RENEWABLE ENERGY GENERATION

INTERIM RESULTS for the six months to 31 December 2007

Operational Highlights

- Strong revenue growth from UK wind energy assets; five operating UK sites generated 12,800MWh
- New power purchase agreement with Smartest Energy Ltd to March 2009 for UK wind portfolio
- Construction of 40MW in Canada nearing completion; on track for commissioning during the first quarter of 2008
- Turbines secured for Whittlesey and Ramsey wind projects in the UK
- New Bentwaters used cooking oil project nearing commissioning
- Recycled capital through the sale of Polish Tymien wind projects for £10 million
- £30 million credit facility secured with HBOS
- Purchase of REG's management company for £1.6 million
- Appointment of David Crockford as Finance Director

Financial Highlights

- Group revenue of £1.25 million (H1 2007: £0.5 million)
- Net loss narrowed to £0.5 million (H1 2007: £1.2 million)
- Capital expenditure of £30.0 million (H1 2007: £19.5 million)
- Proposed dividend of 1p per Ordinary Share (H1 2007: 1p)

REG is principally a developer, owner and operator of wind energy projects. In the six months to 31 December 2007, the Group made good progress in the UK and Canada – its two principal countries of operation and prime markets for renewable energy generation. Together, the two markets provide the complementary characteristics of strong profitability in the UK from sites with good wind exposure and favourable incentive schemes and in Canada, a more sympathetic planning system and access to long-term Power Purchase Agreements ("PPAs"), which are well suited to long-term debt financing. By focusing on the entire value chain from the acquisition of sites through to the development and operation of assets (as opposed to acquiring assets already in operation), REG believes that it can generate superior returns for shareholders.

In the UK, REG develops small projects, typically of up to 10MW in size, and has five operating wind farms totalling 17.7MW of capacity. It also owns a portfolio totalling over 200MW at various stages of development. In Canada, REG is one of the largest wind developers with 70MW of wind projects under construction and a development portfolio of around 4,000MW.

The Group's investment in utilising used cooking oil to fuel diesel generators, as a means of diversifying the revenue stream and enhancing the earnings profile, is progressing well and we anticipate significant expansion of our activities in this sector going forward.

UK

During the first half year, REG's UK business benefited from continued high energy prices, good production from its established wind farms, the timely commissioning of its most recent project and good progress with the development of the next tranche of its sites.

The Group now operates 17.7MW of capacity at five wind farms – Goonhilly Downs and Roskrow Barton in Cornwall, High Sharpley in County Durham, High Pow in Cumbria and Braich Ddu in Gwynedd. Wind farms totalling a further 25MW of production capacity are in late-stage development at several sites in County Durham, Cambridgeshire, Yorkshire, Powys and Lincolnshire and the Group is progressing a further pipeline of over 200MW.

The two 850kW turbines erected at Roskrow Barton, our second site in Cornwall, are now operational. Construction of this wind farm was completed in just four months, on budget and on schedule. With good exposure to wind and short (and therefore, inexpensive) electrical connections, Roskrow Barton represents a typical example of the 24 development projects acquired from nPower under the 'Wind Works' acquisition in September 2005.

During the first half year, REG submitted a number of planning applications for site development. Among them was the proposed re-powering of the existing farm at Goonhilly in Cornwall, the UK's most southerly wind farm. Application was made after a successful consultation with the local community, and the intention is to increase the current capacity from 5.6MW to 15MW - providing enough energy to supply over 7,000 homes.

In Cambridgeshire, two 1.8MW Vestas V90 turbines have been ordered for projects at Whittlesey and Ramsey. The machines are expected to be delivered to site in Summer 2008 and are expected to be operational in Autumn 2008.

All of the Group's operational UK wind projects now operate under a new PPA with Smartest Energy Ltd, part of the Marubeni Group of Japan. Extending to Spring 2009, the PPA reflects market expectations for continued high prices for wholesale electricity. We expect our projects to earn a total of more than £100 per MWh, peaking in the high output winter months. In accordance with the Group's demonstrably successful strategy, Renewable Obligation Certificates generated will continue to be sold separately from physical power on an opportunistic basis to take advantage of best pricing.

UK Cooking-Oil-to-Power

The Group's first 400kW used cooking oil power plant at Hockwold in Norfolk is running continually, with impressive fuel efficiency. Development of the new large 12 unit, 6MW facility at Bentwaters in Suffolk is progressing to plan, with the first generators already installed. All commissioning and testing is planned to be completed during March 2008. We are consolidating our early-mover advantage in this sector, which enjoys strong Government policy support and offers rapid investment pay-back.

A five-year initiative established with Norfolk County Council in December 2007 to site waste oil collection bins across the county is an example of the diversity we are pursuing in our fuel supply arrangements.

Canada

REG's Canadian business has also made good progress during the half year, developing existing projects and targeting future growth opportunities.

The Canadian Standard Offer Programme ("SOP") awards 20-year, partially index-linked power purchase agreements with Ontario Hydro, the provincial utility, to developers able to satisfy rigorous build and interconnect criteria. This initiative is designed to stimulate the construction of small – 10MW or under – wind energy projects connecting to the local distribution grid at low voltage. Hence it is similar in nature to our UK projects which benefit from the relative simplicity of connection to the local, rather than the national, grid.

Construction of the Group's first four SOP projects at Clear Creek, Cultus, Frogmore and Mohawk, totalling 40MW of capacity, is nearly complete. These projects are on track to commence operation in the first quarter of 2008. It is our strategy to refinance our Canadian assets with long term debt once built. Refinancing negotiations are taking place with leading commercial banks and this process is expected to be concluded before the Group's year end in June 2008. With interest rates currently favourable in Canada, equity returns are likely to be at or above the Board's original expectations.

Construction of three further 10MW SOP projects is scheduled to start in the third quarter of 2008, with subsequent commissioning scheduled for the first half of 2009. Turbines have already been secured for these projects.

Provincial utilities generally procure power in Canada using the Request for Proposals ("RFPs" mechanism. These RFPs are typically used for very large projects of around 100MW in size, and the Group has been shortlisted on one such project into the Manitoba RFP in an arrangement with The General Electric Company. An announcement of the winning bids is expected in the first quarter of 2008.

The Group has started work on bid submissions into the Ontario RFP totalling 500MW and proposals are required to be submitted to the provincial utility before 31 March 2008. As the most prominent wind developer in Ontario, REG is likely to bid multiple projects into this RFP. Announcement of the winning bids is likely in the third quarter of this year.

The Board

David Crockford was appointed to the Board as Finance Director with effect from 4 December 2007. David began his career as a Chartered Accountant with Deloitte where he gained 10 years of experience in private and public sector business. Following this, David moved overseas to work in the international petroleum sector where he was based in the UK and South America. Prior to his appointment at REG, David was Chief Financial Officer of Duchy Originals Limited, the organic food company founded by HRH The Prince of Wales.

Other than the directorships disclosed above, the Group confirms there is no further information required to be disclosed under Schedule 2(g) of the AIM Rules for Companies.

Financial Results

Group revenue increased by 148% to £1.25 million (H1 2007: £0.5 million), with the Group's five operational wind farms generating 12,800MWh in the six month period.

Loss after tax narrowed to £0.5 million (H1 2007: £1.2 million) as more development projects became operational.

Following the Group's acquisition of REG Power Management ("RPM"), its management company, for £1.6 million in cash, announced on 4 December 2007, all management arrangements between REG and RPM have now ceased with the Group's financial investment management segment now reported as a discontinued operation. The cessation of management and finders' fee payments to RPM should result in material cash savings to REG by de-coupling administration costs from the expected strong growth in installed power generating capacity.

A profit of £1.4 million was recognised from the sale of our investment in the Polish Tymien wind project for a cash consideration of £10 million. REG no longer has any activity or interests in Central Europe.

Investment in the Group's used cooking oil business was £1.8 million in the period, through acquisitions and capital expenditure on our 6MW project at Bentwaters.

Capital expenditure on wind projects in the period totalled £30 million, with £26 million being spent on the first four Canadian SOP wind farms, and the balance of £4 million being allocated for the continuing build-out of the UK pipeline, including Roskrow Barton.

During October 2007, REG secured a £30 million revolving credit facility with the Bank of Scotland allowing the Group to continue its strategy of on balance sheet financing of its wind projects in the UK and Canada.

The Group moves into the second half of the financial year with a strong balance sheet showing £98.8 million of net assets and a portfolio of cash generative assets expected to exceed 60MW of generating capacity by the financial year end.

Dividend

In line with our existing dividend policy, the Directors propose the payment of an interim dividend of 1p per Ordinary Share.

Outlook

To date the Group has placed turbine contracts for 13 projects and the majority have been negotiated for delivery within 12 months from the contract being awarded – a demonstration of the Group's continued operational flexibility and strategic use of capital to accelerate growth, and a testament to management's entrenched industry relationships.

In the past 12 months, REG has initiated construction on eight wind projects with a total capacity of 51.7MW. Once the final Canadian SOP project has been connected in the second quarter of 2008, the Board believes that REG will be generating significant EBITDA and will have multiple opportunities to build further capacity and refinance existing projects. Additionally, the new used cooking oil business is anticipated to build further generating capability, providing a cost effective solution to large corporates seeking to procure green energy.

The current period has been one of strong growth both in operating MWs and in projects under construction. The UK and Canadian wind markets are now expanding rapidly and the Board believes that the Group is well positioned to take advantage of the many opportunities it has for increasing shareholder value.

Unaudited interim consolidated income statement

For the six months to 31 December 2007

	Continuing operations	Dis-continued operations	Acquisitions	Six months to 31 December 2007	Six months to 31 December 2006	Year to 30 June 2007
	£	£	£	£	£	£
				(un-audited)	(un-audited)	(audited)
Revenue	1,218,024	-	26,487	1,244,511	502,222	1,443,003
Cost of Sales	(645,009)	(344,278)	(26,478)	(1,015,765)	(599,976)	(1,669,967)
Gross profit/ (loss)	**573,015**	**(344,278)**	**9**	**228,746**	**(97,754)**	**(226,964)**
Administrative expense	(1,880,857)	-	(15,585)	(1,896,442)	(1,125,440)	(2,165,491)
Development costs	(1,150,780)	-	(81,134)	(1,231,914)	(399,149)	(1,838,260)
Share of results of associate	-	-	(1,000)	(1,000)	-	-
Group trading loss	**(2,458,622)**	**(344,278)**	**(97,710)**	**(2,900,610)**	**(1,622,343)**	**(4,230,715)**
Profit on sale of investments	-	1,444,319	-	1,444,319	-	-
Other income	30,195	-	-	30,195	(47,485)	881,510
Group operating profit/(loss)	**(2,428,427)**	**1,100,041**	**(97,710)**	**(1,426,096)**	**(1,669,828)**	**(3,349,205)**
Finance revenue	740,653	-	965	741,618	492,018	1,629,229
Profit/(loss) before tax	**(1,687,774)**	**1,100,041**	**(96,745)**	**(684,478)**	**(1,177,810)**	**(1,719,976)**
Tax	145,820	-	-	145,820	45,439	394,228
Profit/(loss) after tax	**(1,541,954)**	**1,100,041**	**(96,745)**	**(538,658)**	**(1,132,371)**	**(1,325,748)**

For the six months to 31 December 2007

	Continuing operations	Dis-continued operations	Acquisitions	Six months to 31 December 2007	Six months to 31 December 2006	Year to 30 June 2007
	£	£	£	£	£	£
				(un-audited)	(un-audited)	(audited)
Attributable to:						
Equity holders of the Company	(1,541,954)	1,100,041	(92,711)	(534,624)	(1,132,371)	(1,325,748)
Minority Interest	-	-	(4,034)	(4,034)	-	-
	(1,541,954)	**1,100,041**	**(96,745)**	**(538,658)**	**(1,132,371)**	**(1,325,748)**

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

- basic	(0.52p)	(1.79p)	(1.60p)
- diluted	(0.52p)	(1.78p)	(1.58p)

As at 31 December 2007

	31 December 2007 £ (un-audited)	31 December 2006 £ (un-audited)	30 June 2007 £ (audited)
Non-current assets			
Property, plant and equipment	64,723,790	22,584,707	31,752,469
Goodwill	3,009,914	16,796,815	3,009,914
Intangibles	23,576,802	-	20,703,800
Development assets	3,945,644	4,697,414	3,963,434
Interests in associate	273,480	-	-
Investments at fair value through profit or loss	-	8,358,253	8,555,681
	95,529,630	52,437,189	67,985,298
Current Assets			
Inventories	-	11,782	-
Trade and other receivables	3,597,544	7,571,087	17,660,293
Intangibles	777,832	217,983	760,053
Cash and cash equivalents	12,286,709	43,819,359	20,751,234
	16,662,085	51,620,211	39,171,580
Total assets	**112,191,715**	**104,057,400**	**107,156,878**

As at 31 December 2007

	31 December 2007 £ (un-audited)	31 December 2006 £ (un-audited)	30 June 2007 £ (audited)
Current liabilities			
Trade and other payables	7,513,784	6,293,371	2,543,210
Tax payable	-	126,973	-
	7,513,784	6,420,344	2,543,210
Net current assets	**9,148,301**	**45,199,867**	**36,628,370**
Non-current liabilities			
Deferred tax liabilities	5,816,388	542,369	6,774,483
	5,816,388	542,369	6,774,483
Total liabilities	13,330,172	6,962,713	9,317,693
Net assets	**98,861,543**	**97,094,687**	**97,839,185**
EQUITY			
Share capital	10,310,101	10,310,101	10,310,101
Share premium	79,645,688	79,479,412	79,645,688
Special reserve	10,000,000	10,000,000	10,000,000
Fair value and other reserves	5,880,264	(104,829)	1,479,662
Share based payment reserve	800,092	328,529	546,648
Retained earnings	(7,770,568)	(2,918,526)	(4,142,914)
Equity attributable to the equity holders of the parent	**98,865,577**	**97,094,687**	**97,839,185**
Minority interests	(4,034)	-	-
Total equity	**98,861,543**	**97,094,687**	**97,839,185**
Net asset value (NAV) per share			
- basic	95.89p	94.17p	94.90p
- diluted	96.19p	92.23p	95.14p

Unaudited interim consolidated cash flow statement

For the six months to 31 December 2007

	Six months to 31 December 2007 £ (un-audited)	Six months to 31 December 2006 £ (un-audited)	Year to 30 June 2007 £ (audited)
Cash flows from operating activities			
Cash generated/(used) in operations	17,532,138	(2,295,112)	(17,835,565)
Net cash generated/(used) in operations	17,532,138	(2,295,112)	(17,835,565)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(2,975,668)	(9,545,790)	(9,557,237)
Purchase of property, plant and equipment	(30,793,861)	(18,989,196)	(28,547,782)
Development costs	-	(540,990)	-
Proceeds from sale of investments	10,000,000	4,858,886	4,794,858
Interest received	741,618	492,018	1,629,229
Net cash used in investing activities	(23,027,911)	(23,725,072)	(31,680,932)
Cash flows from financing activities			
Proceeds from issue of shares	-	45,788,952	45,788,952
Transaction costs from issue of shares	-	(2,705,596)	(2,740,564)
Dividends paid to Company's shareholders	(3,093,030)	(1,759,392)	(2,790,403)
Net cash (used)/generated from financing activities	(3,093,030)	41,323,964	40,257,985
Net (decrease)/increase in cash and cash equivalents	(8,588,803)	15,303,780	(9,258,512)
Cash at beginning of period	20,751,234	28,611,764	28,611,764
Exchange gains/(losses)	124,278	(96,185)	1,397,982
Cash at end of period	12,286,709	43,819,359	20,751,234

For the six months to 31 December 2007

	Share capital £	Share premium account £	Special reserve £	Fair value and other reserves £	Share based payments reserve £	Retained earnings £	Total equity £
Balance at 1 July 2007	10,310,101	79,645,688	10,000,000	1,479,662	546,648	(4,142,914)	97,839,185
Share based payments	-	-	-	-	253,444	-	253,444
Foreign currency translation	-	-	-	4,400,602	-	-	4,400,602
Net income /(expense) recognised directly in equity	10,310,101	79,645,688	10,000,000	5,880,264	800,092	(4,142,914)	102,493,231
Loss for the period	-	-	-	-	-	(538,658)	(538,658)
Dividend	-	-	-	-	-	(3,093,030)	(3,093,030)
Balance at 31 December 2007	**10,310,101**	**79,645,688**	**10,000,000**	**5,880,264**	**800,092**	**(7,774,602)**	**98,861,543**
Attributable to:							
Equity holders of the parent	10,310,101	79,645,688	10,000,000	5,880,264	800,092	(7,770,568)	98,865,577
Minority Interests	-	-	-	-	-	(4,034)	(4,034)
	10,310,101	**79,645,688**	**10,000,000**	**5,880,264**	**800,092**	**(7,774,602)**	**98,861,543**

1. Statement of compliance

These un-audited interim consolidated financial statements of the Group are for the six months ended 31 December 2007. 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 2007 which contain an unqualified audit report. The accounting policies have been applied on a consistent basis with those applied in 2007.

2. Segment information

a) Primary reporting format – business segments

At 31 December 2007, the Directors consider that the Group's primary business segment is that of energy generation. Following the disposal of the Tymien Wind Project and the purchase of the Group's management company, REG Power Management Limited, the Director's consider that the segment of Financial Investment Management is a discontinued activity.

	Continuing operations	Discontinued operations	
	Energy Generation	Financial investment management	Total Group
	£	£	£
Revenue	1,244,511	-	1,244,511
Operating loss	(2,556,332)	(344,278)	(2,900,610)
Profit/(loss) for the period after tax	(1,850,963)	1,100,041	(750,922)
Energy generation revenue is broken down as follows:			
Electricity sales	528,751		
ROC sales	666,808		
LEC sales	48,952		
	1,244,511		
Assets and liabilities:			
Segment assets	112,191,715	-	112,191,715
Segment liabilities	(13,330,172)	-	(13,330,172)
Total net assets	**98,861,543**	**-**	**98,861,543**
Other segmental information:			
Capital expenditure on tangible fixed assets	30,793,861	-	30,793,861
Depreciation	441,965	-	441,965
Amortisation	17,790	-	17,790

b) Secondary reporting format – geographical segments
The Company is domiciled in Guernsey.
The following table represents revenue, expenditure and certain asset information regarding the Group's geographical segments for the six months to 31 December 2007:

	UK	Canada	Total
	£	£	£
Revenue	1,244,511	-	1,244,511
Total assets	39,484,195	72,707,520	112,191,715
Total liabilities	(4,650,826)	(8,679,346)	(13,330,172)
Net Assets	**34,833,369**	**64,028,174**	**98,861,543**
Capital Expenditure on Tangible Fixed Assets	4,714,555	26,079,306	30,793,861

3. Dividends

	Six months to 31 December 2007	Six months to 31 December 2006	Year to 30 June 2007
	£	£	£
	(un-audited)	(un-audited)	(audited)
Declared and paid during the period			
Equity dividends on ordinary shares:			
Second interim dividend declared and paid - 3 p	3,093,030	1,759,372	1,759,372
First interim dividend declared and paid - 1 p	-	-	1,031,031
	3,093,030	**1,759,372**	**2,790,403**
Proposed but not recognised as a liability at 31 December 2007			
Equity dividends on ordinary shares:			
First interim dividend declared and paid - 1 p	1,031,010