



RUNNING RIVER PLC
Annual Report and Financial Statements
for the year ended 31 March 2009

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CHAIRMAN'S STATEMENT

The past year has yielded some significant and exciting developments as your Board continued to evaluate various opportunities to maximise your Company's value through investment in the rapidly growing run-of-river hydro market. The entire renewable energy industry has been the focus of increased scrutiny and interest over recent years, as governments and individuals increasingly acknowledge the urgent call for economically viable alternatives to traditional fossil fuel generated electricity, in a bid to hinder the progression of global warming. Hydroelectricity has been at forefront of renewable energy development – 5% of UK energy was renewable in 2007 of which approximately 40% was hydro. In fact hydropower schemes now generate approximately 20% of the world's total electricity requirements, making it the largest contributor of sustainable energy globally. Having identified mini hydro as a particular area of opportunity within the hydroelectric industry, the Board has embarked on a strategy to grow as a financier, developer and manager of hydroelectric projects, with an initial emphasis on UK run-of-river schemes.

As shareholders will be aware, our strategy at the time of the previous preliminary results was primarily concerned with the pending acquisition of Mountain Energy Corporation Limited ('MEC') following an initial investment in February 2008 of £250,000 to acquire a 2.6% equity interest and to secure the option to buy the remaining share capital of MEC. MEC demonstrated itself as an attractive acquisition target to Running River, primarily due to the joint venture company ('the JV company') that it had established with an investment fund, managed by a major international investment bank ('the JV partner'), to develop and operate hydroelectric power projects. The JV company completed the acquisition of a controlling interest in an Indian company, which held licences to construct and operate two run-of-river hydroelectric plants in northern India. On 28 May 2008, we announced that the Company had exercised its call option to acquire the remaining shares in MEC from its other shareholders for £13.636 million and that trading of shares in the Company were duly suspended pending the completion of the acquisition. However following a protracted period lasting several months, the circular to shareholders continued to be delayed due to due diligence setbacks. The Board remains in discussions with MEC and hopes to update shareholders of the outcome in due course.

The Company continues to evaluate alternative opportunities in the run-of-river hydro arena and identified the UK as an ideal site for investment in the sector. The British Isles benefit from a vast resource base in terms of hydroelectricity, with a warm and wet climate presenting itself as an ideal environment for harnessing hydroelectric power. Research has suggested that by employing small scale hydroelectric power generation from all streams and rivers in the UK, 10,000 gigawatt hours per year could be produced which is circa 3% of the UK's total electricity needs. Despite the huge potential in this area, many suitable sites are overlooked by land managers due to the perceived expense, planning and management involved in establishing a mini-hydro scheme. This in itself has presented the Company with an opportunity to capitalise on the potential demand for establishing mini-hydro schemes, utilising the extensive knowledge of the Board and its affiliates, in addition to the financing and management support that Running River could provide to land managers across the UK.

The Company has now embarked on a strategy to grow as a financier, developer and manager of hydroelectric projects, with an initial emphasis on UK run-of-river schemes and has accordingly strengthened its Board with the appointment of new Directors to facilitate in the future assessment, planning, funding and construction of mini-hydro schemes. These appointments include the introduction of myself, Brian Sweeney as Chairman, and both Alistair Forbes and Michael Royde as Directors of the Company. Our combined experience covers a breadth of industries and sectors including energy and power through my positions within Royal Dutch Shell and Rolls Royce, in addition to Michael's 25-plus year career in financial services and Alistair's long commercial career and his invaluable first-hand experience of establishing and developing a mini-hydro scheme at Roshven.

Michael Royde has subsequently decided that his skills would be better utilised acting on the boards of the special purpose vehicles ('SPVs') to which he introduces funds and will accordingly not seek re-election to the main board at the upcoming Annual General Meeting. His skills will still be available in his capacity as a director of certain SPVs.

I believe that Running River has now assembled a highly skilled and complementary Board and management team; one which is capable of driving the Company forward towards achieving its objective of becoming a growing force in the mini-hydro business, serving the interests of the land manager and of investors. We intend to realise this objective through direct investment in the development of run-of-river schemes, in parallel with the land manager if appropriate, and we anticipate the capital expenditure of each site to be typically in the region of £1 million to £2 million, from initial site assessment right through to electricity generation.

Once producing electricity, significant revenues can be derived from relatively small schemes; an example of this can be seen at the Roshven Hill Estate hydro scheme, in the development of which Director Alistair Forbes was heavily involved. The total expenditure of the project was £800,000, and since commencing electricity production in December 2008, it is anticipated that it will generate in excess of £200,000 per annum, i.e. a total payback on the initial investment within four years.

Running River has a clear offering to land managers to develop the electrical potential of their land without them having to do or pay anything. We have an interesting offering to potential investors; all finances for future projects will be arranged by Running River with land managers granting long and renewable leases on the land and water flow to the project, which will, in return, pay them a percentage of the electrical revenues. Land managers can invest in their own projects, alongside the Running River investors, should they wish to do so. This strategy, I believe, differentiates us from other companies operating in a similar vein as we will be working hand-in-hand with land managers in order to maximise the potential value of the streams on their land whilst giving investors in Running River and its projects, access to the advantages of small scale hydro schemes, generating reliable, low cost, inflation proof energy.

The Board is continuing its discussions with MEC in order to reach a resolution regarding the proposed transaction however I am conscious of the lengthy suspension from trading on PLUS markets that this has situation has created. I am hopeful that it will not be long before we can request the resumption in dealing in the Company's shares upon resolution of the MEC position or the announcement of an agreement for our first hydro scheme.

I would like to take this opportunity to thank our shareholders for their continued support, particularly in light of the transitional period that the Company has undergone, and also reiterate my confidence in our stated strategy, and the positive outlook for the year to come.

Brian Sweeney
Chairman
13 July 2009

DIRECTORS AND ADVISERS

Directors

B H C Sweeney

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

J Woolgar

DEPUTY CHAIRMAN

C R E Bennett

FINANCE DIRECTOR

J A P Forbes

MARKETING DIRECTOR

J E Burgess

NON-EXECUTIVE DIRECTOR

M M R Royde

NON-EXECUTIVE DIRECTOR

Secretary

D Traynor & S Ronaldson (Joint)

Registered office

Third Floor

55 Gower Street

London

WC1E 6HQ

Business address

36 Dover Street

London

W1S 4NH

Tel: +44 (0)207 318 0461

www.runningriverplc.com

Company number

5761010

Corporate adviser

Religare Hichens Harrison

Bell Court House

11 Blomfield Street

London

EC2M 1LB

Solicitors

Ronaldsons LLP

55 Gower Street

London

WC1E 6HQ

Registrars

Share Registrars Limited

Suite E

First Floor

9 Lion and Lamb Yard

Farnham

Surrey

GU9 7LL

Auditor

Chantrey Vellacott DFK LLP

Russell Square House

10 – 12 Russell Square

London

WC1B 5LF

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2009.

Principal activities

The principal activity of the Company is the development of projects in the hydro-electric field, utilising green renewable energy.

Results and dividends

The results for the year are set out on page 8.

The loss for the year amounted to £416,523 (2008: £59,864). The directors do not recommend the payment of a dividend.

Directors

The following directors served during the year:

B H C Sweeney (*appointed 9 March 2009*)

J Woolgar

C R E Bennett

J A P Forbes (*appointed 9 March 2009*)

J E Burgess

M M R Royde (*appointed 9 March 2009*)

Auditor

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting.

Substantial shareholdings

The Company has been notified of the following substantial interests as at 15 May 2009.

	Number of ordinary shares of 0.1p each	Percentage of issued share capital
Pershing Keen Nominees Limited	24,275,000	16.32
C & S Banks	15,000,000	10.08
J E Burgess	13,500,000	9.08
J Woolgar	9,500,000	6.39
K Crosthwaite	9,000,000	6.05
Chesterford Equities	6,550,000	4.40
Hichens Harrison (Ventures) Limited	5,000,000	3.36
Share Nominees Limited	4,800,000	3.22
B M Moritz	4,500,000	3.03
Westward Investments Limited	4,500,000	3.03

DIRECTORS' REPORT continued

Statement of directors' responsibilities

The directors are responsible for preparing 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 International Financial Reporting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware:

- there is no relevant audit information of which the Company's auditor is not unsure; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

John Woolgar

Director

13 July 2009

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Running River PLC

We have audited the financial statements of Running River plc for the year ended 31 March 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the directors and auditor

The directors' responsibilities for preparing the Annual Report, the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditor
London
13 July 2009

INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 £	2008 £
Administrative expenses		(435,285)	(95,462)
Operating loss before finance costs		(435,285)	(95,462)
Interest receivable	4	18,762	35,598
Loss before tax	5	(416,523)	(59,864)
Taxation	6	–	–
Loss for the year		(416,523)	(59,864)
Loss per ordinary share			
Basic and diluted	7	0.28p	0.05p

All the activities of the Company are classed as continuing.

The notes on pages 12 to 15 are an integral part of these financial statements.

There is no difference between the results as shown above and their historical cost equivalent.

BALANCE SHEET

As at 31 March 2009

	Notes	2009 £	£	2008 £	£
Assets					
Non-current assets					
Unlisted investments	8		–		250,000
Current assets					
Cash and cash equivalents	9	478,281		483,749	
Trade and other receivables	10	32,079		29,221	
			510,360		512,970
Total assets			510,360		762,970
Equity and liabilities					
Equity attributable to equity holders					
Share capital	12		148,708		137,000
Share premium			803,374		672,293
Accumulated losses			(476,387)		(59,864)
Total equity			475,695		749,429
Current liabilities					
Trade and other payables	11		34,665		13,541
Total equity and liabilities			510,360		762,970

The notes on pages 12 to 15 are an integral part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 13 July 2009.

They were signed on its behalf by:

John Woolgar

Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Share capital £	Share premium £	Accumulated losses £	Total equity £
Balance at 1 April 2007	50,000	–	–	50,000
Loss for the year	–	–	59,864	(59,864)
Issue of share capital	87,000	783,000	–	870,000
Costs associated with the issue of share capital	–	(110,707)	–	(110,707)
Balance at 31 March 2008	137,000	672,293	(59,864)	749,429
Loss for the year	–	–	(416,523)	(416,523)
Issue of share capital	11,708	134,642	–	146,350
Costs associated with the issue of share capital	–	(3,561)	–	(3,561)
Balance at 31 March 2009	148,708	803,374	(476,387)	475,695

The notes on pages 12 to 15 are an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 March 2009

	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Cash flows from operating activities			
Net cash used in operating activities	13	(157,019)	(111,142)
Cash flows from investing activities			
Loan		(10,000)	–
Payment to acquire investment		–	(250,000)
Interest received		18,762	35,598
Net cash flows from investing activities		8,762	(214,402)
Cash flows from financing activities			
Proceeds from issue of shares		146,350	870,000
Issue expenses paid		(3,561)	(110,707)
Net cash flows from financing activities		142,789	759,293
Net (decrease)/increase in cash and cash equivalents		(5,468)	433,749
Cash and cash equivalents at beginning of year		483,749	50,000
Cash and cash equivalents at end of year		478,281	483,749

The notes on pages 12 to 15 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. Accounting policies

a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and IFRIC interpretations endorsed by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. They have been prepared using the historical cost convention.

The principal accounting policies adopted are set out below and have been consistently applied.

Going concern

The Company's business activities and financial position is stated in the directors' report on pages 3 to 4. The Company has sufficient financial resources to manage its business risks successfully. As a consequence, the directors believe that the Company is well placed despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b) New standards and interpretations

At the date of authorisation of these financial statements, there were standards and interpretations which have not been applied in these financial statements that were in issue but not yet effective.

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with general accepted accounting practice requires management to make estimates and judgements that affect the reported amount of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amount of revenues and expenses during the period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

d) Financial instruments

All financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is an objective evidence of impairment. The amount of any provision is recognised in the income statement.

e) Investments

Investments in unlisted companies are stated at cost less provision for any impairment value and recognised as non-current assets.

f) Cash

Cash and cash equivalents comprise cash at bank and in hand.

g) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1. Accounting policies continued

f) Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current and deferred tax assets and liabilities are offset when the same taxation authority levies the income taxes and when there is a legally enforceable right to offset them.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

2. Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk. The Company has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance.

a) Liquidity risk

The Company reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

3. Staff costs

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Wages and salaries	48,500	22,000
Social security costs	1,280	–
	49,780	22,000
Of which directors' remuneration was	41,055	22,000

Average monthly number of staff, including directors employed by the Company during the year

	No.	No.
Management and administration	3	3

4. Interest receivable

	2009 £	2008 £
Bank interest received	18,762	35,598

5. Loss before taxation is stated after charging:

	2009 £	2008 £
Auditor's remuneration – audit services	5,000	4,500
– other services	2,925	–

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 March 2009

6. Taxation

	2009 £	2008 £
Current tax		
UK corporation tax on profits for the year	–	–
Reconciliation of current tax charge		
Loss before tax	(416,523)	(59,864)
Tax on loss at standard rate of tax (28%) – (2008: 30%)	(116,626)	(17,959)
Disallowed expenses	85,501	4,763
Losses carried forward	31,125	13,196
Tax expense	–	–

The Company has unrelieved tax losses of approximately £155,000 (31 March 2008: £44,000) to carry forward and offset against future profits from the same trade. No deferred tax asset has been recognised in respect of these losses, as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future.

7. Loss per ordinary share

The calculation of basic and diluted loss per ordinary share is based on the following losses and number of shares. There are no dilutive potential ordinary shares.

	2009 £	2008 £
Loss for the financial period	(416,523)	(59,864)
	No of shares	No of shares
Weighted average number of shares	144,805,333	123,000,000
Loss per share	0.28p	0.05p

8. Unlisted investments

	£
Balance at 1 April 2007	–
Additions	250,000
Balance at 31 March 2008	250,000
Provision for diminution in value	(250,000)
Balance at 31 March 2009	–

The Company holds 267 ordinary shares of HK\$1 each in Mountain Energy Corporation Limited, a company incorporated in Hong Kong, representing approximately 2.6% of the issued share capital.

9. Cash and cash equivalents

	2009 £	2008 £
Cash at bank and in hand	478,281	483,749

10. Trade and other receivables

	2009 £	2008 £
VAT recoverable	4,893	19,918
Prepayments	16,863	9,303
Other debtors	10,323	–
	32,079	29,221

11. Trade and other payables

	2009 £	2008 £
Trade payables	17,790	–
Accruals	16,875	13,541
	34,665	13,541

12. Share capital

	2009 £	2008 £
Authorised		
1,000,000,000 ordinary shares of 0.1p each	1,000,000	1,000,000
Issued and fully paid		
148,708,000 ordinary shares of 0.1p each (2008: 137,000,000)	148,708	137,000

On 23 July 2008, 11,708,000 ordinary shares of 0.1p were issued fully paid for a cash consideration of 1.25p per share.

At 31 March 2009 there were 4,500,000 outstanding options to subscribe for 1 ordinary share of 0.1p at a price of 1p, at any time up to 17 May 2010.

13. Net cash used in operating activities

	2009 £	2008 £
Operating loss	(185,285)	(95,462)
(Increase)/ decrease in receivables	7,142	(29,221)
Increase in payables	21,124	13,541
	(157,019)	(111,142)

14. Related party transactions

During the year, the Company paid £3,000 (2008: £ nil) in accountancy fees to C R E Bennett FCA, a director of the Company.

There were no amounts outstanding at 31 March 2009 in respect of related party transactions.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Running River PLC ('the Company') will be held at 36 Dover Street, London W1S 4NH on 18 August 2009 at 10.00am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1-7 and as special resolutions in the cases of resolutions 8 and 9.

Ordinary resolutions

- 1** To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 March 2009.
- 2** To accept the resignation of James Everett Burgess as a Director of the Company, who retires by rotation under the Articles of Association of the Company and does not offer himself for re-election.
- 3** To re-elect Brian Sweeney appointed during the year and retiring as a director in accordance with the Articles of Association of the Company at the conclusion of the meeting and, being eligible, offering himself for re-election as a director of the Company.
- 4** To re-elect Alistair Forbes appointed during the year and retiring as a director in accordance with the Articles of Association of the Company at the conclusion of the meeting and, being eligible, offering himself for re-election as a director of the Company.
- 5** To accept the resignation of Michael Royde as a Director of the Company, who retires by rotation under the Articles of Association of the Company and does not offer himself for re-election.
- 6** To re-appoint Chantrey Vellacott DFK as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.
- 7** That the Directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the 'Act') to allot relevant securities (within the meaning of that section) up to a maximum aggregate nominal value of £500,000, such authority to expire at the next Annual General Meeting of the Company and provided that the Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the authority and the Directors are hereby authorised to allot relevant securities in pursuance of such offer or agreement as if the authority had not expired.

Special resolutions

- 8** That the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985, for the period expiring on the date of the next Annual General Meeting of the Company and at any time thereafter pursuant to any offer, agreement or other arrangement made by the Company before the expiry of this power to the exclusion of and in substitution for any other power granted to them and subsisting at the date of this Resolution (save to the extent that the same may already have been exercised and for any such power granted by statute), to allot, out of any relevant securities (as defined in Section 80(2) of the Companies Act 1985) which they are from time to time authorised to allot, and as if Section 89(1) of that Act and Articles within the Company's Articles of Association did not apply to such allotment any number of equity securities up to a maximum aggregate nominal value of £500,000.

- 9 That the existing Articles of Association of the Company shall no longer apply and that in the place of those, the Articles of Association attached to these resolutions and marked 'A' for identification purposes shall be adopted by the Company, and that the Company Secretary be instructed to file them with the Registrar of Companies.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided. This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid card to:

The Company Secretary
Running River Plc
c/o Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

Registered Office:
Third Floor
55 Gower Street
London WC1E 6HQ
24 July 2009

By order of the Board
Dominic Traynor
Company Secretary

Registered in England and Wales Number: 5761010

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of proxies

- 2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
- 5 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

- 6 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and
- received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- 8 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9 In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

10 In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

- (i)** if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
- (ii)** if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

Issued shares and total voting rights

11 As at 24 July 2009, the Company's issued share capital comprised 148,708,000 ordinary shares of £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 24 July 2009 is 148,708,000.

Communications with the Company

12 Except as provided above, members who have general queries about the Meeting should telephone John Woolgar on 020 7318 0461 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

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Company Number: 5761010