,951	1,058,535	-	-
Amounts owed by Group undertakings	-	-	10,141,704	11,004,711
Other debtors	11,011	290,564	11,011	182,927
Prepayments and accrued income	990,027	187,734	27,164	-
	1,734,989	1,536,833	10,179,879	11,187,638

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank overdrafts	-	2,791,108	-	2,791,108
Bank loans	1,000,129	1,252,283	191,422	-
Trade creditors	48,201	-	3,490	-
Other creditors	32,614	61,292	34,785	61,292
Taxation and social security	222,878	191,039	7,963	-
Accruals and deferred income	1,243,519	1,547,114	1,049,306	778,597
Amounts owed to Group undertakings	-	-	1,461,676	2,572,465
Dividends payable	7,680	49,972	7,680	49,972
	2,555,021	5,892,808	2,756,322	6,337,345

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	18,998,527	16,478,959	3,558,578	-
Other loans	4,000,000	3,000,000	4,000,000	3,000,000
	22,998,527	19,478,959	7,558,578	3,000,000

14 BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts				
Amounts payable:				
- due within one year	1,000,129	4,043,391	2,791,108	2,791,108
- due after more than one year	18,998,527	16,478,959	-	-
	19,998,656	20,522,350	2,791,108	2,791,108
Other loans				
Amounts payable:				
- due within one year	-	-	-	-
- due after more than one year	4,000,000	3,000,000	4,000,000	3,000,000
	4,000,000	3,000,000	4,000,000	3,000,000
Analysis of loan repayments				
Bank loans and overdrafts				
- within one year	1,000,129	4,043,391	191,422	2,791,108
- within one to two years	1,069,766	5,930,635	204,750	-
- within three to five years	5,677,299	1,107,404	2,703,828	-
- after five years	12,251,462	9,440,920	650,000	-
	19,998,656	20,522,350	3,750,000	2,791,108

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Analysis of loan repayments				
Other loans				
- within one year	-	-	-	-
- within one to two years	-	-	-	-
- within three to five years	4,000,000	3,000,000	4,000,000	3,000,000
- after five years	-	-	-	-
	4,000,000	3,000,000	4,000,000	3,000,000

At 31 December 2007 Bank loans comprise £19,998,656 with Triodos Bank of which £17,998,656 bears interest at a fixed rate of 6.75% for the term of the loans and £2,000,000 of which bears interest at 1.75% over the base rate of the Royal Bank of Scotland plc. Of the total bank loans of £19,998,656, £16,248,656 is repayable in monthly instalments over 13 years, £1,100,000 is repayable in monthly instalments over 5 years, £650,000 is interest only for 5 years and then repayable in monthly instalments over a further 6 years and £2,000,000 is a revolving loan facility repayable in full on 30 April 2010. All bank loans are secured by first fixed and floating charges on the fixed assets of the subsidiary companies. Other loans comprise £4,000,000 and bear interest at a fixed rate of 9.00%, are repayable on 28 September 2011 and are secured by second fixed and floating charges on the fixed assets of the subsidiary companies. The aggregate amount of secured liabilities as at 31 December 2007 was £23,998,656 (2006: £23,522,350).

15 PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 January 2007	Charged to profit and loss account	At 31 December 2007
Group	£	£	£
Deferred taxation	768,078	20,880	788,958
Total	768,078	20,880	788,958

The amounts of deferred tax provided in the accounts are as follows:

	Provided	
	2007	2006
	£	£
Accelerated capital allowances	1,175,865	864,057
Tax losses carried forward	(199,933)	(262,013)
Capital gains	-	330,000
Discount	(186,974)	(163,966)
	788,958	768,078

16 CALLED UP SHARE CAPITAL

	2007 and 2006 No	£
Authorised		
Ordinary shares of £0.50 each	50,000,000	25,000,000
'A' ordinary share of £2 each	1	2
	50,000,001	25,000,002

	2007	2006
Called up, allotted and fully paid		
Ordinary shares of £0.50 each in issue	*6,307,990*	*6,257,990*
'A' ordinary share of £2 each in issue	*1*	*1*
Ordinary shares of £0.50 each fully paid	£3,153,995	£3,128,995
'A' ordinary share of £2 each fully paid	£2	£2
	£3,153,997	£3,128,997

During the year 50,000 Ordinary shares of £0.50 each were issued at a premium of £1.00

Rights attached to shares

The 'A' ordinary share has the right:

- to receive 10% of the aggregate of any dividends declared;
- to prevent the passing of any special resolution, any extraordinary resolution, any resolution where special notice is required, or any resolution required to be forwarded to the Registrar of Companies in accordance with Sections 122, 123 or 380 of the Companies Act, being given such number of votes as necessary to stop such a resolution;
- to appoint or remove a Director by being given such number of votes as necessary to pass such a resolution; and
- in all other cases, such number of votes as represents 10% of the entire voting rights of the Company.

17 STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £	Profit and loss account £
Group		
At 1 January 2007	4,566,098	864,607
Addition during year	50,000	-
Utilised during year	(95,423)	-
Retained profit/(loss) for the year	-	(179,558)
At 31 December 2007	4,520,675	685,049
Company		
At 1 January 2007	4,566,098	569,332
Addition during year	50,000	-
Utilised during year	(95,423)	-
Retained profit/(loss) for the year	-	(607,102)
At 31 December 2007	4,520,675	(37,770)

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
Group	£	£
Retained profit / (loss) for the financial year	(179,558)	457,642
Minority interests	(4,660)	(2,503)
New share capital subscribed (net of issue costs)	(20,423)	556,536
Net distributions to shareholders' funds	(204,641)	1,011,675
Opening shareholders' funds	8,557,199	7,545,524
Closing shareholders' funds	8,352,558	8,557,199
Company		
Retained profit / (loss) for the financial year	(637,002)	114,334
New share capital subscribed (net of issue costs)	(20,423)	556,536
Net additions to shareholders' funds	(657,425)	670,870
Opening shareholders' funds	8,264,427	7,593,557
Closing shareholders' funds	7,607,002	8,264,427

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Operating profit	1,726,509	556,602
(Increase)/Decrease in debtors	(198,156)	(1,215,304)
Increase/(Decrease) in creditors	(171,658)	1,031,259
Depreciation & amortisation	1,734,263	682,453
Net cash inflow from operating activities	3,090,958	1,055,010

20 ANALYSIS OF NET FUNDS

	At 1 January 2007	Cash flow	Non-cash changes	At 31 December 2007
	£	£	£	£
Cash at bank and in hand	663,101	1,169,989	-	1,833,090
Overdrafts	(2,791,108)	2,791,108	-	-
Bank loans falling due within one year	(1,252,283)	252,154	-	(1,000,129)
Bank & other loans falling due after more than one year	(19,478,959)	(3,519,568)	-	(22,998,527)
Current asset investments	221,500	(151,500)	-	70,000
	(22,637,749)	542,183	-	(22,095,566)

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007
	£
Increase in cash at bank in the year	1,169,989
Decrease in overdrafts in the year	2,791,108
Cash inflow from increase in debt	(3,267,414)
Decrease in current asset investments	(151,500)
Change in net debt resulting from cash flows	542,183
Movement in net debt in the year	542,183
Net funds/(debt) at 1 January	(22,637,749)
Net funds at 31 December 2007	(22,095,566)

Decrease in current asset investments reflect the releasing of debt service reserves held by Triodos Bank.

22 CAPITAL COMMITMENTS

	2007	2006
	£	£
At 31 December 2007, the Group was committed to the following capital expenditure:	87,500	250,000

23 OPERATING LEASE COMMITMENTS

At 31 December 2007, the Group was committed to making the following payments during the next year in respect of operating leases:

	2007	2006
	£	£
Van leases which expire in 3 years	5,916	-
Property leases which expire in over five years	60,630	60,630

24 RELATED PARTY TRANSACTIONS

Under the terms of the 'Provision of Fund Management Services Agreement' Triodos Bank is responsible for the fund management and the administrative running of the Company. During the year, Triodos Bank received fees of £315,000 for this service (2006: £332,680). This amount is included in creditors at the year end.

25 ADMINISTRATIVE EXPENSES

Administrative expenses comprised:	2007	2006
	£	£
Fund management & administration	315,000	332,680
Operating management	2,750	1,500
Directors' remuneration	16,000	7,200
Co-worker costs	27,184	-
Rates	158,462	59,638
Insurance	98,750	51,623
Legal & professional costs	20,193	43,376
Development provison	132,000	-
Audit & Accountancy	13,190	26,049
Finance fees	85,455	23,811
Bank charges & interest	5,550	804
Sponsorship	3,000	-
Project costs	4,500	-
Software costs	16,505	-
AGM costs	11,901	7,549
Sundry, vehicle & reimbursed expenses	13,252	3,332
	923,692	557,562

26 POST BALANCE SHEET EVENTS

On 20 March 2008, the Directors declared a dividend of 2.0p per Ordinary Share in respect of the Company's 2007 earnings. The cost of this dividend is £126,160 (2006: £278,133).

On 14 March 2008 the Company purchased a further 16,666 shares in Marine Current Turbines Limited for a consideration of £99,996, raising the Company's holding to 1.63% of the issued share capital of Marine Current Turbines Limited.

27 CONTINGENT LIABILITY RE ACQUISITION OF HAINSFORD GROUP LIMITED

By an agreement dated 24 July 2006, the Company agreed to acquire the entire issued share capital of Hainsford Group Limited (now Triodos Renewables (HGL) Limited) from Charles Rose and others, completion conditional upon a number of conditions which were satisfied on 28 September 2006.

The Company paid a sum of £14,836,811 determined in accordance with the agreement following a net asset adjustment as initial consideration. Additional consideration may be payable in accordance with the agreement. Any additional consideration payable is to be calculated in accordance with the agreement. For the period when additional consideration is payable, the Company is under an obligation to conduct the business within certain parameters as set out in the agreement. Should the Company wish to act otherwise in accordance with the agreed parameters, the Company may be obliged to make a buy out payment to the sellers as determined in accordance with the agreement.

On 24 May 2007 the Directors resolved to constitute £500,000 of floating rate loan notes 2008 and a loan note instrument ("the Loan Note Instrument") constituting those notes was executed by the Company, in order to discharge consideration payable under the agreement for the acquisition of the entire issued share capital of Hainsford Group Limited. Unless previously redeemed the notes issued under the Loan Note Instrument are to be redeemed on 24 November 2008. Interest on the notes is payable on 28 February and 31 August in each year at a rate equal to the published deposit rate of Barclays Bank plc on the first day of each interest period. £180,324 of notes were issued to Charles Rose on 24 May 2007, £189,479 on 7 September 2007 and £104,842 on 16 January 2008

28 CONTROLLING INTEREST

With the exception of the holder of the 'A' Ordinary Share, there is no party that holds a controlling interest in the Company.

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