



Press Release

24 March 2009

**Renewable Energy Generation Limited
("REG" or the "Group")
Interim Results for the six months to 31 December 2008**

SOLID DEVELOPMENT PROVIDING CONFIDENCE FOR THE FULL YEAR

Renewable Energy Generation Limited (AIM: RWE), the international renewable energy group, today announces its interim results for the six months ended 31 December 2008.

Financial Highlights

- Group revenue of £4.7 million (H1 2008: £1.2 million)
- Group trading loss of £2.1 million (H1 2008: £2.5 million)
- Capital expenditure of £28.0 million (H1 2008: £30.0 million)
- Proposal to pay dividend of 0.5p per Ordinary Share (H1 2008: 1p)
- Proposed resolution to shareholders to allow repurchase of up to 25% of Company's issued share capital

Operational Highlights

- 11 operating wind farms totaling 61MW
- Bentwaters vegetable oil plant generated 3,000MWh
- £20 million group general revolving credit facility agreed with HBOS
- Two new 1.8MW projects at Whittlesey and Ramsay in the UK now operational
- Planning permission gained for Goonhilly repower and construction of a new wind farm at Loscar in Yorkshire
- 300MW pipeline of UK development projects
- 40MW Canadian SOP* wind projects on line
- In the final zoning and permitting stage of three 9.9MW Harrow Projects in Canada
- Accelerated development of larger projects in Canada to exploit favourable new "feed-in" tariffs

*Standard Offer Programme

Andrew Whalley, Chief Executive Officer of REG, commented:

"Since the end of 2008, the operating environment for all three of our businesses has improved significantly. We have a robust pipeline of good wind projects, are optimistic about the benefits that the Canadian Green Energy Act will bring to our smaller project proposition and certain to see strong potential from our vegetable oil plant. We believe we are well placed to deliver several new renewable energy projects over the next twelve months."

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

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Enquiries:

Renewable Energy Generation Limited +44 (0)14 8340 0444
Andrew Whalley, Chief Executive Officer
David Crockford, Finance Director

Numis Securities Limited +44 (0)20 7260 1000
Nominated Advisor: Simon Blank
Corporate Broking: David Poutney / Charles Farquhar

Hogarth Partnership +44 (0)20 7357 9477
Julian Walker, Vicky Watkins

Notes to Editors:

Renewable Energy Generation Ltd (REG) is an international renewable energy group. The Group's main business is the development, construction and operation of wind farms in the UK and Canada. It also generates power from refined used cooking oil in the UK.

- The Cornwall Light & Power Co. Ltd: based in Cornwall, UK, it currently operates seven wind projects in Cornwall, County Durham, Cumbria and Gwynedd, with a total capacity of 21.3MW and has a development pipeline of around 300MW.
- AIM PowerGen Corporation: based in Toronto, Canada, AIM PowerGen Corporation is one of Canada's largest independent wind developers and has a pipeline of over 5,000MW of potential wind projects across seven provinces.
- REG Bio-Power UK Ltd: based in Norfolk, UK: it operates electricity generation plant fuelled by vegetable oil

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

www.renewableenergygeneration.co.uk

Renewable Energy Generation Limited
(“REG” or the “Group”)
Interim Results for the six months to 31 December 2008

Introduction

Over the six month period the Group's turnover rose from £1.25m for the same period last year to £4.65m as our first four Standard Offer Programme (SOP) wind projects came on line in Canada, and our two 1.8MW projects at Whittlesey and Ramsay entered service in the UK. Gross profit increased from £0.57m for the same period last year to £1.67m and Group trading loss reduced from £2.55m to £2.14m.

Underlying trading excludes the effect of exceptional items. The largest exceptional item relates to the Company's interest rate swap in Canada and is a non cash item. This swap fixes the interest rate on our 20 year loan. Accounting standards require the swap to be marked to market with the result that the Company shows an unrealised gain or loss depending on underlying Canadian base rates. The movements in interest rates over the period have resulted in a non-cash accounting charge of approximately £ 4.5m. The value of this swap will move up and down with prevailing Canadian interest rates and has no economic impact on REG. Over the life of the loan the swap will amortise so that this accounting adjustment will unwind as the underlying loan is repaid.

Review of Operations

Canada

Anticipating the re-structuring of the Ontario renewable energy regime which was announced in recent weeks, we accelerated the preparation of our larger projects in the Province. Although the resulting increase in development expenditure in the period impacted our first half profitability, we expect it to facilitate the early exploitation of the proposed new “feed-in” tariffs in mid-2009.

The other exceptional items arise from our forfeiture of a turbine deposit to GE in respect of 12 GE 1.5MW turbines which we ordered for two new Canadian SOP projects last year, when global shortages in the wind turbine market threatened our development programme. Liquidity risks arising from the sudden collapse of credit markets at the end of 2008 led us to cancel half of the turbines ordered and forfeit the associated £2.85m deposit. This enabled us to release cash earmarked for these projects and, in the process, realise a £1.9m one-off currency gain. It remains the Company's intention to build these SOP projects and we are encouraged by falling turbine prices and shorter delivery times. The introduction of the new feed-in tariffs for the SOPs is also expected to mitigate the economic impact of our decision to postpone these projects.

Zoning and permitting the three Harrow SOP projects is progressing satisfactorily and is expected to be completed by June 2009.

We now have fifteen projects scheduled for construction over the next few years, in a programme reflecting the enhancement of expected returns arising from the Ontario government's strong new commitment to renewable energy in the form of The Green Energy Act. This draft legislation proposes a new feed in tariff both at distribution and transmission level with tariffs increasing from 11c Cdn, under the old Standard Offer Programme, to 13.5c Cdn for onshore wind projects and 19c Cdn for offshore wind. The new feed-in tariffs may result in our larger wind projects moving to construction more quickly than anticipated in our Business Plan.

UK

In the UK, we have gained planning permission this year for the repowering of our existing wind farm at Goonhilly which will increase its capacity to around 15MW and also for the construction of a new wind farm at Loscar in Yorkshire. When complete, these projects are expected to increase our operating plant in the UK by around 15MW to a total of approximately 35MW.

Over the last six months, the UK has seen a material increase in turbine pricing together with a fall in power market prices. We concur with industry opinion that these conditions are temporary and we continue to regard the UK's wind market as particularly attractive. Several of our other UK projects are scheduled for planning determination over the next few months including Cheverton on the Isle of Wight, South Sharpley in County Durham and Pentre Tump in Wales. Our pipeline of development projects in the UK now stands at over 300MW.

UK Cooking-Oil-to-Power

Our Used Cooking Oil (UCO) business has made sound progress over recent months. Following a rigorous programme of emissions and other tests during 2008, we expect that our first vegetable oil powered project at Bentwaters in Suffolk will be operating on non-food-grade vegetable oils this year having been using more expensive soy oil throughout the winter, pending Environment Agency approvals for those oils and UCO. The Bentwaters plant has achieved very high plant reliability since entering service last autumn. Although during this demonstration phase the UCO business has only achieved financial break-even, the introduction of ROC banding in April is expected to make the Bentwaters plant profitable and in addition we are working on a further 25 potential projects with the aim of making UCO-fuelled Combined Heat and Power plants a commercial reality in the UK.

Buy back, dividends and outlook

The global financial crisis has had a disproportionate impact on the stock prices of many small companies in recent months. In REG's case, the share price has recently fallen substantially below its net asset value, despite strengthening fundamentals underpinning the prospects in all of its businesses. Your Board understands that the maintenance of a dividend is important to some shareholders. However, the Board is also conscious that the Company's shares trade at a significant discount to their intrinsic value and that it must carefully consider the best way to maximise the returns available from our capital. Accordingly, the Company proposes to pay a reduced interim dividend of 0.5 pence per share and seek shareholder approval as soon as possible at an EGM to amend the Company's Articles of Association in order to permit it to purchase and cancel up to 25% of its issued share capital.

We consider these proposals to be justified by the prevailing combination of positive prospects for the business and the opportunity to purchase our own equity at a substantial discount to its intrinsic value.

Whilst the last three months of 2008 were very challenging for the Company, the environment has improved significantly during 2009. Our balance sheet remains healthy and whilst the outlook will inevitably remain uncertain, we are confident that the Company has good growth opportunities and has the right people to exploit these opportunities.

Unaudited interim consolidated income statement

For the six months to 31 December 2008

	Six months to 31 December 2008	Six months to 31 December 2007	Year to 30 June 2008
	£'000	£'000	£'000
	(un-audited)	(un-audited)	(audited)
Revenue	4,650	1,245	3,564
Cost of Sales	(2,981)	(672)	(1,769)
Gross profit	1,669	573	1,795
Administrative expense	(1,949)	(1,896)	(3,864)
Development costs	(1,864)	(1,232)	(2,150)
Group trading loss	(2,144)	(2,555)	(4,219)
Other operating income	13	30	111
Realised foreign exchange gains	1,929	-	-
Exceptional loss on cancellation of turbines	(2,867)	-	-
Share of results of associate	-	(1)	(48)
Group operating loss	(3,069)	(2,526)	(4,156)
Finance revenue	69	742	893
Finance costs	(373)	-	(90)
Unrealised loss on interest rate SWAP	(4,531)	-	(599)
Loss before tax	(7,904)	(1,784)	(3,952)
Tax	(8)	146	375
Loss after tax	(7,912)	(1,638)	(3,577)
Discontinued operations			
Profit/(loss) from discontinued operations	-	1,100	(508)
Loss for the period	(7,912)	(538)	(4,085)

Earnings per share for profit attributable to the equity holders of the Company during the period

- basic and diluted	(7.67p)	(0.52p)	(3.96p)
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Unaudited interim consolidated balance sheet

As at 31 December 2008

	31 December 2008	31 December 2007	30 June 2008
	£'000	£'000	£'000
	(un-audited)	(un-audited)	(audited)
ASSETS			
Non-current assets			
Goodwill	4,890	3,010	4,813
Intangibles	23,763	23,577	20,888
Development assets	3,896	3,946	3,921
Property, plant and equipment	110,750	64,724	80,659
Interests in associate	-	273	-
	143,299	95,530	110,281
Current Assets			
Inventories	105	-	116
Trade and other receivables	9,416	3,598	4,298
Intangibles	907	777	317
Cash and cash equivalents	5,216	12,287	16,453
	15,644	16,662	21,184
Total assets	158,943	112,192	131,465
EQUITY			
Share capital	10,325	10,310	10,310
Share premium	79,708	79,646	79,646
Special reserve	10,000	10,000	10,000
Fair value and other reserves	9,958	5,880	4,010
Share based payment reserve	1,008	800	994
Retained earnings	(23,357)	(7,770)	(12,352)
Equity attributable to the equity holders of the parent	87,642	98,866	92,608
Minority interests	-	(4)	-
Total equity	87,642	98,862	92,608
LIABILITIES			
Non-current liabilities			
Financial liabilities	45,632	-	16,915
Deferred tax liabilities	6,442	5,816	5,798
	52,074	5,816	22,713
Current liabilities			
Trade and other payables	4,709	7,514	6,245
Financial liabilities	14,518	-	9,899
	19,227	7,514	16,144
Total liabilities	71,301	13,330	38,857
Total equity and liabilities	158,943	112,192	131,465

Unaudited interim consolidated cash flow statement

For the six months to 31 December 2008

	Six months to 31 December 2008 £'000 (un-audited)	Six months to 31 December 2007 £'000 (un-audited)	Year to 30 June 2008 £'000 (audited)
Cash flows from operating activities			
Cash generated/(used) in operations	(9,330)	17,532	(4,584)
Net cash generated/(used) in operations	(9,330)	17,532	(4,584)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	-	(2,976)	(1,428)
Purchase of property, plant and equipment	(28,181)	(30,794)	(44,816)
Proceeds from sale of investments	-	10,000	10,000
Interest received	69	742	893
Movement in restricted cash accounts	(1,452)	-	13,835
Net cash used in investing activities	(29,564)	(23,028)	(21,516)
Cash flows from financing activities			
New borrowings	32,163	-	26,217
Interest paid	(748)	-	(90)
Repayment of borrowings	(301)	-	-
Dividends paid to Company's shareholders	(3,093)	(3,093)	(4,124)
Net cash (used)/generated from financing activities	28,021	(3,093)	22,003
Net decrease in cash and cash equivalents	(10,873)	(8,589)	(4,097)
Cash at beginning of period	16,453	20,751	20,751
Exchange gains/(losses)	(364)	125	(201)
Cash at end of period	5,216	12,287	16,453

Unaudited interim consolidated statement of changes in equity

For the six months to 31 December 2008

	Share capital	Share premium account	Special reserve	Fair value and other reserves	Share based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2008	10,310	79,646	10,000	4,010	994	(12,352)	92,608
Foreign currency translation	-	-	-	5,948	-	-	5,948
Net Income and expense for the year recognised in equity	-	-	-	5,948	-	-	5,948
Loss for the year	-	-	-	-	-	(7,912)	(7,912)
Total income and expense for the year	-	-	-	5,948	-	(7,912)	(1,964)
Issue of share capital	15	62	-	-	-	-	77
Share based payments	-	-	-	-	14	-	14
Dividend	-	-	-	-	-	(3,093)	(3,093)
At 31 December 2008	10,325	79,708	10,000	9,958	1,008	(23,357)	87,642

Notes to the un-audited consolidated financial statements

1. Statement of compliance

These un-audited interim consolidated financial statements of the Group are for the six months ended 31 December 2008. They are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and applicable Guernsey law.

These un-audited interim consolidated financial statements should be read in conjunction with the Annual Report and Accounts for the period ended 30 June 2008 which contain an unqualified audit report. The accounting policies have been applied on a consistent basis with those applied in 2008.

2. Dividends

	Six months to 31 December 2008 £'000 (un-audited)	Six months to 31 December 2007 £'000 (un-audited)	Year to 30 June 2008 £'000 (audited)
Declared and paid during the period			
Equity dividends on ordinary shares:			
Second interim dividend declared and paid - 3 p	3,093	3,093	3,093
First interim dividend declared and paid - 1 p	-	-	1,031
	3,093	3,093	4,124
Proposed but not recognised as a liability at 31 December 2008			
Equity dividends on ordinary shares:			
First interim dividend declared and paid – 0.5p	516		

The dividend will be paid on 14 May 2009 to members on the register on 3 April 2009. Shares will be marked ex-dividend on 1 April 2009.