Triodos Renewables

Annual report 2008

Positive investment,
positive energy

Triodos Renewable Energy Fund plc
trading as Triodos Renewables


NORDEX

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Triodos Renewable Energy Fund plc
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Registered in England and Wales no. 2978651

Front cover: Caton Moor, Northern Lancashire. Cover verso, clockwise from top left: Haverigg II, Cumbria; Sigurd, Orkney; Beochlich, Argyll, West Scotland; Ness Point, Suffolk.

Chair's report

Welcome to Triodos Renewables' Annual Report for 2008.

The share issue was the highlight of 2008, raising £9.9 million in new capital from existing and new shareholders. This provides not only the necessary capital for growth through further acquisitions and developments – but also shows there is confidence in our business model despite widespread economic uncertainty. We expect to commit most of the funds raised in 2009, and will communicate with shareholders in due course about raising further capital.

Financially, 2008 was a successful year. Profits after tax increased to £228,229 (up from £93,915 in 2007), which exceeded the 2008 Prospectus forecast of £157,000.

The operational portfolio performed very well, and we are now seeing the benefits of improved availability and performance across our power generation sites – a direct result of investing in our technical capacity. Operating profit was significantly higher, at £2,424,408 compared to £1,726,509 in 2007.

However, achieving similar returns on our investment portfolio has been more difficult. Although there have been many positive developments, including installation of Marine Current Turbines' 'SeaGen' device, delays in raising capital and technical problems have disrupted their corporate strategy. Connective Energy has felt the negative effects of the market downturn and has found it difficult to close deals. The carrying values of both investments have been prudently marked down in this year's accounts.

Although progressing slower than forecast due to challenging market conditions, our pipeline of new development projects continues to look promising. We are in advanced negotiations on several projects and are confident that new generation capacity will be added during 2009.

In accordance with the Prospectus, the Board proposes a 2p dividend per share to be paid during 2009.

We have added to our operational management team, so we can deal with increased activity – see pages 9–11 for details. We have also strengthened the Board, bringing in two new Non-Executive Directors with complementary skills and experience since the year end.

The main focus for the management team has been on potential new generation projects that will add to the existing portfolio, and to further develop our technical capacity. We have also paid particular attention to our health and safety policy to ensure we maintain the highest possible standards across all our operating sites.

Recent market developments show how organisations in the sustainability sector are performing well – for example, Triodos Bank grew by 25% in 2008 and reported record profits. In a wider context, our relationship with the Triodos group – which has funds under management of €3.75bn and provides finance for over 220 renewable energy projects across Europe – may open up further opportunities through collaboration with other funds.

On behalf of the Board, I would like to thank all shareholders for your continued support. The Board is confident our progress will not be affected by the current turbulence in global financial markets – and that our financial prospects are very favourable despite the market downturn. We believe this is because our strategy is based on long-term sustainability – investments that address climate change, are supported by good relationships with developers and communities, and enjoy the financial stability that comes from well-managed, high-performance technology backed by long-term contracts underpinned by government legislation.

We look forward to a very exciting 2009 and beyond.

Charles Secrett
Chairman

Officers, management and professional advisers

DIRECTORS

Charles Secrett, Chairman
James Vaccaro, Managing Director
Ann Berresford (appointed 31 March 2009)
James Blanchard
John Harrison
Emma Howard Boyd
Simon Roberts (appointed 31 March 2009)
Triodos Investments Limited

COMPANY SECRETARY

Triodos Investments Limited

MANAGEMENT

Managing Director: James Vaccaro
Operations: Matthew Clayton
Finance: Dan Hird
Legal and Commercial: Billy French
Technical: Scott Ridley
Fund Administration: Monika Paplaczyk
Finance Assistant: Abi Collier

REGISTERED OFFICE

Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

BANKERS

Triodos Bank NV
Brunel House
11 The Promenade
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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 2008.

PRINCIPAL ACTIVITIES

We established Triodos Renewables to provide equity finance through direct investment in small to medium-scale renewable energy projects, such as wind farms and hydro-electric schemes. The development of the business and shareholder base 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 - hydro electric

Triodos Renewables (Haverigg II) Limited - wind farm

Triodos Renewables (Ness Point) Limited - wind farm

Triodos Renewables (Caton Moor) Limited - wind farm

Triodos Renewables (Sigurd) Limited - wind farm

The Group also invests in joint venture companies - Connective Energy Limited (60%) and Triodos Mellinsus Projects Limited (60%), and holds a minority shareholding in Marine Current Turbines Limited.

REVIEW OF THE BUSINESS

In 2008 Triodos Renewables generated 70,161 MWh - more renewable energy than ever before, and 10% more than in 2007 (63,729 MWh). This was mainly due to there being more wind than predicted and better technical availability as we benefited from an unsettled summer, weather-wise.

As well as a good energy yield, the electricity price at our largest site, Caton Moor was 79% higher from April 2008 to March 2009 than for the same period the previous year. The other four sites, which generate 30% of our electricity, are not affected by fluctuations in the wholesale price – selling power according to government backed fixed-term power sales agreements.

During 2008, we increased our technical diagnostic capacity by developing skills and acquiring more specialist equipment to monitor and maintain major components more effectively. This has led to increased efficiency across the portfolio and also allows better performance from the operations, maintenance and warranty providers.

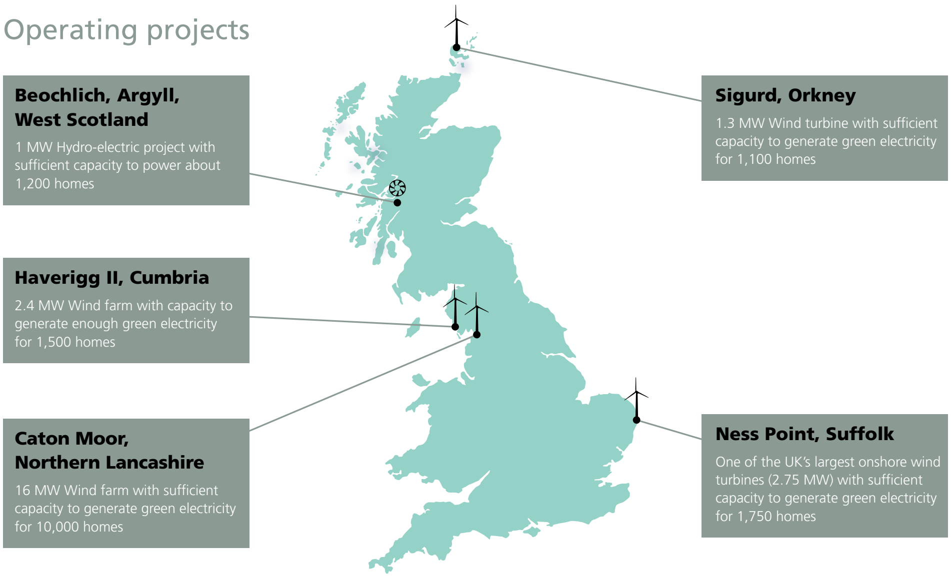
Group turnover increased by £1,089,307 (24.1%) thanks to a combination of increased wholesale power prices and exceptional wind resources, whilst operating profits rose by £697,899 (40.4%).

The Group's pre-tax profit for the year to 31 December 2008 was £518,758 (2007 £122,235).

OPERATING PROJECTS

The figure below shows where Triodos Renewables operates renewable assets.

Operating projects



Beochlich

The Beochlich project is in one of the best areas for small-scale hydro-electric power generation in Scotland. Beochlich Burn runs into the southeast side of Loch Awe in Argyll, West Scotland. It falls some 250 metres to the loch shore, draining water from a high plateau. The 1 MW hydro project, built in 1998, involved building a six-metre high dam to create a new storage reservoir, which feeds water through two turbines. In 2008, Beochlich produced 4,373,594 kWh (equivalent to 930 homes), compared to 4,346,347 kWh in 2007. This small increase reflects good reservoir levels throughout the year.

Caton Moor

Caton Moor wind farm is in an upland area of the Forest of Bowland in northern Lancashire, just east of Morecambe Bay. It was one of the earliest commercial wind farms in the UK, coming into service in 1994. In 2005, after replacing ten older turbines with eight modern, more efficient ones, Caton Moor achieved a total site capacity of 16 MW. We acquired the wind farm as part of the purchase of Hainsford Group Limited in 2006. Electricity output for 2008 was 49,621,683 kWh (equivalent to 10,557 homes), compared to 43,216,308 kWh in 2007. This increase of almost 15%, was due to higher winds than forecast and improvements in our site management.

Haverigg II

Haverigg II in Cumbria, is a result of a joint venture between Triodos Renewables and The Wind Company (UK). The site now has a total capacity of 2.4 MW, and one of the four turbines is owned by Baywind Energy Cooperative. Electricity output in 2008 was 5,049,521 kWh (equivalent to 1,074 homes), compared to 6,064,431 kWh in 2007. This decrease of 16.7% is due to three of the four turbines suffering major component failures in 2008, which – whilst disappointing – were covered by the warranty agreement.

Ness Point

Ness Point is at England's most easterly point in Lowestoft, Suffolk. On the site of a former gas works, its turbine 'Gulliver' is a popular addition to the town's industrial landscape. With a tip height of 126 metres, it has a capacity of 2.75 MW. Electricity output for 2008 was down just 0.86% from 6,886,843 kWh in 2007, at 6,827,347 kWh (equivalent to 1,452 homes).

Sigurd

Sigurd is a single wind turbine project on Burgar Hill on Orkney. Commissioned in 2001, the turbine is on one of the windiest onshore sites in Europe, and has a capacity of 1.3 MW. We acquired it as part of the takeover of Hainsford Group Limited. Electricity output for 2008 was 4,289,463 kWh (equivalent to 912 homes), compared to 3,215,093 kWh in 2007 – an increase of 33%. This is mainly due to improved technical availability.

INVESTMENTS IN SUSTAINABLE ENERGY AND DEVELOPMENT COMPANIES

Connective Energy Limited ("CEL")

CEL was originally a joint venture established in 2006 between Triodos Renewables, Doosan Babcock and Carbon Trust Enterprises, with the aim of becoming a leading supplier of low carbon heating, by reusing waste heat. About 45% of the UK's industrial primary energy consumption is wasted, and simply released into the environment. CEL aims to capture this waste 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.

During 2008, we invested a further £87,500 into CEL in accordance with the Shareholders Agreement. Then in November 2008, an agreement was reached with Doosan Babcock whereby they exited the joint venture resulting in a transfer of their shares in CEL to us and Carbon Trust Enterprises. Our share in CEL is now 60%.

During the year, CEL focussed largely on three waste heat transfer projects. Unfortunately a combination of the financial crisis and the dynamics of these projects meant that they did not progress as planned resulting in continued losses. Since the year end, CEL has now broadened its scope to include a wider range of heat-led sustainable energy projects

Marine Current Turbines Ltd ("MCT")

In June 2007, Triodos Renewables acquired a small share in MCT, a tidal technology company. The Directors believe that marine renewables, including tidal power, offer a sustainable source of energy to the UK, and that they present a significant investment opportunity. In early 2008, we increased our share in MCT to 1.63%. And in March 2008, MCT successfully installed SeaGen, the world's first commercial-scale tidal energy project, in Northern Ireland's Strangford Lough. SeaGen has a capacity of 1.2 MW, and exported its full capacity to the local electricity grid during last summer. Our investment helped fund this major step forwards in renewable energy development.

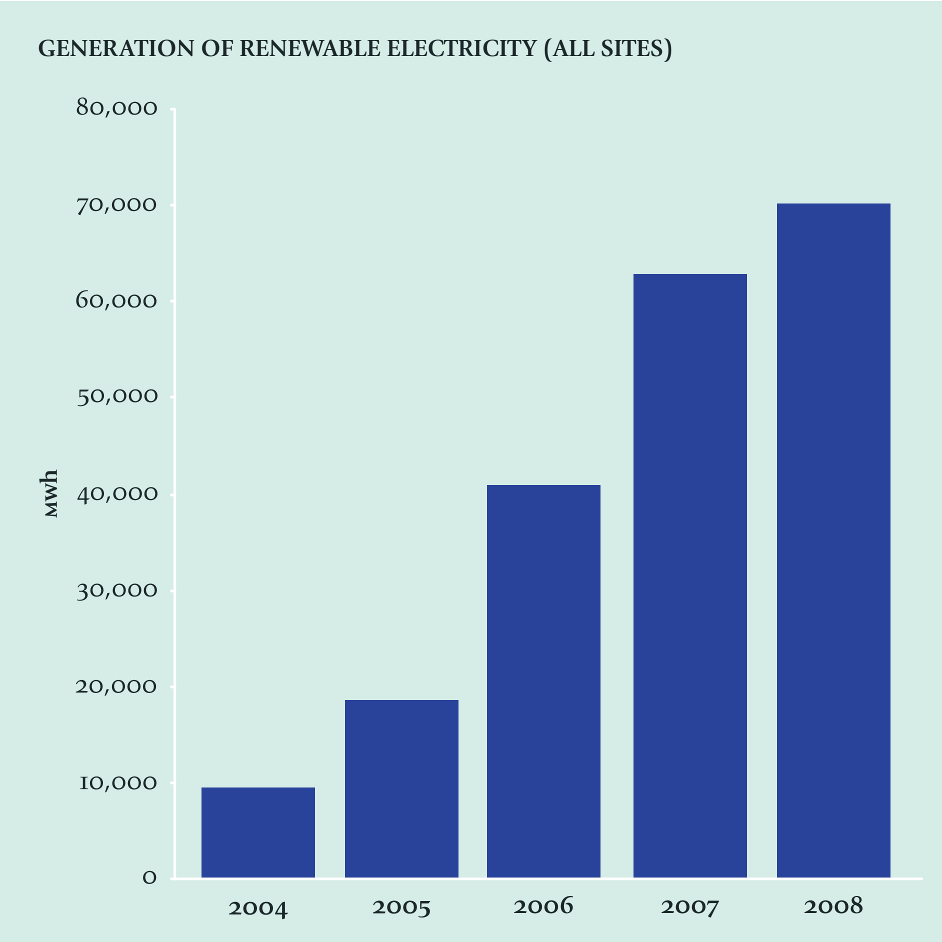
During the testing phase of SeaGen, one of its rotors failed and although the machine was repaired, it has since experienced problems linked to a weakness in one of its blades. Delays in completing the full operational testing process have affected the Company's valuation and ability to raise fresh capital. As a result, we have prudently written down the carrying value of our investment, but remain optimistic about the project and are pleased to contribute to such pioneering technology.

Triodos Mellinsus Projects Limited ("TMPL")

Since 2006, we have been working with community wind project developers, Mellinsus Renewables to develop a portfolio of renewable energy projects in the UK. Together we formed Triodos Mellinsus Projects Limited (TMPL), of which we own 60%. The joint venture has around 20 MW of onshore wind projects due to enter the planning process over the next two years. Two of TMPL's projects for Scotland have progressed well in 2008 – we've completed many of the crucial surveys in preparation for planning consent applications in 2009. Once projects are approved and built, they will be added to the Company's investment portfolio.

PORTFOLIO

Our production of green electricity has grown every year over the past five years:



Turnover by operating project

Project	Acquired	2004 £'000	2005 £'000	2006 £'000	2007 £'000	2008 £'000
Haverigg II	1998	295	307	301	324	353
Beochlich	1998	157	220	213	262	252
Ness Point	3 June 2005	-	341	545	588	677
Caton Moor	28 June 2006	-	-	1,126	3,218	4,154
Sigurd	28 June 2006	-	-	14	122	168
Turnover		**452**	**868**	**2,199**	**4,514**	**5,604**

FINANCIAL RESULTS AND DIVIDENDS

The Group achieved pre-tax profits of £518,758 in 2008, compared to £122,235 in 2007, after having taken a £167,299 share of CEL's losses and a £335,311 write down against our investment in MCT.

The Directors recommend the payment of a final dividend of 2p per share or £245,892 (2007: £126,160) to be paid from retained profits in 2009. The retained profit for the year ended 31 December 2008 of £106,311 (2007: £179,558 loss) has been transferred to reserves.

Launched in May 2008, our successful share issue raised £9.9 million before costs. This additional capital will help us increase operating capacity and make more investments. Over 700 new, and nearly 800 existing shareholders invested before the offer closed on 30 June 2008. Triodos Renewables now has 4,000 shareholders, including public and institutional investors.

We used cash from the share issue, and from the sale of higher than expected levels of power generation, to pay off a £2 million revolving loan. We deposited the remaining £10.5 million with Triodos Bank at a favourable interest rate. This will be used to invest in future projects in 2009 and beyond.

The Directors consider the Company is in a strong financial position to progress in future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

PAYMENT POLICY

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

DIRECTORS

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

	50p Ordinary shares fully paid	
	2008	**2007**
Charles Secrett	700	700
James Vaccaro	-	-
James Blanchard	-	-
John Harrison	6,000	5,000
Emma Howard Boyd	4,400	1,400
Triodos Investments Limited	400	400

Approved by the Board of Directors and signed on behalf of the Board on 20 May 2009

Triodos Investments Limited
Secretary

Emma Howard Boyd
Director

Board of Directors, management and administration

BOARD

Charles Secrett – Chairman

Charles works as an Advisor on Climate, Environment and Sustainability, and is a Senior Associate at the Cambridge Programme for Sustainability Leadership. Previously, he has been a Special Advisor on Climate Change and Sustainability for the Mayor of London (2004-2008) and a Board Member of the London Development Agency (also 2004-2008). He was Executive Director of Friends of the Earth between 1993 and 2003. Prior to that, he worked for the International Institute for Environment and Development as Climate Change Programme Director. He was also a member of the UK Round Table for Sustainable Development between 1994 and 2000, and the UK Sustainable Development Commission between 2000 and 2003.

James Vaccaro – Managing Director

James is Managing Director of Investment Banking at Triodos Bank's UK Branch. James undertakes the role of Managing Director of Triodos Renewables. James has worked for Triodos Bank for over ten years. In that time he has completed seven renewable energy project finance deals worth over £10 million, and acquisitions with a combined asset value in excess of £30 million. He has an extensive network of contacts in the independent renewable generation industry and direct experience of delivering successful renewable energy projects. He has served on the boards of several environmental companies.

Ann Berresford – Non-Executive Director

Ann has over 25 years experience in financial management across the financial services and energy sectors. Most recently (until 2006), she was Finance Director for the Bank of Ireland's UK Financial Services Division and for Bristol and West plc. Prior to that, Ann held a range of senior roles in Clyde Petroleum plc, an independent British oil and gas exploration and production company, including Group Treasurer and Finance Director for the Dutch operations, based in The Hague.

Ann is now a non-executive Director at the Pension Protection Fund, where she chairs the Audit Committee, and is a non-executive Director at the Bath Building Society. She is also an independent trustee to the local government Avon Pension Fund, administered by Bath and North East Somerset Council. Ann read Chemistry at Liverpool University and is a qualified Chartered Accountant.

James Blanchard – Non-Executive Director

James has a background in chemistry, biology and oceanography, and has some 25 years of international experience in the energy sector. He has held various senior international health, safety, and environmental posts with the Institute of Offshore Engineering, Marathon Oil and Enterprise Oil. Since 1992 he has worked as a health, safety and environmental management consultant to the energy industry. James is currently the Managing Director of the Rudall Blanchard Associates Group, a successful independent health, safety and environmental consultancy in the UK, United States and Australia. He has a broad knowledge of the energy sector across the full project life cycle and has extensive experience in health, safety and environmental management systems, their formulation, implementation, audit, and training. He is also experienced in strategic planning and policy development, management systems, risk assessments, audits and crisis management. James is a Member of the Institute of Occupational Safety and Health and Institute of Biology.

John Harrison – Non-Executive Director

John has worked as an investment adviser for small to medium-sized companies since the mid 1960s. Since 1975 John has been involved in founding and operating 'green' businesses, initially one of the UK's first organic restaurants, then in 1980 a London based wholesaler of organic vegetables (now Organic Farm Foods Limited). In semiretirement in West Wales, in addition to his directorship of Triodos Renewables since 1997, he is a non-executive Director of Bro Dyfi Community Renewables, a small community-owned wind electricity generator, and a trustee of The Magdalen Project, a charity providing education in sustainability, based on an organic farm in Dorset.

Emma Howard Boyd - Non-Executive Director

Emma has been actively involved in socially responsible investment (SRI) since joining Jupiter Asset Management in 1994. As Head of SRI and Governance, Emma has overall responsibility for the management and development of Jupiter's SRI business. She is also responsible for building up Jupiter's corporate governance and engagement services for institutional clients and Jupiter's UK retail funds. Emma was a member of the Commission on Environmental Markets and Economic Performance, set up by the UK Government to make detailed proposals specifically on enhancing the UK environmental industries, technologies and markets. She is also a faculty member of the Cambridge Programme for Sustainable Leadership. Prior to working at Jupiter, Emma specialised in corporate finance at Hill Samuel and Banque Nationale de Paris. She has also worked as a researcher and campaigner for various Non-Governmental Organisations.

Simon Roberts – Non-Executive Director

Simon has spent more than 20 years helping people, organisations and policy-makers to change the way they think and act on energy. He is Chief Executive of the Centre for Sustainable Energy, one of the UK's leading energy charities. Prior to this, he was a senior manager at Triodos Bank (1998 - 2002). Simon was formerly Managing Director of Triodos Renewables until 2002, when it operated as the Wind Fund plc.

Simon is a member of the Government's Renewables Advisory Board, leading its work on community engagement. He sits on Ofgem's Consumer Challenge Group, examining the issues associated with developing an electricity distribution system fit for a low carbon future. He is a Board Director of the South West of England sustainable energy agency, Regen SW and chairs the Board of Energy Advice South West Ltd, a charity-owned joint venture delivering energy advice services across the region. Simon was elected a Fellow of the Energy Institute in 2007.

Triodos Investments Limited – Non-Executive Director

Triodos Investments Limited, a wholly owned subsidiary of Triodos Ventures BV, a company controlled by Triodos Bank, nominates a representative to the Board, currently Charles Middleton, the Managing Director of Triodos Bank in the UK.

MANAGEMENT

The Management of Triodos Renewables is carried out by Triodos Bank in accordance with the Management Agreement.

Triodos Renewables' fund management is carried out by James Vaccaro, Matthew Clayton, Monika Paplaczyk, Dan Hird and Billy French on behalf of Triodos Bank. Triodos Bank also provides public relations, financial reporting and administration support to Triodos Renewables.

The team are experienced renewables professionals with a considerable track record and are supported by Scott Ridley, employed by Triodos Renewables to provide technical expertise.

James Vaccaro – Managing Director

See above in the Board section.

Matthew Clayton - Operations Director

Matthew has worked for Triodos Bank since early 2006, undertaking the role of Operations Director focusing on acquisition, developments and operational management for Triodos Renewables. He has contributed to the acquisition and integration of 17.3 MW of Wind Projects, the operation of the portfolio and the development options for in excess of 70 MW of onshore wind. Prior to Triodos Bank, Matthew was part of a small team which established Camco International, one of the world's leading carbon trading companies, focusing on supporting sustainable energy projects via the Kyoto framework. Before this, Matthew worked in Risk Management for TXU's Energy Trading team.

Dan Hird – Finance Director

Dan is Head of Corporate Finance within the Triodos UK Investment Banking team. He joined Triodos in November 2008 and now acts for many clients on corporate finance and investment banking projects as well as taking up the role of Finance Director of Triodos Renewables. Dan is a Chartered Accountant, trained with KPMG in Bristol and spent six years within KPMG Corporate Finance as a lead adviser on a range of M&A MBO and fundraising deals. Dan then established his own corporate finance business, with offices in Bristol and Bath and completed over 80 transactions, mainly in the SME sector, over a seven year period. Dan then joined a major retailer as Finance Director and was instrumental in building this business for sale to a trade purchaser. Immediately prior to joining Triodos Bank, Dan was Finance Director of a rapidly growing manufacturing businesses and led two growth capital finance raising projects to enable expansion and relocation.

Billy French – Legal and Commercial Director

Billy joined Triodos in November 2008 from a turnkey contractor in the energy industry with interests in renewable energy projects, where he was Group General Counsel and Company Secretary. Previously Billy worked in the Group Secretariat and Legal Department of Severn Trent Plc in Birmingham. Billy trained as a lawyer and is a Chartered Secretary with broad experience of company administration, property, insurance and both contentious and non-contentious legal matters. In particular, he was involved in the development, procurement and subsequent sale (to Triodos Renewables) of the wind turbine at Ness Point, Lowestoft, which is one of the biggest onshore wind turbines in the UK.

At Triodos, Billy has extensive involvement with Triodos Renewables, drawing on his previous experience and other investment banking projects, including corporate governance, legal and commercial matters on acquisitions, developments and existing investments.

Monika Paplaczyk - Fund Administrator

Monika joined Triodos Renewables in 2007 as Fund Administrator. Monika provides support to the Triodos Renewables team. This includes managing communications with Triodos Renewables shareholders, organising the AGM and management of operations insurance for the Triodos Renewables portfolio. Previously she worked as a consultant for Euro Access Business Consultancy where she was mainly involved in preparing business plans and grant applications for investment projects such as community development projects, biomass and grain storage.

Scott Ridley - Technical Manager

Scott joined Triodos Renewables in 2007 and undertakes responsibility for the technical aspects of operating Triodos Renewables' five renewable energy generation sites. Scott has seven years experience of service and maintenance of Nordex, Vestas and Repower wind turbines, leading and training maintenance teams and managing Health and Safety compliance. Scott has also worked in a owners engineer role for NaturalPower, which included overseeing operations and preparing technical due diligence for renewable assets.

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

Emma Howard Boyd
Director

20 May 2009

Independent auditors' report to the shareholders of Triodos Renewables

We have audited the financial statements of Triodos Renewables for the year ended 31 December 2008, 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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the 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 2008 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 2008.

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

22 May 2009

Consolidated profit and loss account

Year ended 31 December 2008

	Note	Continuing operations 2008	2007
		£	£
Turnover	1	5,603,706	4,514,399
Cost of sales		(2,365,480)	(1,864,198)
Gross profit		3,238,226	2,650,201
Administrative expenses	25	(813,818)	(923,692)
Operating profit	3	2,424,408	1,726,509
Gain/(loss) on investment		(335,311)	-
Interest receivable and similar income		222,686	63,003
Interest payable and similar charges	5	(1,625,726)	(1,571,818)
Share of associated Company profit/(loss)		(167,299)	(95,459)
Profit on ordinary activities before taxation		518,758	122,235
Tax credit/(charge) on profit on ordinary activities	6	(290,529)	(28,320)
Profit on ordinary activities after taxation		228,229	93,915
Minority interests		4,242	4,660
Dividends paid	7	(126,160)	(278,133)
Retained profit/(loss) for the year	17	106,311	(179,558)

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 2008

	Note		2008		2007
		£	£	£	£
Fixed assets					
Tangible assets	9		15,788,829		16,778,870
Intangible assets	9		13,063,730		13,771,865
Investments	10		294,112		506,250
	`		29,146,671		31,056,985
Current assets					
Debtors	11	2,069,233		1,734,989	
Investments		70,000		70,000	
Cash at bank and in hand		10,499,240		1,833,090	
		12,638,473		3,638,079	
Creditors: amounts falling due within one year	12	(2,911,911)		(2,555,021)	
Net current assets/ (liabilites)			9,726,562		1,083,058
Total assets plus current liabilities			38,873,233		32,140,043
Creditors: amounts falling due after more than one year	13		(19,928,762)		(22,998,527)
Provisions for liabilities and charges	15		(1,006,819)		(788,958)
Net assets			17,937,652		8,352,558
Capital and reserves					
Called up share capital	16		6,147,297		3,153,997
Share premium account	17		11,010,400		4,520,675
Profit and loss account	17		791,360		685,049
Minority interests			(11,405)		(7,163)
Equity shareholders' funds	18		17,937,652		8,352,558

These financial statements were approved by the Board of Directors on 20 May 2009

Signed on behalf of the Board of Directors

Emma Howard Boyd
Director

John Harrison
Director

Company balance sheet

At 31 December 2008

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Investments	10		6,610,140		6,822,278
Current assets					
Debtors	11	10,001,494		10,179,879	
Investments		70,000		70,000	
Cash at bank and in hand		7,385,325		849,745	
		17,456,819		11,099,624	
Creditors: amounts falling due within one year	12	(2,552,661)		(2,756,322)	
Net current assets			14,904,158		8,343,302
Total assets plus current liabilities			21,514,298		15,165,580
Creditors: amounts falling due after more than one year	13		(5,353,828)		(7,558,578)
Provisions for liabilities and charges			27,907		29,900
Net assets			16,188,377		7,636,902
Capital and reserves					
Called up share capital	16		6,147,297		3,153,997
Share premium account	17		11,010,400		4,520,675
Profit and loss account	17		(969,320)		(37,770)
Equity shareholders' funds			16,188,377		7,636,902

These financial statements were approved by the Board of Directors on 20 May 2009

Signed on behalf of the Board of Directors

Emma Howard Boyd
Director

John Harrison
Director

Consolidated cash flow statement

Year ended 31 December 2008

	Note	2008		2007	
		£	£	£	£
Net cash inflow from operating activities	19		4,037,349		3,090,958
Returns on investments and servicing of finance					
Interest received		222,686		63,003	
Interest paid		(1,625,726)		(1,571,818)	
Net cash outflow from returns on investments and servicing of finance			(1,403,040)		(1,508,815)
Taxation					
Corporation tax paid			(8,201)		(88,015)
Capital expenditure and financial investment					
New share capital		9,877,890		75,000	
Share issue costs		(394,865)		(95,423)	
Bank loans		-		3,750,000	
Other loans		-		1,000,000	
Minority investment				-	
Decrease in current asset investment		-		151,500	
Purchase of tangible and intangible fixed assets		(26,262)		(148,597)	
Net cash inflow/(outflow) from capital expenditure and financial investment			9,456,763		4,732,480
Acquisitions and disposals					
Investment in Marine Current Turbines Ltd		(202,972)		(300,000)	
Investment in Connective Energy Ltd		(87,500)		(162,500)	
Net cash outflow from acquisitions and disposals			(290,472)		(462,500)
Net cash inflow before use of liquid resources and financing			11,792,399		5,764,108
Equity Dividends Paid		(126,121)		(320,425)	
Financing					
Repayment of borrowings		(3,000,128)		(1,482,586)	
Net cash outflow from financing			(3,126,249)		(1,803,011)
			8,666,150		3,961,097

Increase/(Decrease) in cash in the year	21	8,666,150	1,169,989
(Increase)/Decrease in bank overdraft in year	21	-	2,791,108
Net movement in cash and cash equivalents		8,666,150	3,961,097

Notes to the accounts

Year ended 31 December 2008

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 2008. 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 and buildings	4% per annum

Assets under course of construction are not depreciated.

Intangible fixed assets and 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 and 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 UK.

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

	2008	2007
Operating profit is after charging:	£	£
Auditors' remuneration:		
- audit services	15,000	12,000
- other services including taxation	11,303	1,190
Depreciation and amortisation	1,724,438	1,734,263
Other operating leases	134,011	124,411

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008	2007
The emoluments of Directors of the Company were:	£	£
Directors' emoluments	16,000	16,000

No pension emoluments were paid on behalf of Directors.		
Co-worker costs were as follows:		
Wages and salaries	43,288	24,564
Social security costs	4,904	2,620
Other pension costs	4,283	-
	52,475	27,184

During 2008 the average number of co-workers employed in management positions was 1 (2007: 1).

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
On overdrafts	-	160,859
Loans repayable up to 13 years	1,625,726	1,410,959
	1,625,726	1,571,818

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
a. Analysis of charge in period		
Current tax:		
Corporation tax charge on profits in the period	72,668	932
Adjustment in respect of previous years	-	6,508
	72,668	7,440
Deferred taxation		
Origination and reversal of timing differences	323,191	43,888
Effect of decreased tax rate on opening liability	(53,275)	-
Increase in discount	(52,055)	(23,008)
	217,861	20,880
Total tax charge	290,529	28,320
b. Factors affecting tax charge for the period		
Profit on ordinary activities before tax	518,758	122,235
Profit on ordinary activities at stand rate of corporation tax		
In the UK of 28% (2007:30%)	145,252	36,670
Effects of:		
Expenses not deductible for tax purposes	14,976	103,094
Capital allowances in excess of depreciation	36,262	(432,267)
Utilisation of tax losses	(121,130)	293,918
Lower rate of tax charge in subsidiaries	(2,692)	(483)
Adjustments to tax charge in respect of previous periods	-	6,508
	72,668	7,440

7 DIVIDENDS

	2008 £	2007 £
Final dividend paid per ordinary share	126,160	250,320
Final dividend paid per 'A' ordinary share	-	27,813
	126,160	278,133

Note 26 explains dividends in respect of the 2008 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 £931,550 (2007: £607,102 loss).

9 FIXED ASSETS

	Group Tangible Fixed Assets		
	Land and Buildings	Plant and Machinery	Total
	£	£	£
Cost			
At 1 January 2008	325,000	19,137,647	19,462,647
Additions	-	4,500	4,500
At 31 December 2008	325,000	19,142,147	19,467,147
Accumulated depreciation			
At 1 January 2008	116,536	2,567,241	2,683,777
Charge in year	16,152	978,389	994,541
At 31 December 2008	132,688	3,545,630	3,678,318
Net book value			
At 31 December 2008	192,312	15,596,517	15,788,829
At 31 December 2007	208,464	16,570,406	16,778,870

	Group Intangible Fixed Assets			
	Goodwill	Development Costs	Power Purchase Agreement	Total
	£	£	£	£
Cost				
At 1 January 2008	14,317,960	161,680	279,975	14,759,615
Additions	-	21,762	-	21,762
At 31 December 2008	14,317,960	183,442	279,975	14,781,377
Accumulated depreciation				
At 1 January 2008	938,889	-	48,861	987,750
Charge in year	715,898	-	13,999	729,897
At 31 December 2008	1,654,787	-	62,860	1,717,647
Net book value				
At 31 December 2008	12,663,173	183,442	217,115	13,063,730
At 31 December 2007	13,379,071	161,680	231,114	13,771,865

10 INVESTMENTS

	Group	Company
	£	£
Investments in subsidiary undertakings at cost:		
Balance brought forward	-	6,316,028
New in year	-	-
	-	6,316,028
Other investments:		
Balance brought forward	506,250	506,250
New in year	290,472	290,472
Amounts written off investments	(335,311)	(335,311)
Share of associated Company loss	(167,299)	(167,299)
	294,112	294,112
Balance as at 31 December 2008	294,112	6,610,140

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

The Company owns 60% (2007 - 33%) of the issued ordinary shares of Connective Energy Limited, a Company incorporated in England. The principal activity of Connective Energy Limited is energy supply. Due to Connective Energy Limited acquiring shares from a shareholder this has increased the Company's shareholding from 33% to 60% . This increase in shareholding is temporary and its holding will shortly be diluted to 40%. For this reason Connective Energy Limited results (31 March 2008 loss £468,798 (31 March 2007 loss £1,165,510) Net Assets 31 March 2008 £100 (31 March 2007 £100)) have not been consolidated within these accounts.

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

The Company owns 1.63% of the issued ordinary shares of Marine Current Turbines Limited, a Company incorporated in England. The principal activity of Marine Current Turbines Limited is energy supply.

11 DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	347,988	733,951	-	-
Amounts owed by Group undertakings	-	-	9,604,848	10,141,704
Other debtors	-	11,011	64,040	11,011
Prepayments and accrued income	1,721,245	990,027	332,606	27,164
	2,069,233	1,734,989	10,001,494	10,179,879

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank overdrafts	-	-	-	-
Bank loans	1,069,766	1,000,129	204,750	191,422
Trade creditors	515,297	48,201	18,140	3,490
Other creditors	34,121	32,614	34,784	34,785
Taxation and social security	287,008	222,878	1,509-	7,963
Accruals and deferred income	998,000	1,243,519	615,439	1,049,306
Amounts owed to Group undertakings	-	-	1,670,320	1,461,676
Dividends payable	7,719	7,680	7,719	7,680
	2,911,911	2,555,021	2,552,661	2,756,322

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	15,928,762	18,998,527	1,353,828	3,558,578
Other loans	4,000,000	4,000,000	4,000,000	4,000,000
	19,928,762	22,998,527	5,353,828	7,558,578

14 BORROWINGS

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Bank loans and overdrafts				
Amounts payable:				
- due within one year	1,069,766	1,000,129	204,750	191,422
- due after more than one year	15,928,762	18,998,527	1,353,828	3,558,578
	16,998,528	19,998,656	1,558,578	3,750,000
Other loans				
Amounts payable:				
- due within one year	-	-	-	-
- due after more than one year	4,000,000	4,000,000	4,000,000	4,000,000
	4,000,000	4,000,000	4,000,000	4,000,000
Analysis of loan repayments				
Bank loans and overdrafts				
- within one year	1,069,766	1,000,129	204,750	191,422
- within one to two years	1,144,252	1,069,766	219,007	204,750
- within two to five years	3,756,300	5,677,299	575,774	2,703,828
- after five years	11,028,210	12,251,462	559,047	650,000
	16,998,528	19,998,656	1,558,578	3,750,000
Analysis of loan repayments				
Other loans				
- within one year	-	-	-	-
- within one to two years	-	-	-	-
- within two to five years	4,000,000	4,000,000	4,000,000	4,000,000
- after five years	-	-	-	-
	4,000,000	4,000,000	4,000,000	4,000,000

At 31 December 2008 Bank loans comprise £16,998,528 all of which bear interest at a fixed rate of 6.75% for the term of the loans. Of the total bank loans of £16,998,528, £15,439,950 is repayable in monthly instalments over 12 years, £908,578 is repayable in monthly instalments over four years and £650,000 is interest only for four years and then repayable in monthly instalments over a further six years. 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 2008 was £20,998,528 (2007: £23,998,656).

15 PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 January 2008 £	Charged to profit and loss account £	At 31 December 2008 £
Group			
Deferred taxation	788,958	217,861	1,006,819
Total	788,958	217,861	1,006,819

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

	Provided	
	2008	2007
	£	£
Accelerated capital allowances	1,922,431	1,175,865
Tax losses carried forward	(676,583)	(199,933)
Discount	(239,029)	(186,974)
	1,006,819	788,958

16 CALLED UP SHARE CAPITAL

	2008 and 2007	
	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
	2008	**2007**
Called up, allotted and fully paid		
Ordinary shares of £0.50 each in issue	12,294,590	6,307,990
'A' ordinary share of £2 each in issue	1	1
Ordinary shares of £0.50 each fully paid	£6,147,295	£3,153,995
'A' ordinary share of £2 each fully paid	£2	£2
	£6,147,297	£3,153,997

During the year 5,986,600 Ordinary shares of £0.50 each were issued at a premium of £1.15

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 2008	4,520,675	685,049
Addition during year	6,884,590	-
Utilised during year	(394,865)	-
Retained profit/(loss) for the year	-	106,311
At 31 December 2008	11,010,400	791,360
Company	£	£
At 1 January 2008	4,520,675	(37,770)
Addition during year	6,884,590	-
Utilised during year	(394,865)	-
Retained profit/(loss) for the year	-	(931,550)
At 31 December 2008	11,010,400	(969,320)

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
Group	£	£
Retained profit/(loss) for the financial year	106,311	(179,558)
Minority interests	(4,242)	(4,660)
New share capital subscribed (net of issue costs)	9,483,025	(20,423)
Net distributions to shareholders' funds	9,585,094	(204,641)
Opening shareholders' funds	8,352,558	8,557,199
Closing shareholders' funds	17,937,652	8,352,558
Company	£	£
Retained profit/(loss) for the financial year	(931,550)	(607,102)
New share capital subscribed (net of issue costs)	9,483,025	(20,423)
Net additions to shareholders' funds	8,551,475	(627,525)
Opening shareholders' funds	7,636,902	8,264,427
Closing shareholders' funds	16,188,377	7,636,902

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH

Inflow from operating activities	2008	2007
	£	£
Operating profit	2,424,408	1,726,509
(Increase)/Decrease in debtors	(334,244)	(198,156)
Increase/(Decrease) in creditors	222,747	(171,658)
Depreciation & amortisation	1,724,438	1,734,263
Net cash inflow from operating activities	4,037,349	3,090,958

20 ANALYSIS OF NET FUNDS

	At 1 January 2008	Cash flow	Non-cash changes	At 31 December 2008
	£	£	£	£
Cash at bank and in hand	1,833,090	8,666,150	-	10,499,240
Overdrafts	-	-	-	-
Bank loans falling due within one year	(1,000,129)	(69,637)	-	(1,069,766)
Bank & other loans falling due after more than one year	(22,998,527)	3,069,765	-	(19,928,762)
Current asset investments	70,000	-	-	70,000
	(22,095,566)	11,666,278	-	(10,429,288)

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008
	£
Increase in cash at bank in the year	8,666,150
Decrease in overdrafts in the year	-
Cash outflow from decrease in debt	3,000,128
Decrease in current asset investments	-
Change in net debt resulting from cash flows	11,666,278
Movement in net debt in the year	11,666,278
Net funds/(debt) at 1 January 2008	(22,095,566)
Net funds at 31 **December** 2008	(10,429,288)

22 CAPITAL COMMITMENTS

	2008	2007
	£	£
At 31 December 2008, the Group was committed to the following capital expenditure:	-	87,500

23 OPERATING LEASE COMMITMENTS

At 31 December 2008, the Group was committed to making the following payments during the next year in respect of operating leases:

	2008	2007
	£	£
Van leases which expire in three years	5,181	5,916
Property leases which expire in over five years	63,018	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 £329,051 for this service (2007 £315,000). This amount is included in creditors at the year end.

25 ADMINISTRATIVE EXPENSES

Administrative expenses comprised:

	2008	2007
	£	£
Fund management & administration	329,051	315,000
Operating management	1,832	2,750
Directors' remuneration	16,000	16,000
Co-worker costs	52,475	27,184
Rates	179,932	158,462
Insurance	80,367	98,750
Legal & professional costs	79,009	20,193
Development provision	-	132,000
Audit & Accountancy	26,303	13,190
Finance fees	(1,178)	85,455
Bank charges	10,498	5,550
Sponsorship	-	3,000
Project costs	6,150	4,500
Software costs	726	16,505
AGM costs	8,140	11,901
Sundry, vehicle & reimbursed expenses	24,513	13,252
	813,818	923,692

26 POST BALANCE SHEET EVENTS

On 31 March 2009, the Directors declared a dividend of 2 pence per Ordinary Share in respect of the Company's 2008 earnings. The cost of this dividend is £245,892 (2007: £126,160).

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, based on operating performance and prevailing market electricity pricing 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. As at 31 December 2008, £104,842 of Loan Notes remained outstanding and are due for repayment on 24 May 2009.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.

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.

Notes

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Printed to the most stringent environmental systems using waterless offset (0% water and 0% isopropyl alcohol or harmful substitutes), 100% renewable energy and vegetable oil based inks on paper with 100% recycled content.

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