Annual Report 2010

31 December 2010

Triodos Renewables

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Contents

Definitions

MW. Megawatt, the unit for measuring energy output of a project
GW. Gigawatt, unit of electric power equal to one thousand Megawatts
MWh. The amount of electricity consumption (or generation) at a constant rate of 1 Megawatt (MW) per hour
GWh. The amount of electricity consumption (or generation) at a constant rate of 1 Gigawatt (GW) per hour

All figures correct as of 31 December 2010

Photo credits: Thanks to Peter Eyels, Keith Bellis, Billy French, Monika Paplaczyk and John Bromley

Officers and Professional Advisers

DIRECTORS

Charles Secrett (Chairman)
James Vaccaro (Managing Director)
Ann Berresford
Matthew Clayton (appointed 1 December 2010)
John Harrison
Emma Howard Boyd
Simon Roberts
Peter Weston (appointed 22 March 2011)
Triodos Investments Limited

COMPANY SECRETARIES

Triodos Investments Limited

REGISTERED OFFICE

Brunel House
11 The Promenade
Clifton
Bristol
BS8 3NN

BANKERS

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

SOLICITORS

TLT Solicitors LLP
One Redcliff Street
Bristol
BS1 6TP

AUDITOR

Deloitte LLP
Bristol

Chair's Report

Dear Shareholders

Welcome to the 2010 Annual Report and a remarkable year for the business.

In many ways 2010 has been a very good year for Triodos Renewables, we have expanded our renewable energy asset portfolio by 40% and secured a number of exciting future investment and acquisition opportunities in conjunction with strategic partners. However, in line with many other renewables companies with a significant onshore wind portfolio, we experienced a difficult year in 2010 with extremely low wind resource, and this has inevitably had a negative impact on our financial performance this year.

The year started well when we closed our share placement in January, having raised just over £4.3 million of new equity funding, both from existing shareholders and new investors. The share placement was open for a period of only six weeks and yet again we are grateful for the continued support of our existing and new shareholders to help us grow the business.

In March 2010 we commissioned our new 9.2MW wind farm at Wern Ddu in North Wales in line with budget and three months ahead of schedule, having initially acquired this wind farm as a project with planning permission in October 2009. The Wern Ddu experience has given us great confidence in our ability to manage the acquisition, construction and operation of large scale renewable assets from scratch – and to make a real contribution to the UK's renewable energy generation.

In May 2010 we acquired Kessingland Wind Farm Limited – a company with planning permission for a 4.1MW wind farm in Suffolk. Under an agreement dating back to 2007, we had an option over this project with the previous owners and developers, SLP Energy. However, SLP went into administration in February 2010 and so we were pleased to be able to negotiate a deal with the administrators to acquire the asset. At the date of this Annual Report, Kessingland is under construction and we expect it to become operational in July 2011.

During 2010, as part of our technology diversification strategy, we managed to secure exclusivity over a 15MW pipeline of ground mounted solar projects in the South West of England. The first project – a 1.3MW scheme with planning permission is available to us immediately, however given the Government's recently accelerated Feed In Tariff review we concluded that we could not proceed with the project.

In March 2011, through one of our onshore wind developer relationships, we acquired a further 1.5MW merchant wind project with planning permission in Dunfermline, Scotland. Merchant projects tend to be built on brownfield sites and are generally not subject to the same planning delays as equivalent green field proposals. We are confident that further merchant projects will come through our pipeline in 2011.

The planning process for the two Scottish projects we have developed through our joint venture company, Triodos Mellinsus Projects Limited has proceeded well during 2010 and we are now in the final stage of documentation and fully expect to start developing these two wind farms during the latter half of 2011.

During 2010, we experienced some of the lowest wind resource figures in recent times,

£4.3 million

the value of new equity funding raised in 2010 particularly on the western side of the UK. In fact, respected industry analysts confirmed that this was a one-in-fifteen-year event for many parts of the UK. This inevitably impacted our results and, despite a nine month contribution from Wern Ddu, we posted a pre tax loss of £1,253,009 on turnover of £4,476,559 for the year compared to a pre tax profit of £708,896 on turnover of £5,470,460 last year.

Although we can't control a short term lack of wind, we can be encouraged by the fact that our availability (i.e. the amount of time that our equipment was in full operational order and therefore "available" to generate electricity) at our larger sites remained good at over 96%. We have continued to work hard in the field to ensure our sites are more robust and generate improved performance. At our Scottish hydro project, Beochlich, we have undertaken works to ensure the turbine is more resistant against lightning strikes and easier to maintain. We have also been working on the end of warranty process at Ness Point, ensuring the turbine is in the best shape it can be when the operation, maintenance and servicing becomes the Company's responsibility.

Our portfolio forecasting models take account of exceptional wind years – both high and low – by smoothing the trend to predict average wind resource. Despite 2010's performance, I can confirm that our long term view of the strength of our portfolio remains unchanged. In addition, notwithstanding the loss for the year, we remain in a solid financial position at the year end with net assets of £20.7 million, including cash balances of £8.8 million plus additional working capital facilities designed to withstand the effects of a freak year.

Overall, we are generally encouraged by the new Government's approach to the renewables industry and the UK's continued commitment to meeting its EU target of supplying 15% of our energy needs through renewable sources by 2020. With recent evidence of inevitable future volatility in carbon based commodity prices, we are determined to press ahead with our strategy of building a powerful renewable business capable of delivering consistent returns to our shareholders.

Due to the success of our business development activities this year, we are in a position where the majority of our free cash resources are committed to newly acquired projects and new investments in due diligence stage, we are planning a new public share issue in 2011, where we will be issuing a Prospectus with the aim of raising up to £15 million for continued growth into 2012 and beyond.

We look forward to contacting you shortly with details of the share issue and do hope you will continue to support Triodos Renewables in the next exciting stage of our growth and development.

Charles Secrett

Chairman

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2010.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 417(1) of the Companies Act 2006.

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 number of sites in the group has grown steadily over the last few years and now comprises seven operating companies, including our latest acquisition, a wind farm under construction at Kessingland in East Anglia:

- Triodos Renewables (Beochlich) Limited – hydro electric
- Triodos Renewables (Haverigg) Limited – wind farm
- Triodos Renewables (Ness Point) Limited – wind farm
- Triodos Renewables (Caton Moor) Limited – wind farm
- Triodos Renewables (Sigurd) Limited – wind farm
- Triodos Renewables (Wern Ddu) Limited – wind farm
- Triodos Renewables (Kessingland) Limited – wind farm (under construction)

The group also holds an investment in a joint venture company – Triodos Mellinsus Projects Limited, and a minority shareholding in Marine Current Turbines Limited.

Review of business

The group's trading results for the financial year and the group's and company's position at the year-end are shown in the attached financial statements.

In January 2010, we closed our share issue, which had launched in November 2009, having successfully raised just over £4.3 million, both from existing shareholders and a group of new shareholders who were prepared to invest over £50,050. Triodos Renewables now has 4,000 shareholders, including members of the public and institutional investors.

In March 2010, we completed the construction and commissioning of our new 9.2 MW four turbine wind farm at Wern Ddu in North Wales. This is a significant new addition to our portfolio and has increased our generating capacity by nearly 40% from 23.5MW to 32.7MW. We worked closely with a local developer to commission the project ahead of schedule and were delighted to have employed local contractors for the civil and management aspects of the construction phase, thus generating local employment. The developer is now using the funds raised from the sale of the project to fund further wind farm developments in Wales.

40%

the percentage we have expanded our renewable energy portfolio in 2010

In May 2010, we acquired Kessingland Wind Farm Limited. The company we acquired has planning permission to build a 4.1MW wind farm near Kessingland in Suffolk. Since acquisition, we have concluded the negotiation of the key commercial contracts and started construction of the wind farm in December 2010. We anticipate that our new two turbine Kessingland wind farm will be commissioned and start generating power in the summer of 2011. The addition of this significant further capacity on the East Coast of the UK is in line with our medium term objective to achieve more geographical diversification. The wind farm will also be benefitting from the governments Feed in Tariff (FIT) scheme which was introduced in February 2010. Selling electricity under a FIT Power Purchase Agreement (PPA) provides access to a government backed price for the first 20 years of operation, representing further PPA diversity for the group's portfolio.

During the year we have also progressed planning applications on our two Scottish wind projects in Aberdeenshire, through our joint venture company, Triodos Mellinsus Projects Limited, and are hopeful that formal planning permission for these will be granted shortly.

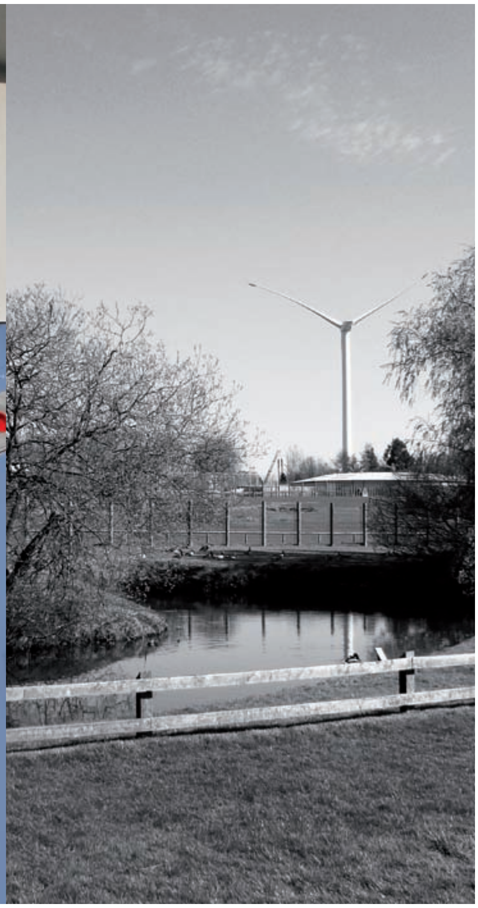
In the latter half of the year, we have also developed a close working relationship with another UK onshore wind development group who specialise in merchant projects, whereby a wind farm is built on a brownfield industrial site with a significant proportion of the green power generated being sold to the corporate owners or users of the site. These projects can be attractive from a commercial point of view because the planning process is less onerous than with green field sites, access for wind farm construction is more straightforward, and electricity pricing can be advantageous. In line with our corporate policy, we only acquire projects with planning permission already in place and are pleased to report that through this development relationship, we acquired our first merchant project – Triodos Renewables (Dunfermline) Limited, a 1.5MW scheme on an industrial site in Dunfermline on 4 March 2011. A further 5MW merchant site in East Anglia is scheduled for acquisition in the coming months.

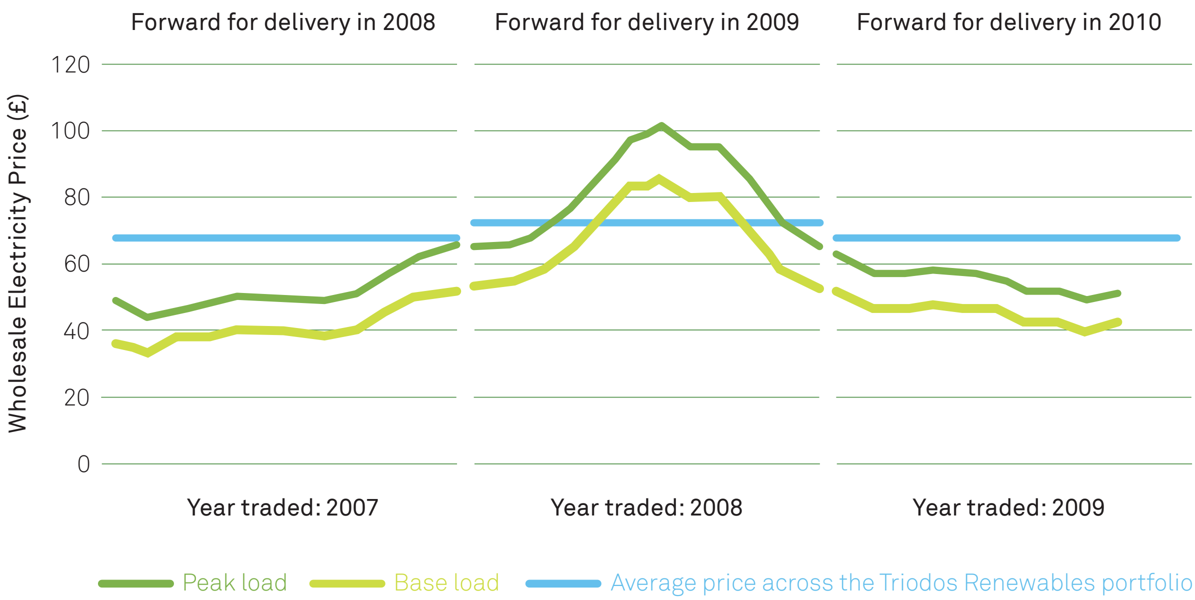
Unfortunately, despite these positive developments in the portfolio, like most UK onshore wind energy companies, we experienced a very tough year in terms of financial performance due to exceptionally low wind resource. The west side of the UK in particular was badly affected

by long periods of high pressure from December 2009 to February 2010 and again in November and December 2010. The UK experienced a period of exceptionally low wind in the first half of 2010, (normally the most windy period of the year). This resulted in a low energy yield for Triodos Renewables' portfolio. The wind index specialists, Garrad Hassan, described both first quarters of 2010 as the "lowest windiness events" for each quarter for the past 15 years. Inevitably this has seriously impacted on our results. However, there is no reason to expect any change in wind speeds over the long term and the wind resource improved slightly in the second half of 2010 until November and December when we once again experienced unseasonably calm conditions.

In addition to the exceptionally poor wind resources, the period of negative Retail Price Index (RPI) in 2009 reduced the prices we could achieve under the projects PPA. The table below presents the volume weighted prices of the group's portfolio of projects and the annual changes in price. We continue to seek to diversify our PPAs with a view to blending government backed RPI linked prices under the Non Fossil Fuel Obligation and Scottish Renewables Obligation and the new FIT scheme, with market based PPAs including floor prices, providing protection from falls in price and exposure to market increases. The chart below illustrates how our PPA diversity provides relative stability in the context of the volatile electricity market. The prices which the portfolio will benefit from in 2011 will be greater than those achieved in 2010.

	2007	2008	2009	2010
Portfolio Volume Weighted Price (p/kWh)	6.64	8.00	7.56	7.17





Average monthly figures. Source: RWE Supply & Trading

The table above compares wholesale electricity price movements with average prices achieved by Triodos Renewables over the same period, and demonstrates how our PPA structures have provided stability and reduced the company's exposure to potentially volatile power prices.

Despite the poor financial performance for the year, the directors consider that the future prospects of the Company and group continue to be favourable thanks to the long term nature of the group's renewable energy assets and electricity supply contracts.

Operational review

In 2010 Triodos Renewables generated 55,469 MWh of renewable power compared to 65,635 MWh in 2009 – a reduction of 15.5%.

On a like for like basis, i.e. after excluding the 11,727 MWh generated by Wern Ddu, the group experienced a 33.4% reduction in power generation as a result of low wind resource.

During the year we successfully settled insurance and availability claims in respect of a lightning strike and turbine failure at Beochlich, and settled a longstanding availability claim relating to 2009 at Ness Point.

Comparison of 2010 energy generation against 2009 energy generation.

Site	2010 MWh	2009 MWh	Change %
Beochlich	2,029	4,134	(50.9%)
Haverigg	3,302	5,114	(35.4%)
Caton Moor	28,431	46,362	(38.7%)
Ness Point	5,784	5,446	6.21%
Sigurd	4,196	4,579	(8.4%)
	43,742	65,635	(33.4%)
Wern Ddu	11,727	0	n/a
	55,469	65,635	(15.5%)

We have been able to deliver good availability from our sites this year, with the revenue weighted availability of our three largest sites in excess of 96%. These three sites, Caton Moor, Wern Ddu and Ness Point generate 85% of the group's revenues. The control and monitoring systems at our older sites make it harder to accurately measure availability, however, the combination of our 24 hour monitoring, fault diagnostic work and engagement of experienced Operations, Maintenance and Service contractors allows us to achieve good levels of availability. Despite the challenging year at Beochlich where we have had 2 prolonged outages, one a pipe rupture requiring substantial civil works and secondly a lightning strike requiring the replacement of parts of the electrical protection system, the availability for the entire portfolio for 2010 was in excess of 92%. We are constantly striving to improve our availability and are systematically embarking on overhaul and enhance works to protect our sites against faults and outages.

In addition to the physical measures we undertake to maintain the portfolio and maintain high availability, we manage the risk of the cost of repairs and loss of revenue via warranty arrangements with manufactures and insurance, which allow us to claim for the cost of repairs and lost revenues in instances of prolonged outages due to faults with the systems and damage caused by forces of nature such as lightning strikes.

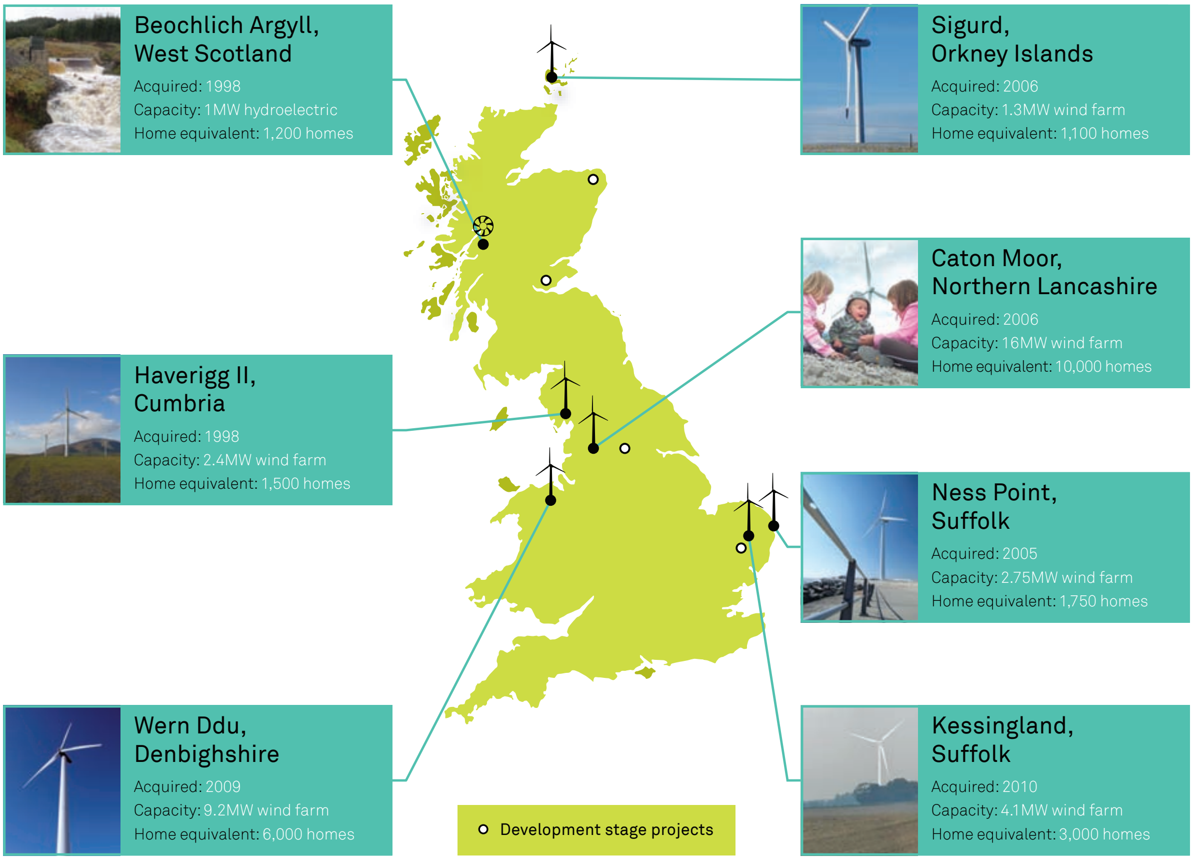
Health and Safety

We continue to strive to work to the wind industry's best practice health and safety standards. We are working with our site managers and operation and maintenance teams to provide a safe working environment at all of our sites. The third party monitoring service which we have employed provides a 24/7 operation to maintain contact with teams on site and monitor progress. We are presently undertaking an external audit of health and safety framework to ensure that we are employing best practice across the group.

Operational Projects

A summary of our operating projects is as follows:

The figure below shows where Triodos Renewables operates renewable assets.



Beochlich

The Beochlich project is located 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 before falling some 250 metres to the loch shore, draining water from a high plateau. The 1.0MW 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 2010, Beochlich produced only 2,029MWh, compared to 4,134MWh in 2009. This 50.9% decrease in production was attributable to a lightning strike in January 2010 followed by a supply pipe rupture in February, which meant that the plant was not operational for the first four months of the year. However, turnover for the year was only 16.5% down at £207,000 compared to £248,000 last year as a result of successful availability and insurance claims. In addition to repairing the damaged electrical equipment and the supply pipe we have invested in additional electrical protection equipment and modifications to the supply pipes to increase the systems ability to survive lightning strikes and to make maintenance of the water supply system easier to maintain in future. We intend that this preventative work will protect us against further outages in the coming years.

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 16MW. We acquired the wind farm as part of the purchase of Hainsford Group Limited in 2006.

4,000

the number of Triodos Renewables' shareholders

Electricity output for 2010 was at a record low at only 28,431MWh compared to a more normalised 46,362MWh in 2009. This lower output was entirely due to lack of wind as the availability remained high at 98.4% The lack of wind was compounded by a 16.7% reduction in wholesale electricity prices in 2010 compared to 2009 due to the reduction in global energy demand.

Haverigg II

Haverigg II in Cumbria is a result of a joint venture between Triodos Renewables and The Wind Company (UK). The site has a total capacity of 2.4MW, and one of the four turbines is owned by Baywind Energy Cooperative. Electricity output in 2010 was 3,302MWh compared to a more normalised 5,114MWh in 2009. As with Caton Moor, our Haverigg site suffered badly through lack of wind during January to March 2010 and November and December 2010. During the year we raised concerns and objections against plans to construct a Nuclear Power Plant which would engulf Haverigg II. Whilst the initial consultation concluded that the site is 'unsuitable' for the deployment of a new nuclear power station, it is unclear what the result of the second consultation, which closed in January 2011, will be.

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 was 5,784MWh for 2010 compared to 5,446MWh achieved in 2009, During the year we successfully settled a longstanding availability claim with the turbine manufacturer relating to electrical faults and blade repairs following lightning strikes in 2009. In 2010 we have been working with the warranty provider for the turbine to ensure the facility is in good condition when the warranty ceases.

Sigurd

Sigurd is a single wind turbine project on Burgar Hill in the Orkney Islands. Commissioned in 2001, the turbine is on one of the windiest onshore sites in Europe, and has a capacity of 1.3MW. Electricity output for 2010 was 4,196 MWh compared to 4,578MWh 2009. The end of warranty work provided by the manufacturer under our instruction in 2009 has been beneficial in 2010 with the turbine performing well despite the harsh wind regime and its remote location.

Wern Ddu

Wern Ddu was acquired by Triodos Renewables in October 2009 and was commissioned in March 2010. The wind farm is the fifth in Triodos Renewables' portfolio and is the first one in Wales. It is located between Gwyddelwern and Ruthin in North Wales at the eastern edge of Strategic Search Area A; one of seven areas identified by the Welsh Assembly Government as being suited to development of this kind. In the nine months to 31 December 2010, Wern Ddu generated 11,727MWh of electricity output. We are pleased to have achieved availability in excess of 96% on the site, particularly in its first few months of operation, when availability often suffers as the machines commence generation.

Kessingland

Kessingland Wind Farm will comprise two 2.1MW wind turbines. The Wind Farm location is close to the North Sea Coast, just 5 miles south of Ness Point. This location also benefits from the coastal wind resource. One of the two turbines is located in the grounds of a wildlife park which attracts many visitors in the summer months. We plan to work with the wildlife park owners to incorporate facilities for educational purposes relating to renewable energy. Since the acquisition of Kessingland Wind Farm limited in May 2010, we have completed the procurement phase and construction works commenced in December 2010. We aim to have the site operational in summer 2011.

Investments in Sustainable Energy and Development Companies

Marine Current Turbines Ltd

Triodos Renewables retains a 1.3% shareholding in Marine Current Turbines Limited (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. Our initial investment in MCT was in 2007 and then in early 2009, we increased our share in MCT to 1.63% to support the successful installation of SeaGen, the world's first commercial-scale tidal energy project, in Northern Ireland's Strangford Lough. SeaGen (1.2MW tidal generator) continues to deliver power to the electricity network in Northern Ireland.

During the first half of 2010, MCT secured significant funding from a consortium of large financial and corporate investors, including Siemens, with the aim of further developing MCT's technology and reputation as a world leader in tidal technology. Triodos Renewables decided not participate in the 2010 funding round and therefore we remain a relatively passive small investor in the company, which continues to retain a high profile.

Triodos Mellinsus Projects Limited

Triodos Mellinsus Projects Limited (TMPL) is a joint venture between us and an onshore wind developer, Mellinsus Renewables Limited, of which we own 60%. In the last couple of years we have been progressing two onshore wind projects through the planning system. These two projects comprise 1.8MW total capacity and are both located in Aberdeenshire in Scotland. The planning process has continued well during 2010 and we are now in final documentation stage and confident that we will be in a position to start the build out of these projects in 2011.

Connective Energy

Our investment in Connective Energy Limited has been written down to zero and the company is now dormant.

Financial Review

The Group incurred a pre-tax loss of £1, 253,009 for the year to 31 December 2010 compared to pre-tax profit of £708,896 last year. This result was due to a 15.5% (33.4% excluding output from Wern Ddu) reduction in wind resource across the portfolio, combined with a 17.2% reduction in wholesale electricity prices as a result of negative retail price index adjustment at Caton Moor – our largest site, which currently generates around 55% of our renewable energy output.

The trading results for the financial year and the group's position at the year-end are shown in the attached financial statements; however a summary of turnover by operating site is shown below.

Our cost of sales includes land rental, operational maintenance and depreciation costs, all of which are largely fixed costs. The reduced turnover figure for 2010 therefore resulted in a significantly lower gross profit of £1,416,825 compared to £3,096,207 in 2009. Administration costs, which include rates, insurance and management fees increased from £891,955 to £1,086,271 predominantly as a result of having one additional site (Wern Ddu) during the year. Interest payable increased from £1,473,775 in 2009 to £1,616,432 in 2010 as a result of new bank loans taken out to partially finance the construction of Wern Ddu. Interest receivable reduced substantially as a result of very low deposit interest rates during the year and use of our cash resources in lieu of debt facilities wherever possible.

During the year a dividend of £443,403 was paid to shareholders, equating to 3p per share (2009: £245,892 at 2p per share). The Directors have not recommended a dividend in 2011 to date.

On 11 May 2010 Triodos Renewables completed the acquisition of Kessingland Wind Farm Limited, a company established to build and operate two wind turbines on a site in Suffolk with a capacity of 4MW. The total estimated purchase and construction cost of this new wind farm is £7.3 million, of which £1.7 million had been expended by 31 December 2010.

At 31 December 2010, the Group held just over £8.8 million of cash - compared to £7.9 million last year. The Group's net debt at 31 December 2010 was £18.0 million, an increase of £4.0 million over the year, mostly attributable to the construction costs of Wern Ddu and the acquisition and partial construction of Kessingland less £4.2 million (after costs) raised through the share issue which closed in January 2010.

Despite the loss for the year, evidence would suggest that 2010 was an exceptional year in terms of low wind resource and the Directors

Project	Date acquired	Year 2006 £'000	Year 2007 £'000	Year 2008 £'000	Year 2009 £'000	Year 2010 £'000
Haverigg II	1998	301	324	353	317	208
Beochlich	1998	213	262	252	248	207
Ness Point	3 June 2005	545	588	677	590	574
Caton Moor	28 September 2006	1,126	3,218	4,154	4,117	2,305
Sigurd	28 September 2006	14	122	168	198	172
Wern Ddu	27 October 2009	-	-	-	-	1,010
Turnover		**2,199**	**4,514**	**5,604**	**5,470**	**4,476**

21,500

the number of UK homes Triodos Renewables has the capacity to generate electricity for.

consider that the Company remains in a strong financial position to progress in future.

Going concern

Triodos Renewables operates within the electricity industry, which is subject to both high level regulation and long term Government support. The Group owns operational capital assets and has the benefit of long term contracted revenues with reputable electricity companies. The Directors consider that these factors provide confidence over future forecast income streams. In addition, the Directors consider that the company and the Group have sufficient cash funds and finance facilities available for their future investment and cash flow needs going forward.

After due consideration, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Financial risk management objectives and policies

The directors consider the principal risks and uncertainties affecting the business activities of the company and the group to be those detailed below:

Price risk

Triodos Renewables is reliant on market wholesale electricity prices at its largest two sites, Caton Moor and Wern Ddu. To mitigate this risk, we negotiate long-term Power Purchase Agreements (PPAs) with 'floor' prices to protect our downside risk.

Interest rate risk

Triodos Renewables utilises a mixture of debt and equity to finance growth in the portfolio of operating assets. The debt financing potentially exposes the business to interest rate fluctuations. The risk has been minimised by gearing each new project at a level to allow debt repayments to be met with sufficient headroom. In most cases, long term loans are subject to fixed interest rates which eliminate exposure to interest rate increases.

Credit risk

In the event of default by a customer, significant financial loss could arise. However, Triodos Renewables will normally only consider entering into PPAs for the sale of its electricity with reputable utility companies or Government-backed contracts.

Foreign exchange risk

Triodos Renewables imports capital equipment for the construction of renewable energy projects direct from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates. Forward currency contracts are purchased to mitigate foreign currency exposures at the time of entering into any such contract or commitment.

Operating risk

The generation of electricity involves mechanical and electronic processes which may fail under certain conditions, leading to loss of revenues and repair or replacement costs. Triodos Renewables uses tried and tested technologies backed by warranty and service packages. Generally, warranties will guarantee a level of assurance for five years and there will normally be a fixed price for the provision of operations and maintenance. We also buy specialist insurance to seek to mitigate against any losses.

Government policy

The renewable energy industry receives government incentives to encourage the generation of renewable energy. While there is a possibility of a change in the political party forming the UK Government, all main political parties have made strong commitments to meeting high renewable energy targets, although there is always a risk of changes in policy relating to specific renewable incentives.

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 'creditor's days' calculation is possible.

Directors

The directors of the company who served during the financial year are shown on page 2.

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

	50p Ordinary shares fully paid	
Director	**2010**	**2009**
Charles Secrett	700	700
James Vaccaro	-	-
Ann Berresford	-	-
Matthew Clayton	-	-
John Harrison	6,000	6,000
Emma Howard Boyd	6,900	4,400
Simon Roberts	-	-
Peter Weston	-	-
Triodos Investments Limited	400	400

Auditor

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board On behalf of Triodos Investments Limited

Secretary

31 March 2011

Board of Directors, Management and Administration

During the year and since the year end, we are pleased to have further strengthened our board of directors with the appointments of Matthew Clayton and Peter Weston.

Board of Directors

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. He is a founder member of The Robertsbridge Group. Previously, he has been a Special Adviser 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. He has worked on various environmental investigation projects in Brazil, Costa Rica, Malaysia, Nicaragua and Nigeria.

James Vaccaro - Managing Director

James is the Managing Director of Investment Management (UK) at Triodos Bank. James undertakes the role of Managing Director of Triodos Renewables. James has worked for Triodos Bank for over 13 years. In that time he has been involved in and completed many project finance deals and equity investments into renewable energy projects. 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

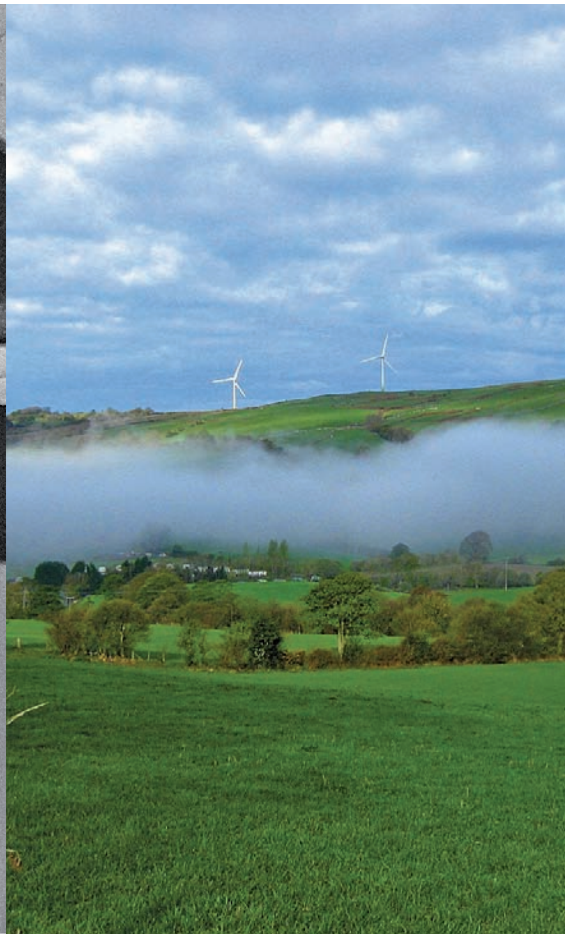
Ann has over 25 years experience in financial management across the financial services and energy sectors. Until 2006, she was Finance Director for the Bank of Ireland's UK Financial Services Division and for Bristol and West plc. Prior to that, Ann held a range of senior roles in Clyde Petroleum plc, 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.

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 26 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.

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 semi-retirement 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 in 2010 retired from ten years as chair of The Magdalen Project, a charity providing education in sustainability, based on an organic farm in Dorset.

Emma Howard Boyd – Non-Executive Director

Emma is Head of Socially Responsible Investment at Jupiter Asset Management. Emma joined Jupiter in 1994 and has overall responsibility for the management and development of Jupiter's SRI business. She is also responsible for building Jupiter's corporate governance and engagement services for institutional clients and Jupiter's UK retail funds.

Emma is an independent non executive member of the Environment Agency Board. She is also a Senior Associate of the University of Cambridge's Programme for Sustainability Leadership. During 2007, 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. Emma was Chair of UKSIF, the sustainable investment and finance association until March 2006, when she retired from the board after eight years' service.

Simon Roberts – Non-Executive Director

Simon has spent more than 25 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 Managing Director of Triodos Renewables until 2002, when it operated as the Wind Fund plc.

Simon's advisory roles include the Department for Energy and Climate Change's Green Deal Consumer Advisory Panel and the Government's Renewables Advisory Board (2002-2010) where he led its work on community engagement. He sits on Ofgem's Consumer Challenge Group, examining the issues associated with developing energy networks fit for a low carbon future. He represents the Centre for Sustainable Energy on 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.

Peter Weston – Non Executive Director

Peter has more than 15 years experience working in the energy markets as an investor, lender and strategic consultant. He is currently Global Head of Finance and Investment for Siemens Wind, one of the leading manufacturers of wind turbines in the world. Prior to this, he led the energy lending division of GE Capital in Europe (2007-2010) and was an executive director for Westdeutsche Landesbank's energy group (2001-2007). He was business development manager at US energy trader Aquila (1999-2001) and established the European energy consulting business for a subsidiary of Osaka Gas (1995 – 1999). Previously he was a journalist for Euromoney and the Financial Times.

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.

Executive Management Team

The day to day management of Triodos Renewables is carried out by Triodos Bank in accordance with a formal management agreement. The Executive Management team comprises:

James Vaccaro – Managing Director

See Board section.

Matthew Clayton – Operations Director

See Board section

Dan Hird – Finance Director

Dan is Head of Corporate Finance within the Triodos UK Investment Banking team as well as taking up the role of Finance Director of Triodos Renewables. He joined Triodos Bank in November 2008 and has completed a number of deals for Triodos clients on corporate finance and investment banking projects. 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 mergers and acquisitions, management buy outs and fundraising deals prior to establishing his own corporate finance business, which he ran for seven years out of offices in Bristol and Bath completing numerous private company transactions. Prior to joining Triodos Bank, Dan spent five years as a Finance Director of a £50m national retail business where he was instrumental in arranging a sale to a trade purchaser, and a privately owned manufacturing business where he led two growth capital finance raising projects to enable expansion and relocation.

Scott Ridley - Technical Manager

Scott joined Triodos Renewables in 2007 and undertakes responsibility for the technical aspects of operating our six renewable energy generation sites. Scott has eight 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 an owners' engineer role for Natural Power, which included overseeing operations and preparing technical due diligence for renewable assets.

Monika Paplaczyk - Investment Manager

Monika joined Triodos Renewables in 2007. In her recent role as Investment Manager, Monika focuses on originating investment opportunities within the sustainable energy market for Triodos Renewables, performing the investment valuations and negotiations and due diligence of new investments. Monika is also responsible for managing a portfolio of companies and projects within Triodos Renewables including power purchase, land rental and insurance aspects. Before joining Triodos Monika worked in Edinburgh for consulting company where she was mainly involved in preparing business plans and grant applications for community development projects, biomass and grain storage.

John Bromley – Senior Investment Manager

John joined Triodos in 2011 as a Senior Investment Manager to focus on equity investment in a range of renewable energy projects. John has specialised in social and environmental infrastructure projects in the UK and overseas for 10 years and previously held management roles at two water utility companies, Ernst & Young and John Laing. John's experience includes equity participation in a number of landmark transactions in the UK water and municipal waste management sectors. In 2008 John and his wife established a successful yoga and complementary therapy business in Marlborough, UK.

During the year, Billy French, the Legal and Commercial Director, left Triodos to establish his own business.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor’s Report to the members of Triodos Renewables Plc

We have audited the financial statements of Triodos Renewables Plc for the year ended 31 December 2010 which comprise Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors’ Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

Nigel Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor, Bristol, United Kingdom

Consolidated profit and loss account

	Note	2010 £	2009 £
Turnover	2	4,476,559	5,470,460
Cost of sales		(3,059,734)	(2,374,253)
Gross profit		1,416,825	3,096,207
Administrative expenses		(1,086,271)	(891,955)
Operating profit	3	330,554	2,204,252
Amounts written off investments		-	(63,117)
Interest receivable and similar income		32,869	233,987
Interest payable and similar charges	5	(1,616,432)	(1,473,775)
Share of joint venture company loss	11	-	(192,451)
(Loss)/profit on ordinary activities before taxation		(1,253,009)	708,896
Tax on (loss)/profit on ordinary activities	6	33,691	(205,653)
(Loss)/profit on ordinary activities after taxation		(1,219,318)	503,243
Minority interests		1,154	1,087
(Loss)/profit for the year	18	(1,218,164)	504,330

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the loss for the current financial year. Accordingly no separate statement of total recognised gains and losses has been presented.

Consolidated balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	9	24,134,224	19,539,625
Intangible assets	10	16,506,594	16,151,383
Investments	11	104,544	104,544
		40,745,362	35,795,552
Current assets			
Debtors	12	2,281,013	2,969,374
Investments		70,000	70,000
Cash at bank and in hand		8,810,318	7,859,114
		11,161,331	10,898,488
Creditors: amounts falling due within one year	13	(7,992,761)	(8,581,272)
Net current assets		3,168,570	2,317,216
Total assets less current liabilities		43,913,932	38,112,768
Creditors: amounts falling due after more than one year	14	(22,101,537)	(18,784,510)
Provisions for liabilities	16	(1,062,739)	(1,133,255)
Net assets		20,749,656	18,195,003
Capital and reserves			
Called up share capital	17	7,390,057	6,147,297
Share premium account	18	13,985,014	11,010,400
Profit and loss account	18	(611,769)	1,049,798
Minority interests		(13,646)	(12,492)
Shareholders' funds	19	20,749,656	18,195,003

The financial statements of Triodos Renewables plc, registered number 2978651, were approved by the Board of Directors and authorised for issue on 31 March 2011.

Signed on behalf of the Board of Directors

Matthew Clayton
Director

James Vaccaro
Director

Company balance sheet

	Note	2010 £	2009 £
Fixed assets			
Investments	11	8,569,933	7,793,483
Current assets			
Debtors	12	20,917,517	18,795,329
Investments		70,000	70,000
Cash at bank and in hand		2,143,431	4,472,933
		23,130,948	23,338,262
Creditors: amounts falling due within one year	13	(8,470,863)	(8,017,928)
Net current assets		14,660,085	15,320,334
Total assets less current liabilities		23,230,018	23,113,817
Creditors: amounts falling due after more than one year	14	(1,900,567)	(5,134,821)
Net assets		21,329,451	17,978,996
Capital and reserves			
Called up share capital	17	7,390,057	6,147,297
Share premium account	18	13,985,014	11,010,400
Profit and loss account	18	(45,620)	821,299
Shareholders' funds	19	21,329,451	17,978,996

The financial statements of Triodos Renewables Plc, registered number 2978651, were approved by the Board of Directors and authorised for issue on 31 March 2011.

Signed on behalf of the Board of Directors

Matthew Clayton
Director

James Vaccaro
Director

Consolidated cash flow statement

	Note	2010 £	2009 £
Net cash inflow from operating activities	20	1,139,871	4,575,647
Returns on investments and servicing of finance			
Interest received		32,869	233,987
Interest paid		(1,616,432)	(1,473,775)
Net cash outflow from returns on investments and servicing of finance		(1,583,563)	(1,239,788)
Taxation			
Corporation tax paid		(116,458)	(64,442)
Capital expenditure and financial investment			
Purchase of tangible and intangible fixed assets		(7,208,866)	(6,529,273)
Acquisitions and disposals			
Investment in Connective Energy Ltd		-	(66,000)
Net cash inflow/(outflow) before use of liquid resources and financing		(7,769,016)	(3,323,856)
Financing			
New share capital		4,349,660	-
Share issue costs		(132,286)	-
Bank loans		8,225,000	2,000,000
Equity dividends paid		(443,473)	(246,504)
Repayment of borrowings		(3,278,681)	(1,069,766)
Net cash inflow from financing		8,720,220	683,730
Net movement in cash and cash equivalents		951,204	(2,640,126)

Notes to the consolidated financial statements

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The Annual Report and financial statements adopt the going concern basis on the grounds that the Directors believe the group and company have adequate resources to continue in operational existence for the foreseeable future. Further details are included in the Directors' Report.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 December 2010. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. 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:

Land and buildings: 4% per annum

Plant and machinery: 5% 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.

Intangible assets - development costs

Development expenditure representing prospective renewable energy projects is written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. Provision is made for any impairment.

Turnover

Turnover, which is stated net of value added tax, comprises charges to and accrued income from customers in relation to the group's principal activities in the UK. Turnover from the supply of energy is recognised upon delivery. Turnover derived from Government administered incentive schemes for renewable energy generation is estimated and accrued based on the terms of the schemes.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 the profit and loss in equal annual amounts over the lease term.

2 Segmental analysis

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

	2010 £	2009 £
Operating profit is after charging/(crediting):		
Auditors' remuneration:		
- audit services	29,500	22,000
- tax services	16,000	21,131
Depreciation	1,368,998	996,692
Amortisation	890,058	747,790
Foreign exchange losses	71,811	112,464
Operating leases		
- plant and machinery	6,217	6,740
- other	146,543	121,351

4 Information regarding directors and employees

	2010 £	2009 £
Group and company		
The emoluments of directors were:		
Directors' emoluments	30,000	29,301

Executive directors were remunerated by Triodos Bank under the 'Provision of Fund Management Services Agreement' (see note 25). No pension contributions were paid on behalf of the directors.

	£	£
Co-worker costs were as follows:		
Wages and salaries	38,587	36,255
Social security costs	4,244	3,977
Other pension costs	3,795	3,621
	46,626	43,853

During 2010 the average number of co-workers employed was one (2009: one). 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.

5 Interest payable and similar charges

	2010 £	2009 £
Bank loans	1,256,432	1,113,775
Other loans	360,000	360,000
	1,616,432	1,473,775

6 Tax on profit on ordinary activities

	2010 £	2009 £
a. Analysis of charge in period		
Current taxation:		
Corporation tax credit on profits in the period	-	153,130
Adjustment in respect of previous years	36,824	(73,913)
	36,824	79,217
Deferred taxation:		
Origination and reversal of timing differences	(20,258)	274,356
Adjustments in respect of previous years	(34,314)	86,431
Effect of increased tax rate on opening liability	(56,281)	-
Movement in discount	40,337	(234,351)
Total tax charge	(33,691)	205,653
b. Factors affecting tax charge for the period		
Profit on ordinary activities before tax	(1,253,009)	708,896
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2009: 28%)	(350,843)	198,491
Effects of:		
Expenses not deductible for tax purposes	332,996	277,021
Difference between capital allowances and depreciation	44,494	(218,179)
Utilisation of tax losses	(26,647)	(96,310)
Lower rate of tax charge in subsidiaries	-	(7,893)
Adjustments to tax charge in respect of previous periods	36,824	(73,913)
	36,824	79,217

7 Dividends

	2010 £	2009 £
Final dividend paid 3.0p (2009: 2.0p) per ordinary share	443,403	245,892

8 Profit of parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounts to £423,516 (2009: profit £2,036,511).

9 Tangible fixed assets

Group		Land and buildings £	Plant and machinery £
Cost			
At 1 January 2010	325,000	23,889,635	24,214,635
Additions	-	5,963,597	5,963,597
At 31 December 2010	325,000	29,853,232	30,178,232
Accumulated depreciation			
At 1 January 2010	148,840	4,526,170	4,675,010
Charge for the year	16,152	1,352,846	1,368,998
At 31 December 2010	164,992	5,879,016	6,044,008
Net book value			
At 31 December 2010	**160,008**	**23,974,216**	**24,134,224**
At 31 December 2009	176,160	19,363,465	19,539,625

10 Intangible fixed assets

Group	Goodwill £	Development costs £	Power Purchase Agreement £	Total £
Cost				
At 1 January 2010	18,033,028	303,817	279,975	18,616,820
Additions	586,547	658,722	-	1,245,269
At 31 December 2010	18,619,575	962,539	279,975	19,862,089
Accumulated depreciation				
At 1 January 2010	2,388,578	-	76,859	2,465,437
Charge for year	867,650	8,409	13,999	890,058
At 31 December 2010	3,256,228	8,409	90,858	3,355,495
Net book value				
At 31 December 2010	15,363,347	954,130	189,117	16,506,594
At 31 December 2009	15,644,450	303,817	203,116	16,151,383

On 11 May 2010, the company acquired 100% of the issued share capital of Kessingland Wind Farm Limited for cash consideration of £665,792. The fair value of the net assets acquired, which comprised solely intangible fixed assets, was £282,148, giving rise to goodwill of £383,644. In the period ended 31 December 2010 the company reported a profit of £109,103, all of which arose in the period from 11 May 2010 to 31 December 2010.

11 Fixed asset investments

Group - other investments at cost	£
Balance at 1 January and 31 December 2010	104,544
Company - investments in subsidiary undertakings at cost	£
Balance brought forward	7,793,483
Additions	776,450
Balance at 31 December 2010	**8,569,933**

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% of the issued ordinary shares of Connective Energy Limited, a company incorporated in England. Connective Energy Limited is now a dormant company. Connective Energy Limited is not controlled by the Group and for this reason its results (31 March 2010: loss £72,408 (31 March 2009: loss £356,539)) and net liabilities (31 March 2010: £59,579 (31 March 2009: £29,063)) 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.

The company owns 100% of the issued share capital of Triodos Renewables (Wern Ddu) Limited, a company incorporated in England. The principal activity of Triodos Renewables (Wern Ddu) Limited is energy supply.

On 11 May 2010, the company acquired 100% of the issued share capital of Kessingland Wind Farm Limited, a company incorporated in England. On 5 July 2010 the company's name was changed to Triodos Renewables (Kessingland) Limited. The principal activity of Triodos Renewables (Kessingland) Limited is energy supply.

	Group £	Company £
Current asset investments		
Loan to Mellinsus Projects Limited	70,000	70,000

Mellinsus Projects Limited is the minority shareholder of Triodos Mellinsus Projects Limited, a subsidiary undertaking of the group.

12 Debtors

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	244,412	1,232,467	-	-
Amounts owed by group undertakings	-	-	20,429,430	18,447,614
Corporation tax	416	-	440	-
Other debtors	100	-	16,243	30,638
Prepayments and accrued income	2,036,085	1,736,907	471,404	317,077
	2,281,013	2,969,374	20,917,517	18,795,329

13 Creditors: amounts falling due within one year

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Bank loans (see note 15)	4,773,544	3,144,252	3,234,255	2,219,007
Trade creditors	1,067,840	976,329	33,659	240,959
Other creditors	577,498	1,433,082	579,669	1,433,082
Corporation tax	-	79,217	-	-
Taxation and social security	172,939	108,400	-	1,129
Accruals and deferred income	1,393,903	2,832,885	608,250	628,335
Amounts owed to group undertakings	-	-	4,007,993	3,488,309
Dividends payable	7,037	7,107	7,037	7,107
	7,992,761	8,581,272	8,470,863	8,017,928

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Bank loans (see note 15)	21,101,537	14,784,510	900,567	1,134,821
Other loans	1,000,000	4,000,000	1,000,000	4,000,000
	22,101,537	18,784,510	1,900,567	5,134,821

15 Borrowings

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Bank loans and overdrafts				
Amounts payable				
- due within one year	1,773,544	3,144,252	234,255	2,219,007
- due after more than one year	21,101,537	14,784,510	900,567	1,134,821
	22,875,081	17,928,762	1,134,822	3,353,828
Other loans				
Amounts payable				
- due within one year	3,000,000	-	3,000,000	-
- due after more than one year	1,000,000	4,000,000	1,000,000	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	1,773,544	3,144,252	234,255	2,219,007
- within one to two years	1,878,313	1,223,923	250,567	234,255
- within two to five years	5,718,018	6,737,249	292,297	654,168
- after five years	13,505,206	6,823,338	357,703	246,398
	22,875,081	17,928,762	1,134,822	3,353,828
Analysis of loan repayments				
Other loans				
- within one year	3,000,000	-	3,000,000	-
- within one to two years	1,000,000	3,000,000	1,000,000	3,000,000
- within two to five years	-	1,000,000	-	1,000,000
- after five years	-	-	-	-
	4,000,000	4,000,000	4,000,000	4,000,000

At 31 December 2010, bank loans comprise £22,875,081, of which £14,784,500 bears interest at a fixed rate of 6.75%, £2,700,000 bears interest at a fixed rate of 5.47% and £5,300,000 bears interest at a fixed rate of 5.03%. All bank loans are held with Triodos Bank.

Of the total bank loans of £22,875,081, £13,649,689 is repayable in monthly instalments over ten years, £2,790,570 is repayable in monthly instalments over five years, £484,822 is repayable in monthly instalments over two years, £2,600,000 is interest only for five years and then repayable over five years, £2,700,000 is interest only for ten years and then repayable over five years, £650,000 is interest only for two years and then repayable over 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%, are secured by second fixed and floating charges on the fixed assets of the subsidiary companies. £3,000,000 of such loans are repayable on 28 September 2011 and £1,000,000 is repayable on 31 May 2012. The aggregate amount of secured liabilities as at 31 December 2010 was £26,875,081 (2009: £21,928,762).

16 Provisions for liabilities

	Balance at 1 January 2010 £	Charge to profit and loss account £	Balance at 31 December 2010 £
Group			
Deferred taxation	1,133,255	(70,516)	1,062,739
Total	1,133,255	(70,516)	1,062,739

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

	2010 £	2009 £
Accelerated capital allowances	1,705,852	1,826,736
Tax losses carried forward	(177,067)	(220,100)
Discount	(466,046)	(473,381)
	1,062,739	1,133,255

17 Called up share capital

	2010 £	2009 £
Authorised share capital:		
Ordinary shares of £0.50 each	50,000,000	50,000,000
‘A’ ordinary shares of £2 each	1	1

	2010 No.	2010 £	2009 No.	2009 £
Allotted, called up and fully paid:				
Ordinary shares of £0.50 each	14,780,110	7,390,055	12,294,590	6,147,295
'A' ordinary shares of £2 each	1	2	1	2
	14,780,111	7,390,057	12,294,591	6,147,297

In January 2010, the company closed its share issue having raised £4,349,660 (before costs) through the issue of 2,485,520 Ordinary shares of 50p each at £1.75.

Rights attached to shares

The 'A' ordinary share has the right:

- 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 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 numbers of votes as represents 10% of the entire voting rights of the company.

18 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Group		
At 1 January 2010	11,010,400	1,049,798
(Loss)/profit for the year	-	(1,218,164)
Shares issued (net of issue costs)	2,974,614	-
Dividends paid	-	(443,403)
At 31 December 2010	13,985,014	(611,769)
Company		
At 1 January 2010	11,010,400	821,299
(Loss)/profit for the year	-	(423,516)
Shares issued (not of issue costs)	2,974,614	-
Dividends paid	-	(443,403)
At 31 December 2010	13,985,014	(45,620)

19 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Group		
(Loss)/profit for the year	(1,218,164)	504,330
Dividends paid	(443,403)	(245,892)
Minority interests	(1,154)	(1,087)
New share capital subscribed (net of issue costs)	4,217,374	-
Net increase in shareholders' funds	2,554,653	257,351
Opening shareholders' funds	18,195,003	17,937,652
Closing shareholders' funds	20,749,656	18,195,003
Company		
(Loss)/profit for the year	(423,516)	2,036,511
Dividends paid	(443,403)	(245,892)
New share capital subscribed (net of issue costs)	4,217,374	-
Net increase in shareholders' funds	3,350,455	1,790,619
Opening shareholders' funds	17,978,996	16,188,377
Closing shareholders' funds	21,329,451	17,978,996

20 Reconciliation of operating profit to net cash Inflow from operating activities

	2010 £	2009 £
Inflow from operating activities		
Operating profit	330,554	2,204,252
Decrease/(increase) in debtors	688,777	(900,141)
(Decrease)/increase in creditors	(2,138,516)	3,580,712
Depreciation and amortisation	2,259,056	1,744,482
Non cash increase in fixed assets	-	(2,053,658)
Net cash inflow from operating activities	1,139,871	4,575,647

21 Analysis of net debt

	At 1 January 2010 £	Cash flow £	Other non-cash changes £	At 31 December 2010 £
Cash at bank and in hand	7,859,114	951,204	-	8,810,318
Bank loans falling due within one year	(3,144,252)	1,370,708	(3,000,000)	(4,773,544)
Bank and other loans falling due after more than one year	(18,784,510)	(6,317,027)	3,000,000	(22,101,537)
Current asset investment	70,000	-	-	70,000
	(13,999,648)	(3,995,115)	-	(17,994,763)

22 Reconciliation of net cash flow to movement in net debt

	At 31 December 2010 £	At 31 December 2009 £
Increase/(decrease) in cash at bank in the year	951,204	(2,640,126)
Cash outflow from decrease in debt	(4,946,319)	(930,234)
Change in net debt resulting from cash flows	(3,995,115)	(3,570,360)
Net debt at 1 January 2010	(13,999,648)	(10,429,288)
Net debt at 31 December 2010	(17,994,763)	(13,999,648)

23 Capital commitments

	2010 £	2009 £
At 31 December 2010, the group was committed to the following capital expenditure	5,605,000	5,780,000

24 Operating lease commitments

At 31 December 2010 the group was committed to making the following payments during the next year in respect of operating leases:

	Plant and machinery		Land and building	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire:				
- between one to five years	6,217	6,217	-	-
- after more than five years	-	-	179,946	59,057
	6,217	6,217	179,946	59,057

25 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 £410,530 for this service (2009: £358,721). This amount is included in creditors at the year end.

The group's borrowings with Triodos Bank are disclosed in note 15.

A dividend of 3 pence per share was paid to Charles Secrett, Emma Howard Boyd and John Harrison, all of whom are directors of the company, in accordance with their shareholdings, which are set out in the Director's Report on page 15.

The company has a loan of £70,000 due from Triodos Mellinsus Projects Limited, in which the company owns 60% of the issued ordinary shares.

26 Post balance sheet events

On 4 March 2011, the company acquired 100% of the issued share capital of Dunfermline Wind Direct Limited, a company incorporated in England, for consideration of £456,000. Dunfermline Wind Direct Limited has planning permission to construct a 1.5Mw wind turbine on an industrial site in Dunfermline, Scotland.

27 Contingent liabilities

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). Under the terms of this agreement, additional deferred consideration may become due and payable based on operating performance and prevailing market electricity pricing. Any additional consideration payable is calculated in accordance with the agreement. For the period when the 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 than 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.

Under the same agreement dated 24 July 2006, the company may be required to pay further potential deferred consideration contingent upon the outcome of an ongoing review of electricity distribution charges being undertaken by Ofgem. The maximum contingent liability of the company is capped at £575,000.

HSBC Bank has issued a performance bond in the sum of £48,000 in relation to certain undertakings given by the group company Triodos Renewables (Caton Moor) Limited in respect of planning obligations at its wind farm site. The maximum contingent liability of the Company is equal to the bond.

28 Controlling interest

With the exception of Triodos Bank NV, the holder of the 'A' ordinary share, there is no party that holds a controlling interest in the company.

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Registered in England and Wales no. 2978651

TR/AR10/MAY11


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