

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Company is committed to applying high standards of corporate governance, integrity and business ethics to all activities. The Company is not required by the rules of the AIM market of the London Stock Exchange to comply with the Combined Code on Corporate Governance (June 2006) (the “Code”). However the Board is accountable to the Company’s shareholders for good corporate governance and has therefore taken steps to aspire to compliance with the Code in so far as is practicable as a smaller company.

THE BOARD OF DIRECTORS

The Group supports the concept of an efficient and effective Board managing the Company in an entrepreneurial manner. The Board is responsible for approving the Company policy and strategy with regard to management structure and senior appointments, strategic or policy considerations, capital transactions, finance and general matters. It meets regularly and has a schedule of matters specifically reserved to it for decision which include raising new capital, entering into financing facilities for projects, treasury policies and approval of annual operating budgets. The Board met seven times during 2007. Management supplies the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary.

The current Board consists of three executive directors and currently three non-executive directors. Jimmy West, the Chairman, is also a director of a number of other companies including Independent Power Corporation PLC (IPC), a company of which Peter Earl, Elizabeth Shaw and Mike Eyre are directors and Peter Earl and Elizabeth Shaw are shareholders. The other non-executive directors are Sir Robin Christopher and Freddie Fisher. The non-executive directors are all regarded by the Board as independent in character and judgement. The non-executive directors bring experience at a senior level to business operations and strategy.

All directors are involved in significant decisions. The Chief Executive Officer, Peter Earl, leads the executive directors with particular regard to the protection and enhancement of shareholder value, project financing arrangements, government and public relations and dialogue with shareholders. Elizabeth Shaw has particular responsibility for financial matters and development of the Company’s business, in particular acquisitions, and Mike Eyre has particular responsibility for technical operations and engineering matters.

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RELATIONS WITH SHAREHOLDERS

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management. It therefore holds regular meetings and presentations to its institutional shareholders to discuss objectives.

The Annual General Meeting ("AGM") is used to communicate with private investors and they are encouraged to participate. The Chairman of each of the Audit, Remuneration and Nominations Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is also a resolution to approve the annual report and accounts. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

ACCOUNTABILITY AND AUDIT

The Board seeks to present a balanced and understandable assessment of the Group's position and prospects in all interim and price-sensitive reports, reports to regulators and the information required to be presented by statute.

The Audit Committee comprises Freddie Fisher and Jimmy West who are both non-executive directors. Freddie Fisher, who has recent and relevant financial experience, assumed Chairmanship of the Audit Committee from Jimmy West in March 2007. The committee met twice in 2007.

The terms of reference of the Audit Committee include keeping under review the scope and results of the external audit and its cost effectiveness. The Committee reviews the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the Group, seeking to balance objectivity and value for money.

INTERNAL CONTROL

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

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ASSESSMENT OF BUSINESS RISK

A system of business risk identification, assessment, and evaluation is in place within the management process throughout the Group. Strategic risks are regularly reviewed by the Board. Risks relating to the key activities within the subsidiary operating units are assessed continuously by their respective boards of directors.

CONTROL ENVIRONMENT

The Group's operating procedures include a comprehensive system for reporting financial and non-financial information to the Board including:

- preparation and review of annual budgets
- review of the business at each Board meeting, focussing on any new risks arising (for example key changes in the market).

CONTROL PROCEDURES

Detailed operational procedures have been developed to safeguard shareholders' investments and the Company's assets that embody key controls and these are reviewed annually by the Board. The implications of changes in law and regulations are taken into account within these procedures.

MONITORING PROCESS

There are clear procedures for monitoring the system of key controls, the significant component being a review by the Audit Committee of the process for identifying and assessing risks and the effectiveness of controls.

The Board has considered the need for an internal audit function but has decided that is not justified at present. However, it will keep the decision under review on at least an annual basis.

HEALTH, SAFETY AND ENVIRONMENTAL

Health and safety is an important issue within the Group and the Group's objective is to maintain high industry standards. The Group shares best practice across its operations with a view to all plants operating to the highest possible

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safety and environmental standards that meet or exceed applicable regulations in the countries in which the Group operates.

GOING CONCERN

After making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION

The Board recognises that directors' remuneration is of legitimate concern to the shareholders and it is committed to following current best practice. The particulars of the Directors' interests in the share capital of the Company are set out in the Directors' report. The Remuneration Committee comprises Sir Robin Christopher, who chairs the Committee, Jimmy West and Freddie Fisher. Details of Directors' remuneration are set out in note 4 of the notes to the financial statements.

APPOINTMENT OF DIRECTORS

The Nominations Committee meets to make recommendations to the Board on all new Board appointments and comprises Jimmy West chairman of this Committee, Sir Duncan Robin Christopher and Freddie Fisher.

STATEMENT OF NON-COMPLIANCE

The non-executive directors are all considered to be independent in character and judgement. However, the composition of the three Committees of the Board (Audit, Remuneration and Nominations) is not compliant with the Code since in each case one of the committee members might be regarded as not being independent within the terms of the Code.

Susan Laker

Company Secretary

4 June 2008