

Running River Plc ('Running River' or 'the Company')
Final Results

Running River, the PLUS-quoted financier, developer and manager of hydroelectric projects, announces its results for the year ended 31 March 2009.

Overview

- Identified mini hydro as an area of opportunity and embarked on strategy to grow as a financier, developer and manager of run-of-river hydroelectric projects in the UK
- Appointed a highly skilled and complementary Board and management team to facilitate the achievement of key objectives
- Continued discussions with Mountain Energy Corporation Limited ('MEC') regarding its potential acquisition by Running River

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

**** ENDS ****

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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		18,762	35,598
Loss before tax	5	(416,523)	(59,864)
Taxation	6	-	-
Loss for the year		<u>(416,523)</u>	<u>(59,864)</u>
LOSS PER ORDINARY SHARE			
Basic and diluted	7	0.28p	0.05p

All the activities of the Company are classed as continuing.

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
		<hr/>	<hr/>
		510,360	512,970
		<hr/>	<hr/>
Total assets		510,360	762,970
		<hr/>	<hr/>
Equity and liabilities			
Equity attributable to equity holders			
Issued capital	12	148,708	137,000
Share premium		803,374	672,293
Accumulated losses		(476,387)	(59,864)
		<hr/>	<hr/>
Total equity		475,695	749,429
Current liabilities			
Trade and other payables	11	34,665	13,541
		<hr/>	<hr/>
Total equity and liabilities		510,360	762,970
		<hr/> <hr/>	<hr/> <hr/>

**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)
	<hr/>	<hr/>	<hr/>	<hr/>
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)
	<u>148,708</u>	<u>803,374</u>	<u>(476,387)</u>	<u>475,695</u>

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
		<u>8,762</u>	<u>(214,402)</u>
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		<u>142,789</u>	<u>759,293</u>
Net (decrease)/increase in cash and cash equivalents		(5,468)	433,749
Cash and cash equivalents at beginning of year		<u>483,749</u>	<u>50,000</u>
Cash and cash equivalents at end of year		<u><u>478,281</u></u>	<u><u>483,749</u></u>

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.

h) 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 £	Year ended 31 March £
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

Interest receivable	2009 £	2008 £
Bank interest received	18,762	35,598
	<u>18,762</u>	<u>35,598</u>

5. Loss before taxation

Loss before taxation is stated after charging:	2009 £	2008 £

Auditor's remuneration for audit services	5,000	4,500
- Tax services	2,925	-
	<u> </u>	<u> </u>

6. Taxation

Taxation	2009	2008
	£	£
Current tax		
UK corporation tax on profits for the year	-	-
	<u> </u>	<u> </u>
Reconciliation of current tax charge		
Loss before tax	(416,523)	(59,864)
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
Tax expense	-	-
	<u> </u>	<u> </u>

The Company has unrelieved tax losses of approximately £155,145 (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)
	<u> </u>	<u> </u>
	No of shares	No of shares
Weighted average number of shares	144,805,333	123,000,000
	<u> </u>	<u> </u>
Loss per share	0.28p	0.05p
	<u> </u>	<u> </u>

8. Unlisted investments

	2009
Balance at 1 April 2007	-
Additions	250,000
	<hr/>
Balance at 31 March 2008	250,000
Provision for diminution in value	(250,000)
	<hr/>
Balance at 31 March 2009	-
	<hr/>

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
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10. Trade and other receivables

	2009	2008
	£	£
VAT recoverable	4,893	19,918
Prepayments	16,863	9,303
Other debtors	10,323	-
	<hr/>	<hr/>
	32,079	29,221
	<hr/> <hr/>	<hr/> <hr/>

11. Trade and other payables

	2009	2008
	£	£
Trade payables	17,790	-
Accruals	16,875	13,541
	<hr/>	<hr/>
	34,665	13,541
	<hr/> <hr/>	<hr/> <hr/>

12. Share Capital

Share capital	2009 £	2008 £
Authorised		
1,000,000,000 ordinary shares of 0.1p each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Issued and fully paid		
148,708,000 ordinary shares of 0.1p each (2008 137,000,000)	148,708	137,000
	<u> </u>	<u> </u>

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
	<u> </u>	<u> </u>
	<u>(157,019)</u>	<u>(111,142)</u>

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.

15. Annual Report & Accounts

A copy of the Annual Report and Accounts for the year ended 31 March 2009 will be sent to shareholders shortly and copies will also be available from the Company's business address at 36 Dover Street, London W1S 4NH or by visiting the Company website at www.runningriverplc.com.

16. Notice of Annual General Meeting

The Annual General Meeting ('AGM') of the Company will be held at 36 Dover Street, London, W1S 4NH at 10.00 a.m. on 18 August 2009. A copy of the resolutions for the AGM and form of proxy will be sent to shareholders shortly and will also be made available on the Company's website at www.runningriverplc.com.