Aggregated Micro Power Holdings plc

Audited Report and Financial Statements
For the period ended 31 March 2016
Registration number: 08372177

Aggregated Micro Power Holdings plc

Company Information

Directors	Neil Eckert Richard Burrell Mark Tarry Sir Laurence Magnus Sir Brian Williamson The Rt. Hon. Sir Nicholas Soames
Company Secretary	Lauren Paton
Registered Number	08372177
Registered Office	5 Clifford Street London W1S 2LG
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Accountants	EPE Administration Limited Audrey House 16-20 Ely Place London EC1N 6SN
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

Aggregated Micro Power Holdings plc

Executive Chairman's Statement

We are presenting our final results for the three months to 31 March 2016. The three month audited reporting period will bring the Group's financial year-end into line with our wood fuels business which should account for over 80% of Group revenues on an ongoing basis. The comparative figures in the statements are in respect of the 12 month period to 31 December 2015. Therefore, the amounts presented henceforth are not entirely comparable with the prior 12 month period to 31 December 2015. Our new financial year commenced on 01 April 2016 and we will be reporting Interim Results for the six month period to 30 September 2016 in December.

During this shortened accounting period, we were delighted to have completed the acquisition of Forest Fuels combined with a £5.79 million fund raise which closed at the end of March. This put in place a nationwide platform and strategy to enable us to make further acquisitions. In August 2016 we acquired Midlands Wood Fuels and we also announced the proposed acquisition of the customer base of Mi-Generation, coupled with a share and convertible loan note issue totalling £5.0m in aggregate. We believe a roll up opportunity continues to exist giving us the ability to scale this business and become the market leader in the sale of wood chip and wood pellet to end customers.

The acquisition of Forest Fuels, Midlands Wood Fuel and the customer base of Mi-Generation marks a significant development for AMP and for our strategic ambitions. These Acquisitions will accelerate AMP's growth by providing a market leading distribution capability in wood fuels and providing us with a platform for further roll-up opportunities. By combining the business development activities and offering both long term financing for biomass boilers and CHP systems together with long term wood fuels contracts to end customers, there will be significant opportunities to increase our development fee revenues and generate income from associated wood fuel contracts.

Our development business has continued to progress well. We develop projects which install biomass boilers in commercial facilities such as schools, care homes, horticultural nurseries and factories. These projects are funded off-balance sheet.

The current installed renewable heat capacity in the UK market is 3% with a Government target of 12% by 2020. In the November 2015 Autumn Statement, the Government reaffirmed its commitment to the Renewable Heat Incentive and we are now seeing an encouraging outlook for biomass boiler developments through to 2020. As this market will grow in size and maturity each year, we expect our future focus will be on installing and providing fuel for larger scale biomass systems as well as district heating systems.

The next phase of the market development is power storage. This is already developing at pace and we are active in this market. It currently takes place as standby generation capacity, balancing the grid when the renewable mix (i.e. non base load) is not running at capacity. This will, over time, be supplied by batteries. We would observe that the biggest wealth creation event in the 2nd half of the 20th Century was the breaking of the mainframe and the emergence of distributed computing. We would contend that a similar event will occur in the power market, resulting in a dramatic reduction in dependence on the transmission grid and a seismic shift towards distributed power generation.

Our development target is to exceed £20 million of developed and financed assets per year across both wood fuel boilers and grid balancing projects. Our pipeline of projects is strong, but more importantly, we are establishing a track record of closing deals and projects with third party infrastructure funds such as AMPIL Infrastructure Limited 1 ('AMPIL') and similar infrastructure funds. By sourcing capital in this way, we should be able to earn a steady stream of development fees for AMP both in terms of the upfront fee of 10% of capital expenditure and, in time, from the deferred development fees which will be due to AMP from AMPIL.

Neil Eckert
Executive Chairman
29 September 2016

Strategic Report

This report presents our Report and Accounts for the three months ending 31 March 2016. The comparative figures in the statements are in respect of the 12 month period to 31 December 2015. Therefore, the amounts presented henceforth are not entirely comparable with the prior 12month period end of 31 December 2015.

Results
Group revenues for the three month period were £0.204m and gross profit was £0.129m. The loss before tax for the three month period was £0.523m and the loss from continuing operations was £0.353m.

On 9 March 2016, the company announced a fundraising of £5.79m comprising a placing of Ordinary Shares to raise gross proceeds of £1.72m and Convertible Notes raising £4.07m. Proceeds from the fund raise were used to finance the cash portion of the acquisition of Forest Fuels and to increase the company's working capital.

Net assets as at 31 March 2016 increased to £2.492m (31 December 2015: £0.685m). The balance sheet does not include any recognition for future deferred development fees that may be due from AMPIL.

Cash and cash equivalents increased to £0.802m (31 December 2015: £0.676m).

AMP Group strategy
The AMP Group's strategy is to develop and operate projects using small-scale technologies for converting biomass to energy and to sell the energy produced in the form of electricity, heat and wood fuel.

Following the acquisition of Forest Fuels which completed during the three month period and the two subsequent acquisitions of Midlands Wood Fuel and the Mi-Generation pellet customer list, AMP's strategy remains focused on selling wood chip and wood pellet to end customers throughout the UK and to create a market leading business in the sale of renewable heat and fuel. The Directors believe that the Combined Group's wood fuels customer base can be grown by a combination of organic growth and in-fill acquisitions in strategic locations.

The acquisition of Forest Fuels will accelerate AMP's growth by providing a market leading distribution capability in wood fuels. Forest Fuels also provides AMP with a platform of regional depots from which to seek installations of new biomass boilers in customer locations around its depot sites as well as a number of potential wood chip drying facilities to enable the sale of forced dried wood chip.

AMP continues to develop its small-scale biomass boiler projects which it has been successful in selling to AMP Infrastructure Limited ("AMPIL 1"). Under the terms of its contract with AMPIL 1, AMP receives an upfront 10% development fee on each project and when AMPIL 1 Loan Notes are repaid, AMP is entitled to receive 100% of the excess returns in the form of deferred development fees.

AMP also has a significant development interest in two large scale biomass CHP developments in Immingham and Hull on two port-side locations that will be leased from Associated British Ports. Both these schemes have secured planning permission and grid connection offers for 49.0MW and 49.9MW respectively. Over the next twelve months, AMP and its development partners intend to secure external, off-balance sheet construction finance for these projects which is contingent on both schemes achieving Government incentives in the form of Contracts for Difference. The next auction for Contracts for Difference is expected to be concluded in the next 6-9 months. We have included further details surrounding the project in note 2(d).

The next phase of the market development is grid balancing. This is already developing at pace and we are active in this market. It currently takes place as standby generation capacity, balancing the grid when the renewable electricity generation is not running in line with demand.

The Directors believe that the Combined Group's strengths in procurement, distribution, logistics, project development, funding and operations will broaden the Group's market and geographical presence across the biomass value chain, the power storage and stand by generation markets, enhancing margins and increasing development opportunities.

AMP is not a technology company, but a project developer. We are agnostic to technology, but have strong conviction in pursuing the strategy of aggregating micro power.

Strategic Report (continued)

Industry and policy background

The UK heating market for wood chip and wood pellet is estimated by the company to amount to 450,000 tonnes per annum for wood pellet and 700,000 tonnes per year for wood chip based on Renewable Heat Incentive accredited installations. This market has grown more than fourfold in the last two years and is expected to continue to grow driven by the installation of larger biomass plant from the continuation of the Renewable Heat Incentive through to 2020 as confirmed by the Autumn Statement in November 2015.

The Renewable Heat Incentive for accredited installations is for a 20 year duration and the Directors expect good prospects for growth and stability in the market for wood fuels over the coming years.

The UK's drive to decarbonise (the Government has a legally binding target of reducing the UK's greenhouse gas emissions by 80% by 2050 against 1990 levels), is expected to require significant structural changes to the power market, with 8 GW of coal fired generating capacity already decommissioned since 2012 due to the Large Combustion Plant Directive and a further 8 GW to be decommissioned in the next 12 months. This represents 18.8% of current power generation; a reduction in supply, which in the Directors' opinion will help support the wholesale price of electricity in the near term.

We believe that there are a number of features of the renewable energy market which are highly beneficial for the AMP Group:

- The UK's lack of energy security means that domestic energy production, especially renewable energy production, has a high value even in the absence of environmental factors and falling oil prices;
- In light of the gap between the UK's current and proposed energy supply mix, public policy support measures, including incentives, are generally expected to endure as has been evidenced by the announcement at the Autumn Spending Review in November 2015 that the Renewable Heat Incentive will be maintained through to 2020;
- The current installed renewable heat capacity in the UK market is 3% with a Government target of 12% by 2020;
- Current and proposed support measures specifically favour the smaller scale, de-centralised generation including district heating mains and industrial heat users which the AMP Group is targeting;
- By operating smaller scale facilities in close proximity to customers, the AMP Group is able to reduce energy delivery costs and exploit the price premium between retail and wholesale energy pricing; and
- The market for wood pellet and forced dried wood chip is growing rapidly and is strongly supported by RHI Regulations. From January 2013 to January 2016 the installed capacity of RHI accredited biomass boilers grew from 175 MW to 2,270 MW.

The structure of the energy markets, in the UK and elsewhere, provide a commercial opportunity for the small scale energy facilities that comprise the AMP Group's primary areas of focus, making use of local energy sources to generate and supply energy close to the point of demand, so capturing higher retail prices for the energy produced and reducing the costs arising from energy delivery losses.

AMP Group objectives and KPIs for 2016 are as follows:

- Aim to be the market leader in wood fuels retailing (wood pellet and wood chip) via a combination of organic growth and targeted acquisitions;
- Grow pipeline of biomass boiler developments and existing boiler acquisitions generating development fees and future carried interest from AMPIL Loan Note issuance;
- Generate development fees and future carried interest from larger scale development projects, energy storage and from the capacity market where it makes commercial sense to do so;
- Supplement AMP's cash resources with additional new funding from one or a combination of: the issue of new Ordinary Shares for cash; the issue of new Convertible Notes; the refinancing of existing assets; raising project finance from third party providers; asset financing of core items of equipment; or any other compelling financing mechanism where the Directors consider doing so to be in the best interests of the company and its Shareholders.

Strategic Report (continued)

Risk factors
The principal risks of the business are documented below:

Risk	Mitigation Procedure
Staff retention risk	Long term lock in arrangements and incentivisation structure to retain key staff through equity ownership. Contractual minimum notice periods for key staff sufficient to ensure time for recruitment/handover.
Public policy risk including changes to renewable incentives	Minimise construction timetable for individual projects. Changes to public policy mechanisms can adversely affect project returns but the Group is only exposed during the time between financial close and commencement of operations. Small scale projects which AMP is developing have relatively short construction times and so lower public policy exposure. In addition, where practicable, the company will seek to use existing public policy measures to lock in an entitlement to specific incentive rates before construction commences.
Feedstock price risk	The company will monitor prices and establish a policy for hedging exposures including managing merchant risk, including the development of a wood fuel supply model as a natural hedge against increasing biomass fuel prices. The company will establish supply contracts to minimise exposure where these are available at a reasonable price.
Electricity price risk	The company will establish off-take contracts (Power Purchase Agreements) to minimise exposure where these are available on reasonable terms.
Planning risk	The company will seek to minimise the extent of exposure and financial commitment prior to successful planning approvals.
Environment Agency / Health and Safety risks	Industrial sites have potential exposure to environmental and Health and Safety ('H&S') issues. Health and Safety risk assessment has been undertaken, and relevant policies are in place. Health and Safety review is given priority at management meetings and Board Meetings. Staff training is provided as appropriate.
Tax compliance risk	Tax computations, VAT computations and PAYE are outsourced to a professional service provider.

On behalf of the board
Richard Burrell
Chief Executive Officer
29 September 2016

Director's Report
For the period ended 31 March 2016

Strategic report

A review of the business and future developments of the Group are included within the strategic report on page 4.

Results

Results for the year are set out in the Consolidated Statement of Comprehensive Income on page 14 and in the Consolidated Statement of Changes in Equity on page 16.

Directors

Neil Eckert (Executive Chairman)
Richard Burrell (Chief Executive Officer)
Mark Tarry (Chief Financial Officer)
Sir Laurence Magnus (Senior Non-Executive Director, Chair of the Audit and Remuneration Committees)
Sir Brian Williamson (Non-Executive Director)
The Rt. Hon. Sir Nicholas Soames (Non-Executive Director)

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Directors' responsibilities

The Directors are responsible for preparing the Strategic and Directors' 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and FRS 102. 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 Group and company and of the profit or loss of the Group and company for that period.

Directors' Report (continued)

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;
- state for the Group financial statements whether they have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- state for the company financial statements whether applicable UK Accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Remuneration

The company remunerates the Directors in line with their experience, the size of the company and its growth objectives. All remuneration is reviewed and approved by the remuneration committee. Details of Directors' salaries and benefits are set out below and in Note 7.

	Period ended 31 March 2016			**Year ended 31 December 2015**		
Director	**Salary**	**Other benefits**	**Total**	**Salary**	**Other benefits**	**Total**
Neil Eckert	51,250	837	52,087	205,000	3,236	208,236
Richard Burrell*	25,625	5,125	30,750	102,500	20,500	123,000
Mark Tarry	34,628	3,907	38,535	139,752	15,576	155,328
Sir Laurence Magnus	6,250	-	6,250	25,000	-	25,000
Sir Brian Williamson	3,750	-	3,750	15,000	-	15,000
The Rt. Hon. Sir Nicholas Soames	3,750	-	3,750	15,000	-	15,000
Total	**125,253**	**9,869**	**135,122**	**502,252**	**39,312**	**541,564**

*In addition consultancy services to the Group under a consultancy agreement between AMP Energy Services Limited and Mathieson Capital Investment Management Limited were also provided during the year. Mr Burrell has a significant interest in Mathieson Capital Investment Management Limited. The fee for these services was £25,625.

Directors' Report (continued)

Directors' interests

The following Directors held shares in the company as at 31 March 2016

Neil Eckert[1]	7,704,000
Richard Burrell[2]	2,730,000
Mark Tarry	230,000
Sir Laurence Magnus[3]	175,000
Sir Brian Williamson[4]	100,000
The Rt. Hon. Sir Nicholas Soames	50,000

[1] Neil Eckert also owns £795,000 nominal of Convertible Notes as at 31 March 2016 following the acquisition of Forest Fuels
[2] 30,000 shares held by Mathieson Capital Fund Management LLP an entity owned by Richard Burrell
[3] Sir Laurence Magnus also owns £31,250 nominal of Convertible Notes as at 31 March 2016 following the acquisition of Forest Fuels
[4] Sir Brian Williamson also owns £20,000 nominal of Convertible Notes as at 31 March 2016 following the acquisition of Forest Fuels

Dividend

No dividend is recommended to be paid in respect of the 2016 period (2015: nil).

Events after the reporting period

Note 26 to the accounts sets out details of any important events affecting the company or its subsidiaries since 31 March 2016.

Financial instruments

Note 20 to the accounts sets out details of the Group's exposure to financial instruments.

Directors and their disclosures

Details of the composition of the Board of Directors are set out on page 10.

Each of the persons who were Directors at the date the report was approved have confirmed that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This Directors' Report was approved by the Board of Directors of the company on 29 September 2016 and signed on their behalf by:

Richard Burrell
Chief Executive Officer

Corporate Governance

The Directors support high standards of corporate governance and confirm that they pay due regard to the UK Corporate Governance Code insofar as is practicable given its size and nature.

Constitution of the board
During the period there were three full board meetings. The Audit, Remuneration and Nomination Committee did not meet.

The board was comprised of the following:

Sir Laurence Magnus	Senior Independent Non-executive
Sir Brian Williamson	Non-executive
The Rt. Hon. Sir Nicholas Soames	Non-executive
Neil Eckert	Executive Chairman
Richard Burrell	Chief Executive Officer
Mark Tarry	Chief Financial Officer

Committees of the board

The Audit Committee is made up of Sir Laurence Magnus (Chairman), Sir Brian Williamson and The Rt. Hon. Sir Nicholas Soames, with the company secretary serving as secretary.

The Audit Committee's terms of reference requires the committee to meet at least 2 times per year to coincide with key dates in the company's financial reporting cycle and at such other times as the Committee Chairman shall require. The Committee is responsible for monitoring the integrity of the financial statements of the company including those which are relied upon by the Board. The Committee reviews the company's corporate reporting, risk management, financial statements and internal financial controls, considers the need for internal audits and the scope and planning of external audits and the findings of the audits and keeps under review the company's relationship with the external auditor.

The Remuneration Committee is made up of Sir Laurence Magnus (Chairman), Sir Brian Williamson and The Rt Hon. Sir Nicholas Soames, with the company secretary serving as secretary.

The Remuneration Committee shall meet at such times as the Chairman of the Committee shall require. The purpose of the Committee is to recommend to the Board the company's general policy on remuneration and in particular to determine the remuneration packages for the Executive Chairman and the Executive Directors.

The Nomination Committee is made up of Sir Laurence Magnus (Chairman), Sir Brian Williamson and The Rt. Hon. Sir Nicholas Soames, with the company secretary serving as secretary.

The Committee shall meet at such times as the Chairman of the Committee shall require. The purpose of the Committee is to review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes.

Attendance at meetings

During the period there were three board meetings and the details of attendees are set out below.

Sir Laurence Magnus	(2/3)
Sir Brian Williamson	(2/3)
The Rt. Hon. Sir Nicholas Soames	(2/3)
Neil Eckert	(3/3)
Richard Burrell	(3/3)
Mark Tarry	(3/3)

Corporate Governance (continued)

Bribery Act compliance

In 2014 the company adopted an Anti-Bribery and Corruption Policy. This is kept under review by the Audit Committee under its terms of reference.

Matters reserved for the Board

In June 2014 the company adopted a schedule of Matters Reserved for the Board. This includes the approval of Group strategy and policies, major acquisitions and disposals, major capital projects and financing, Group budgets and material contracts entered into other than in the ordinary course of business, reviewing the functioning of the internal control environment and reviewing corporate governance arrangements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. It also retains oversight of the risk management and internal control systems with the aim that these are sound and protect shareholders' interests. This is kept under review by the Audit Committee under its terms of reference.

Relations with shareholders

The company endeavours to maintain communication with shareholders through regulatory announcements, via the company's website and by direct contact with its major shareholders. The Board values the views of its shareholders and fosters continuing dialogue with investment and fund managers, other investors and equity analysts to ensure that the investing community receives an informed view of the group's prospects, plans and progress.

Aggregated Micro Power Holdings plc

Independent Auditor's Report to the Members of Aggregated Micro Power Holdings plc.

We have audited the financial statements of Aggregated Micro Power Holdings plc for the period ended 31 March 2016 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, the consolidated and company statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 auditor's 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 statement of Directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 March 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements and the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the Members of Aggregated Micro Power Holdings plc (continued)

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.

Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

29 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Aggregated Micro Power Holdings plc

Consolidated Statement of Comprehensive Income

For the period ended 31 March 2016

	Note	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Continuing operations			
Revenue	**4**	203,901	1,125,394
Cost of sales		(75,397)	(848,844)
Loss on write-down of Inventory	**13**	-	(390,122)
Gross (Loss)/profit		128,504	(113,572)
Other operating income	**5**	16,250	65,000
Administrative expenses - Head office	**6**	(634,914)	(2,234,060)
Administrative expenses - Low Plains	**6**	(60,261)	(1,143,372)
Total administrative expenses before exceptional items		(678,925)	(3,312,432)
Loss from operations before exceptional items		(550,421)	(3,426,004)
Impairment Loss	**10**	-	(5,354,918)
Provision expense		-	(182,336)
Fair value adjustment on deferred consideration	**24**	43,514	1,822,078
Total exceptional items		43,514	(3,715,176)
Total administrative expenses after exceptional items		(635,411)	(7,027,608)
Loss from operations	**6**	(506,907)	(7,141,180)
Finance income		130	13,230
Finance expense	**8**	(16,358)	(73,387)
Loss before tax		(523,135)	(7,201,337)
Tax credit	**9**	169,680	-
Loss for the year and total comprehensive expense attributable to the ordinary equity shareholders of the parent		(353,455)	(7,201,337)
Earnings per share attributable to the ordinary equity holders of the parent basic and diluted	**25**	**(1.33)**	**(28.0)**

The notes on pages 18 to 44 form an integral part of these financial statements

Aggregated Micro Power Holdings plc

Consolidated Statement of Financial Position

As at 31 March 2016

	Note	31 Mar 2016 £	31 Dec 2015 £
Non-current assets			
Property, plant and equipment	**10**	785,390	2,581
Intangibles	**11**	2,720,334	-
Total non-current assets		3,505,724	2,581
Current assets			
Inventories	**13**	1,257,780	138,465
Trade and other receivables	**14**	4,721,285	1,248,416
Cash and cash equivalents	**15**	801,871	675,936
Total current assets		6,780,936	2,062,817
Total assets		10,286,660	2,065,398
Current liabilities			
Trade and other payables	**16**	3,934,047	551,187
Loans and borrowings	**17**	90,024	21,880
Total current liabilities		4,024,071	573,067
Non-current liabilities			
Loans and borrowings	**17**	3,454,821	755,342
Deferred Contingent Consideration	**24**	8,218	51,732
Deferred tax liability	**9**	307,977	-
Total non-current liabilities		3,771,016	807,074
Total liabilities		7,795,087	1,380,141
Net assets		2,491,573	685,257
Equity attributable to equity holders of the company			
Paid up share capital	**18**	144,423	128,473
Share premium	**18**	11,069,200	9,484,658
Merger reserve		6,648,126	6,648,126
Other reserve		4,546,180	4,546,180
Convertible debt option reserve		559,279	-
Retained deficit		(20,475,635)	(20,122,180)
Total equity		2,491,573	685,257

The financial statements were approved by the Directors on 29 September 2016 and signed on their behalf by:

Richard Burrell, Chief Executive Officer

The notes on pages 18 to 44 form an integral part of these financial statements

Aggregated Micro Power Holdings plc

Consolidated Statement of Changes in Equity

For period ended 31 March 2016

Year ended 31 December 2015	Share capital £	Share premium £	Retained deficit £	Merger reserve £	Other Reserve £	Convertible debt option reserve £	Total £
Equity as at 1 January 2015	128,473	9,484,658	(12,920,843)	6,648,126	4,546,180	-	7,886,594
Loss for the period	-	-	(7,201,337)	-	-	-	(7,201,337)
Total comprehensive expenses	-	-	(7,201,337)	-	-	-	(7,201,337)
Year ended 31 December 2015	**128,473**	**9,484,658**	**(20,122,180)**	**6,648,126**	**4,546,180**	**-**	**685,257**

Period ended 31 March 2016	Share capital £	Share premium £	Retained deficit £	Merger reserve £	Other Reserve £	Convertible debt option reserve £	Total £
Equity as at 1 January 2016	128,473	9,484,658	(20,122,180)	6,648,126	4,546,180	-	685,257
Loss for the period	-	-	(353,455)	-	-	-	(353,455)
Total comprehensive expenses	**-**	**-**	**(353,455)**	**-**	**-**	**-**	**(353,455)**
Issue of share capital	15,950	1,706,650	-	-	-		1,722,600
Equity element of convertible debt	-	-	-	-	-	587,399	587,399
Share issue cost	-	(122,108)	-	-	-	(28,120)	(150,228)
Equity as at 31 March 2016	**144,423**	**11,069,200**	**(20,475,635)**	**6,648,126**	**4,546,180**	**559,279**	**2,491,573**

Share capital: Nominal value of shares issued.
Share premium: Amount subscribed for share capital in excess of the nominal value.
Capital contribution: Relates to funding from the shareholders for which no share capital was issued and that funding meets the definition of an equity instrument.
Retained deficit: All other net losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Merger reserve: Created on the issue of shares on acquisition of its subsidiary accounted for in line with the Company's Act 2006 provisions.
Other reserve: Amount raised through the use of a cashbox structure.
Convertible debt option reserve: Amount recorded as equity on the initial fair value measurement of issued convertible loan notes

The notes on pages 18 to 44 form an integral part of these financial statements

Aggregated Micro Power Holdings plc

Consolidated Statement of Cash Flows

For period ended 31 March 2016

	Note	31 Mar 2016 £	31 Dec 2015 £
Operating activities			
Loss for the period after tax		(353,455)	(7,201,337)
Adjustments for:			
Impairment loss	**10**	-	5,354,918
Impairment of inventory		-	390,122
Aborted development expenses		-	182,336
Tax credit	**9**	(169,680)	-
Interest Income		(130)	(13,230)
Fair value adjustment on financial liabilities at fair value through profit and loss	**24**	(43,514)	(1,822,078)
Gain on disposal of subsidiary		-	-
(Profit)/Loss on disposal of FA		-	(1,013)
Interest paid	**8**	15,468	73,387
Movement in foreign exchange		406	1,044
Depreciation of property, plant and equipment	**10**	723	128,164
Cashflows from operating activities before changes to working capital		(550,182)	(2,907,687)
Change in working capital, net of effects from acquisition of subsidiaries			
(Increase)/decrease in inventories		60,692	49,872
(Increase)/decrease in trade and other receivables		493,475	122,124
Increase/(decrease) in trade and other payables		(162,312)	(441,850)
		391,855	(269,854)
Cash generated from operations		(158,327)	(3,177,541)
R&D tax credit received		169,680	439,322
Net cash flows from operating activities		11,353	(2,738,219)
Investing activities			
Acquisition of a subsidiary, net of cash acquired		(2,310,888)	-
Purchase of property, plant and equipment		(700)	(787,898)
Proceeds from sale of assets		-	99,748
Loans to third party		(58,150)	(413,406)
Interest received		129	13,230
Net cash used in investing activities		(2,369,609)	(1,088,326)
Financing activities			
Share issue cost		(122,108)	-
Proceeds from issue of convertible notes		2,833,519	-
CLN issue cost		(195,019)	-
Payments of interest on borrowings		(30,544)	(219,312)
Payments on financial lease		(1,657)	(5,285)
Net cash used in financing activities		2,484,191	(224,597)
Net increase in cash and cash equivalents		125,935	(4,051,142)
Cash and cash equivalents at beginning of period		675,936	4,727,078
Cash and cash equivalents at end of period		**801,871**	**675,936**

The notes on pages 18 to 44 form an integral part of these financial statement

Notes to the Financial Statements

For the period ended 31 March 2016

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2. The financial statements are drawn up in Pound Sterling, the presentational currency of the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

New interpretations and a number of amendments are effective for the first time for periods beginning on (or after) 1 January 2016, and have been adopted in these financial statements. None of the amendments resulted in effect on the group's consolidated financial statements.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Group's financial statements.

- IFRS 9 Financial Instruments (effective 1 January 2018)
- Defined Benefit plans IAS 19: Employee Contributions: Amendments to IAS 19 (effective 1 February 2015)
- Accounting for Acquisitions of Interests in Joint Operations: Amendments to IFRS 11(effective 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation: Amendments to IAS 16 and IAS 38 (effective 1 January 2016)
- Equity Method in Separate Financial Statements (Amendments to IAS 27) (effective 1 January 2016)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- Annual Improvements to IFRSs (2012–2014 Cycle) (effective 1 January 2016)
- IFRS 16 Leases (effective 1 January 2019)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for unrealised losses (effective 1 January 2017)
- Amendments to IAS 7: Disclosure initiative (effective 1 January 2017).

Management are in the process of assessing the impact of IFRS 15 on the financial statements.

1 Accounting policies (continued)

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in a business combination, the fair value of the instruments is their published price at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuations methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of the business combination over the net fair value of the Group’s share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group’s share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets required.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group’s incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination’s synergies. Goodwill is reviewed for impairment, annually or more frequently if

1 Accounting policies (continued)

events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. An impairment loss recognised for goodwill is not reversed.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangibles acquired in a business combination

Other intangible assets acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangibles recognised on business combinations, if they are separately identifiable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles area arrived at by using appropriate valuation techniques (see critical estimates and judgements section). Intangibles acquired through a business combination are recognised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	**Useful economic life**	**Valuation method**
Brand	5 years	Estimated discounted cash flows from royalties
Long term contracts and customer relationships	10 years	Estimated discounted cash flows

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the net asset is derecognised.

Going concern

After reviewing the Group's operations, financial position and short and long term cash flow forecasts, the Directors believe that the Group has adequate resources to continue operating and meet its financial obligations.

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided it is probable that future economic benefits will flow to the entity.

Development, management and consultancy fees are recognised in the period that the service is rendered.

Notes to the Financial Statements

For the period ended 31 March 2016

1 Accounting policies (continued)

Revenue recognition (continued)

In circumstances where biomass boiler projects are sold at financial close (development stage) and where the majority of installation costs are funded by the buyer, revenues from the sale of a project are recognised as development fees and development costs which are directly attributable to the development of biomass boiler projects and any costs which are recharged at cost are recorded in work in progress and subsequently transferred to cost of sales at financial close. Financial close is typically defined as the point at which projects have a full suite of documentation (which may include a license to occupy, lease, heat off take agreement) acceptable to the buyer.

AMP has also acted as agent for other developers introducing projects to AMPIL. In such circumstances development fees have been shared and the fees have been recognised net of any commissions payable to third parties.

Revenues from electricity, ROCs and RHI are recognised at the point of generation and are based on the combination of sales prices achieved, the average market prices observed for ROC sales, published tariff levels and metered generation.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from maintenance and consulting services is recognised by reference to the stage of completion and agreed contractual milestones. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Retirement Benefits: Defined contribution schemes

Contributions to defined contribution schemes are charged to the profit and loss in the year to which they relate.

Property, plant and equipment

All property, plant and equipment are stated at cost less depreciation. Such costs include costs directly attributable to making the asset capable of operating as intended. Costs attributable to assets under construction are included within the capitalised costs of those assets and include refurbishment and commissioning costs.

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation on assets under construction does not commence until they are complete and available for use.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Plant and machinery	-	3-20 years straight line
Farm and upgrade	-	3-20 years straight line
Fixtures and fittings	-	3-5 years straight line
Office equipment	-	3-5 years straight line
Computer equipment	-	3-5 years straight line
Motor vehicle	-	3-5 years straight line

Impairment

Impairment tests on other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

1 Accounting policies (continued)

Impairment (continued)

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Financial instruments

The Group classifies its financial assets and liabilities as receivables and loans, discussed below, due to the purpose for which the asset or liability was acquired.

Financial assets

The Group's financial assets mainly comprise of cash, trade and other receivables. Cash comprises cash in hand and deposits held at call with banks.

Trade and other receivables are not interest bearing and are stated at their nominal value as reduced by appropriate impairments for irrecoverable amounts or additional costs required to effect recovery.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The accounting policy for each category is as follows:

Financial liabilities at fair value through profit and loss

This category comprises the deferred contingent consideration on acquisitions which is discussed in more detail in note 24. This consideration is revalued at each reporting date. It is adjusted against goodwill within 12 months following the acquisition and through the income statement thereafter.

Other financial liabilities

Other financial liabilities include the following items:

- Loans and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Liability components of convertible loan notes are measured as described further below.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Convertible debt

The proceeds received from the issue of the convertible debt are allocated between their financial liability and equity components. The financial liability is initially recognised at fair value (being the discounted cash flows using a market rate of interest that would be payable on a similar instrument that does not include an option to convert). Subsequently, the financial liability is measured at amortised cost

The equity component is assigned to the residual amount after deducting this fair value liability from the fair value of the financial instrument as a whole. It is recognised in the 'Convertible debt option reserve' within shareholders' equity, net of income tax effects. More information is provided in note 20.

1 Accounting policies (continued)

Share Capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group's Ordinary Shares are classified as equity instruments.

Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight line basis.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either: the same taxable Group company; or different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chairman, Chief Executive Officer, and Chief Financial Officer.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss. Finance costs, finance income and income taxes are managed on a group basis (note 3).

1 Accounting policies (continued)

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Inventories

Raw materials and consumables are initially recognised at cost, and subsequently at the lower of the cost and net realisable value. Cost comprises all costs incurred in bringing the inventories to their present location and condition.

Raw materials and consumables are used on a first in, first out basis. Work In Progress relates to expenditure on biomass boiler, Combined Heat and Power (‘CHP’) and grid balancing projects, which are recognised at cost until they are sold.

Costs which are directly attributable to the development of biomass boiler, CHP and grid balancing projects, and which have a reasonable expectation of obtaining the consents required for further development, and to the extent that those costs do not exceed expected recoverable amounts, are treated as Work In Progress and not expensed.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and accounting estimates and assumptions

(a) Property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. Impairment tests are based upon future cash flow forecasts and these forecasts are based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Group.

(b) Fair value of deferred consideration

The fair value of Neil Eckert's and Richard Burrell's deferred contingent consideration relating to the Group's merger and acquisition of AMP Energy Services Limited (formerly Environova Consulting Limited) and Mathieson Biomass Limited respectively has been valued to market and recognised in the statements of comprehensive income and financial position. For details of the estimates and judgements see note 24.

The fair value of the deferred contingent consideration relating to the Group's acquisition of Forest Fuels Holdings Limited and its controlled subsidiaries has been valued to market and recognised in the statements of comprehensive income and financial position. For details of the estimates and judgements see note 24.

(c) Impairment of fixed assets and inventories

All assets are reviewed for indicators of impairment. Impairment tests are carried out when there is a trigger event. The recoverable amount of the fixed assets is calculated using a discounted cash flow ('DCF') model where an appropriate, or market based, discount rate is applied to future cash flows expected to be generated by the assets. Under IAS 36 an asset is impaired if its carrying value is greater than its recoverable amount or fair value. For details of the estimates and judgements see note 10.

(d) Loan receivables

The Real Ventures loan receivables are currently being held at cost ahead of the government's auction for Contracts for Difference which is scheduled for later in the year. Management remain confident that the loans will be repaid if the projects are successful in the auction.

(e) Impairment of Bad and doubtful debts

All trade and other receivables aged greater than 90 days are assessed for recoverability. Management estimates the bad and doubtful debt provision based on customer payment history as well as customer credit ratings and record a doubtful debt provision where appropriate.

Notes to the Financial Statements

For the period ended 31 March 2016

2 Critical accounting estimates and judgements (continued)

(f) Taxes

Deferred tax assets are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, as well as for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 9 for further information on deferred tax assets on carried forward losses. Deferred taxes are recognised at the substantively enacted rate, being the rate they are expected to be utilised.

The Group recognises tax credits on qualifying research and development expenditure at the point such expenditure is incurred.

(g) Valuation of intangible assets

A valuation exercise on intangibles has been performed as part of a Purchase Price Allocation exercise. The values of these intangibles and of the balance sheet acquired are provisional and within one year of the date of acquisition may be adjusted as a result of the finalisation of valuations. Please refer to note 11 for further information on the key assumptions used in this exercise. Impairment of intangible assets including goodwill is calculated using estimated future cash flows and a judgemental discount rate.

3 Segmental information

For management purposes, the Group is organised into business units based on its products and services. During the period, the Group's three main operating segments were: biomass gasification CHP at Low Plains including the development of other gasification CHP projects; the development and sale of biomass boiler "ESCO" projects; and wood fuel sales. The 1 MW gasification operation at Low Plains was discontinued on 29 September 2015 and at the year end the Group continued to occupy the Low Plains site and to run two small gasification units and a wood chip sales business. The Group subsequently decided to cease operations on site after 31 March 2016. The results have been prepared using consistent accounting policies for each segment as detailed in Note 1.

The Group was exclusively focused on UK operations.

The performance of each segment is reported below.

Operating segments - Period Ending 31 March 2016

	Gasification projects	Boiler development	Wood fuels	Total
	£	£	£	£
Revenue	19,578	184,323	-	203,901
Cost of sales	(5,773)	(69,624)	-	(75,397)
Gross profit	13,805	114,699	-	128,504
Other operating income	16,250	-	-	16,250
Fair value adjustment on deferred consideration	-	43,514	-	43,514
Administrative expenses (Low Plains)	(60,261)	-	-	(60,261)
Administrative expenses (Central Overheads)	(317,096)	(317,095)	-	(634,191)
Depreciation	-	(723)	-	(723)
Loss from operations	(347,302)	(159,605)	-	(506,907)
Segment assets	173,353	4,579,090	5,534,216	10,286,660
Segment liabilities	87,834	3,668,367	4,038,885	7,795,087
	85,519	910,723	1,495,331	2,491,573

3 Segmental information (continued)

Operating segments - Year Ending 31 December 2015

	Gasification projects	Boiler development	Wood fuels	Total
	£	£	£	£
Revenue	148,862	976,532	-	1,125,394
Cost of sales	(586,113)	(652,853)	-	(1,238,966)
Gross profit	(437,251)	323,679	-	(113,572)
Other operating income	-	65,000	-	65,000
Administrative expenses (Low Plains)	(1,017,709)	-	-	(1,017,709)
Administrative expenses (Central Overheads)	(1,115,779)	(1,115,780)	-	(2,231,559)
Impairment Loss	(5,354,918)	-	-	(5,354,918)
Aborted development expenses	(182,336)	-	-	(182,336)
Fair value adjustment on deferred consideration	-	1,822,078	-	1,822,078
Depreciation	(125,663)	(2,501)	-	(128,164)
Loss from operations	(8,233,656)	1,092,476	-	(7,141,180)
Segment assets	1,048,667	1,016,731	-	2,065,398
Segment liabilities	786,779	593,362	-	1,380,141
	261,888	423,369	-	685,257

4 Revenue

	Period ended 31 Mar 2016	Year ended 31 Dec 2015
	£	£
Electricity generation	18,590	100,067
Wood fuel sales	988	48,795
Development, Management and Consultancy fees	184,323	976,532
	203,901	1,125,394

5 Other operating income

	Period ended 31 Mar 2016	Year ended 31 Dec 2015
	£	£
Rental Income	16,250	65,000
	16,250	65,000

6 Operating loss

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Operating loss is stated after charging:		
Depreciation	723	128,164
Auditors remuneration:		
- audit related services for the audit of this company		
- audit related services for the audit of the subsidiaries	19,253	61,000
- tax advisory and compliance services	-	70,213
Foreign Exchange Loss	406	1,044
Operating lease payments	25,358	103,867
Loss on write-down of inventory	-	390,122
Staff costs	349,079	1,824,306
Licence to occupy payments	46,300	184,500
Inventory recognised as an expense	74,758	783,631
Other administrative expenses	254,056	220,707

7 Staff costs

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Staff costs (including directors) comprise:		
Wages and salaries	260,959	1,459,167
Social security contributions and similar taxes	34,028	183,949
Defined contribution pension costs	22,132	97,099
Redundancy costs	20,466	20,466
Other personnel related costs	11,494	63,625
	349,079	1,824,306
Average number of staff	15	26

Directors' salaries

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Short term employee benefits	125,253	502,252
Payments to Mathieson Capital Investment Management Ltd	25,625	102,500
Other personnel related costs	1,244	4,812
Total pension and other post-employment benefit costs	8,625	34,500
	160,747	644,064

Notes to the Financial Statements

For the period ended 31 March 2016

7 Staff costs (continued)

Highest paid Director

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Short term employee benefits	51,250	205,000
Total pension and other post-employment benefit costs	5,125	20,500
	56,375	225,500

Key management personnel are all the Directors of the company.

8 Finance expense

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Interest expense	16,358	73,387
	16,358	73,387

Notes to the Financial Statements

For the period ended 31 March 2016

9 Taxation

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Current tax credit	169,680	-
Deferred tax expense	-	-
Total tax credit	169,680	-

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Loss for the year	(523,135)	(7,201,337)
Loss before income taxes	(523,135)	(7,201,337)
Expected tax charge based on the standard rate of United Kingdom corporation tax		
at the domestic rate of 20% (2015: 20.25%)	(104,627)	(1,458,270)
Expenses not deductible for tax purposes	210	1,233,913
(Gains)/loss not taxable	(8,702)	(369,176)
Unprovided losses carried forward	113,119	593,533
R & D tax credit received	(169,680)	-
Total (credit)	(169,680)	-

Deferred tax

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Accelerated depreciation for tax purposes	(56,402)	-	-	-
Fair Value uplift on business combinations	(251,575)			
Deferred tax expense / (benefit)	-	-	-	-
Net deferred tax asset / (liability)	(307,977)	-		

Reconciliation of deferred tax liabilities	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
As of 1 January	-	-
Deferred taxes acquired in business combinations	(56,402)	-
Deferred taxes on fair value uplift on business combinations	(251,575)	-
At period end	(307,977)	-

A deferred tax asset on carried forward loss has not been recognised on the basis that there is no certainty over the profits for the twelve-month period following the year end losses carried forward to be utilised against future profits of £12,285,308 (2015: £11,719,711). Deferred tax unrecognised at the end of the period amounts to £2,088,502 (2015: £2,109,548). The deferred tax rate for 31 March 2016 is 18% being the substantively enacted rate at the end of the period.

Notes to the Financial Statements

For the period ended 31 March 2016

9 Taxation (continued)

A taxable temporary difference of £56,402 has been recognised in the period on the difference between the carrying value of asset in the accounts and their taxable value. A deferred tax liability of £251,575 has been recognised on the fair value uplifts in the year on acquisition. Deferred tax has been recognised at a rate of 18% being the substantively enacted rate at the end of the period.

The main rate of UK corporation tax has decreased from 21% to 20% from 1 April 2015, resulting in an effective corporation tax rate of 20% for this accounting period. This will further reduce to 19% from 1 April 2017 and 17% from 1 April 2020.

Further tax credits for 2015 are expected; the quantum of which are unknown and no provision has been included within these accounts on the grounds there is no certainty they will be received.

10 Property, plant and equipment

	Assets Under Construction	Farm & Upgrade	Plant & Machinery	Office Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
As at 1 January 2015	**7,130,710**	**-**	**147,510**	**3,120**	**38,000**	**7,319,340**
Additions for the period	301,481	16,532	468,377	1,508	-	**787,898**
Transfer	(7,031,723)	6,889,762	141,961	-	-	**-**
Reclassification*	(253,741)	-	-	-	-	**(253,741)**
Disposal in the period	(98,987)	-	-	-	-	**(98,987)**
As at 31 December 2015	**47,740**	**6,906,294**	**757,848**	**4,628**	**38,000**	**7,754,510**
Additions for the period	**-**	**-**	**-**	700	**-**	**700**
Additions on acquisition of subsidiary	**-**	**-**	486,680	147,148	149,003	**782,831**
As at 31 March 2016	**47,740**	**6,906,294**	**1,244,528**	**152,476**	**187,003**	**8,538,041**
Depreciation						
As at 1 January 2015	**2,224,661**	**-**	**35,235**	**1,985**	**6,968**	**2,268,849**
Transfer	(2,224,661)	2,224,661	-	-	-	**-**
Charge for the period	-	91,058	28,595	911	7,599	**128,164**
Impairment	47,740	4,590,575	693,169	-	23,433	**5,354,918**
As at 31 December 2015	**47,740**	**6,906,294**	**756,999**	**2,896**	**38,000**	**7,751,929**
Charge for the period		**-**	398	325	**-**	**723**
As at 31 March 2016	**47,740**	**6,906,294**	**757,397**	**3,221**	**38,000**	**7,752,651**
Net book value						
As at 1 January 2015	4,906,049	-	112,275	1,136	31,032	**5,050,491**
As at 31 December 2015	-	-	849	1,732	-	**2,581**
As at 31 March 2016	-	-	487,131	149,255	149,003	**785,390**

*Reclassification relates to Gasification assets which were included in work in progress at year end, following Management's decision to become a developer.

The net book value of the assets under lease arrangements at 31 March 2016 were £440,806 (31 December 2015: nil)

There is a fixed and floating charge over the fixed assets of the business in favour of the RBS invoice discounting facility, Welbeck capital partners and Natwest.

Aggregated Micro Power Holdings plc

Notes to the Financial Statements

For the period ended 31 March 2016

11 Intangible assets

	Long term contracts and customer relationships	Brand	Goodwill	Total
	£	£	£	£
Cost				
As at 1 January 2016	**-**	**-**	**-**	**-**
Additions for the period	611,804	785,833	1,322,697	2,720,334
Amortisation charge for the period	-	-	-	-
Disposal in the period	**-**	**-**	**-**	**-**
As at 31 March 2016	**611,804**	**785,833**	**1,322,697**	**2,720,334**

Goodwill impairment

The group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The forecasts provided have been based on historic and expect. Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Growth rates are set at 6%. A pre-tax discount rate of 21% has been applied to pre-tax cash flows over 5 years.

The carrying amount of goodwill is allocated to the wood fuels cash generating unit (CGUs). No impairment has been identified

12 Business combinations during the period

On 30 March 2016, the AMP PLC acquired 100% of the share capital in Forest Fuels Holdings Limited a wood fuel supply Group and its subsidiary entities ('Forest Fuels'). The principal reason for this acquisition was to enter the UK wood fuel market with a view to utilising product for existing and future biomass heating projects.

The consideration consists of an initial consideration of £2,965,000 and a deferred contingent consideration of up to 2,500,000 Ordinary Shares in performance-related deferred consideration, of which 1,000,000 Ordinary Shares are linked to the same TSR conditions set out below in note 24 and 1,500,000 Ordinary Shares are linked to the average EBITDA of Forest Fuels in the two financial periods ending (i) 31 December 2016 and 31 December 2017; and, (ii) 31 December 2017 and 31 December 2018, see note 24 for details and valuations of the contingent consideration.

Notes to the Financial Statements

For the period ended 31 March 2016

As at 31 March 2016 Forest Fuels had a net asset value of £1,073,956 of which £521,313 was Goodwill. These intangibles have been assessed as part of a fair value exercise at a Group level and are therefore excluded from the opening book value in the table below. The Group has recognised the provisional fair values of identifiable assets and liabilities as follows:

		31 March 2016	
	Opening book value	**Fair value adjustment**	**Closing fair value**
	£	**£**	**£**
Intangibles	-	1,397,637	1,397,637
Tangible assets	782,831	-	782,831
Cash	154,112	-	154,112
Inventory	1,180,007	-	1,180,007
Receivables	2,166,601	-	2,166,601
Total Assets	**4,283,552**	1,397,637	**5,681,188**
Trade and other payables	3,525,773	**-**	3,525,773
Deferred tax liability	-	**307,977**	307,977
Non-Current liabilities	205,135	**-**	205,135
Total Liabilities	**3,730,908**	**307,977**	**4,038,885**
Net Assets	**552,643**	**1,089,660**	**1,642,303**
Fair value of consideration paid			**2,965,000**
Goodwill			**1,322,697**

12 Business combinations during the period (continued)

Under IFRS 3 a fair value assessment of the Forest Fuels balance sheet was performed at the acquisition date in line with the Business Combination accounting policy in note 1 to these financial statements.

Acquisition costs of £120,402 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The main factor leading to the recognition of goodwill is the presence of certain intangibles such an assembled workforce of the acquired entity, which do not qualify for separate recognition

The goodwill recognised will not be deductible for tax purposes.

Forest Fuels has not contributed to group revenues and profit due to the fact this was acquired on the 30 March 2016 and the effect of 1 day of trading would not be material to the group. If the acquisition had occurred on the 1 January 2016 the group revenue would have been £3,112,311 and the group profit before tax of £33,885 for the period to the 31 March 2016.

The excess of consideration over net assets purchased (£2,412,357) has been assessed as part of a Purchase Price Allocation exercise and allocated to the amortising intangibles being customer contracts and brand. The remaining excess value has been allocated to goodwill. The values of these intangibles and of the balance sheet acquired are provisional and within one year of the date of acquisition may be adjusted as a result of the finalisation of valuations. The corresponding adjustment will be made to goodwill.

The discount rate on which management has based its valuation of the customer contracts and brands is 21%, which reflects management's best estimate of the discount rate which when applied to Forest Fuels' forecast EBITDA gives an NPV equal the total consideration paid and payable including deferred consideration.

13 Inventories

	Period ended 31 Mar 2016	Year ended 31 Dec 2015
	£	£
Raw materials and consumables	1,150,711	3,546
Maintenance and consultancy work in progress	32,104	-
Gasification plants work in progress	50,000	50,000
Biomass boilers work in progress	24,965	84,919
	1,257,780	138,465

There has been no write down of inventory in the period to 31 March 2016 (year ended 31 December 2015: £390,122).

14 Trade and other receivables

	Period ended 31 Mar 2016	Year ended 31 Dec 2015
	£	£
Trade receivables*	2,090,409	13,002
Other receivables	2,217,726	1,023,785
VAT receivables	19,398	-
Prepayments	174,162	145,739
Accrued income	219,590	65,890
	4,721,285	1,248,416

* As at 31 March 2016, a bad debt provision of £36,784 (31 December 2015: nil) was recognised.

Notes to the Financial Statements

For the period ended 31 March 2016

15 Cash and cash equivalents

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Cash at bank and hand	801,871	675,936
	801,871	675,936

16 Trade and other payables

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Trade payables	2,264,625	177,521
Accruals	78,663	95,492
Other payables	1,539,101	193,179
VAT payables	-	44,149
Employment tax and social security	51,658	40,846
	3,934,047	551,187

The fair value of trade and other payables are not materially different to their carrying value.

17 Loans and borrowings

Current liabilities

	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Shareholders' loan	-	15,076
Other loan	-	6,804
Other loan - finance lease	90,024	-
	90,024	21,880

Financial liabilities	Period ended 31 Mar 2016 £	Year ended 31 Dec 2015 £
Shareholders’ loan	-	740,231
Convertible Loan Notes	3,319,452	-
Other loan	-	15,111
Other loan - finance lease	135,369	-
	3,454,821	755,342

18 Share capital

31 December 2015	No of shares (Authorised/Issued)	Issued capital	Share premium
	Nos.	£	£
Ordinary shares of £0.005 each			
As at 1 January 2015	25,694,502	128,473	9,484,658
As at 31 December 2015	25,694,502	128,473	9,484,658

Notes to the Financial Statements
For the period ended 31 March 2016

18 **Share capital (continued)**

31 March 2016	**No of shares**	**Issued capital**	**Share premium**
	Nos.	**£**	**£**
Ordinary shares of £0.005 each			
As at 1 January 2016	25,694,502	128,473	9,484,658
Issued for cash during the period	3,190,000	15,950	1,706,650
Share issues expenses	-	-	(122,108)
As at 31 March 2016	**28,884,502**	**144,423**	**11,069,200**

19 **Subsidiaries**

As at 31 March 2016, the Company had the following principal subsidiaries:

	Country of incorporation	**Percentage of ordinary shares held**
Aggregated Micro Power Infrastructure Limited	England and Wales	100%
Mathieson Biomass Limited	England and Wales	100%
AMP Low Plains Limited *	England and Wales	100%
AMP Energy Services Limited *	England and Wales	100%
Sterivert Limited *	England and Wales	100%
AMP Hill Barton Limited (Formerly AMP Newport AD Limited) *	England and Wales	100%
AMP Kingsnorth Limited	England and Wales	100%
Forest Fuels Holdings Limited	England and Wales	100%
Forest Fuels Limited*	England and Wales	100%
English Wood Fuels Limited (dormant)*	England and Wales	100%
Silvapower Limited (dormant)*	England and Wales	100%
North West Wood Fuels Limited (dormant)*	England and Wales	100%
Anglia Biofuels Limited (dormant)*	England and Wales	100%
Lakes Biomass Limited*[+]	England and Wales	100%

*Held indirectly
[+] Year end for this entity is 31 May. Will be aligned to 31 March from 2017

20 **Financial instruments**

Risk Management
The Group is exposed through its operations to the following financial risks:

Credit risk
Liquidity risk
Market price risk

20 Financial instruments *(continued)*

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings
  Deferred contingent consideration

	Loans and receivables	
	31 Mar 2016	**31 Dec 2015**
	£	**£**
Current financial assets		
Trade receivables	2,090,409	13,002
Cash and cash equivalents	801,871	675,936
Other receivables	2,437,316	1,089,675
	5,329,596	**1,778,613**

	Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit and loss	
Current financial liabilities	**31 Mar 2016**	**31 Dec 2015**	**31 Mar 2016**	**31 Dec 2015**
	£	**£**	**£**	**£**
Trade Payables	2,264,625	177,521	-	-
Accruals and Other Payables	1,617,764	288,671	-	-
Obligation under finance lease	90,024	6,804	-	-
Loans	-	15,076	-	-
	3,972,413	**488,072**	**-**	**-**

Non-current financial liabilities	**2016**	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Deferred contingent consideration	-	-	8,218	51,732
Obligation under finance lease	135,369	15,111	-	-
Loans	3,319,452	740,231	-	-
	3,454,821	755,342	8,218	51,732

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

20 Financial instruments (continued)

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of loans and borrowings, which are classified in level 3 of the fair value hierarchy, refer to note 27.

There were no transfers between levels during the period.

Financial instruments measured at fair value

The Group only has financial instruments measured at fair value being the deferred contingent consideration and loan and borrowings which are classified as level 3 valuations, details of the method for valuing deferred consideration is included in note 24, for loans and borrowings these are calculated using a discounted cash flow at a market rate of interest.

Given the immaterial value of the deferred contingent consideration currently recognised, any sensitivity analysis on the balance would result in a highly immaterial increase or decrease to the balance.

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of the loan and borrowings level 3 financial instrument is as follows:

Non-current financial liabilities	**Valuation technique**	**Significant unobservable inputs**	**Range %**	**Sensitivity of the input to fair value**
Loans	DCF method	Discount rate	12	A 1% increase (decrease) in the discount rate would result in a decrease (increase) in fair value by £122,841.

On 9 March 2016, the Company announced a fundraising of £5.79m comprising a placing of ordinary shares to raise gross proceeds of £1.72m and Convertible Loan Notes of £4.07m (of which £2.83m were cash proceeds). The Convertible Loan Notes were issued at a coupon rate of 8% and the conversion price applicable to the Notes is £0.70. Should full conversion take place, 5,818,571 shares will be issued. The liability and equity elements of the Loan Notes were determined at the date the instrument was issued. The fair value of the liability, included in non-current borrowings, was calculated using a market interest rate for an equivalent instrument without conversion.

The main risks arising from the Group's operations are credit risk, liquidity risk and market price risk. However, other risks are also considered below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment it has entered into with the Group. The Group is mainly exposed to credit risk from credit sales. At 31 March 2016 the Group had trade receivables of £2,090,409 (2015: £13,002).

20 Financial instruments (continued)

The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms as well as monitoring the trade receivables balances outstanding regularly and at the reporting date do not expect any losses from non-performance by counterparties. Credit risk also arises from cash and cash equivalents with amounts held by banks. At the reporting date the Group's financial assets exposed to credit risk are as follows:

	31 Mar 2016	31 Dec 2015
	£	£
Cash balances	801,871	675,936
Trade and other receivables	4,721,285	1,248,416
	5,523,156	**1,924,352**

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 March 2016 and 31 December 2015 and consequently no further provisions have been made for bad and doubtful debts.

Trade and other receivables are measured initially at fair value and thereafter at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in Pound Sterling and placed on deposit in UK banks. Trade and other payables are measured at fair value and amortised cost.

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 December 2015 and 31 March 2016.

Liquidity risk

Liquidity risk arises from the management of working capital and the finance charges and principal repayments on its debt instruments.

Management's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Management also prepares 12 month cash flow projections as well as information regarding cash balances on a daily basis. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

20 Financial instruments (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Period ended 31 March 2016	On Demand	Less than 3 months	3 to 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£	£	£	£	£	£
Trade payables	-	2,264,625	-	-	-	-
Accruals and other payables	-	1,617,764	-	-	-	-
Obligation under finance lease	-	-	90,024	49,069	64,827	21,472
Loans and borrowings					3,319,452	
Interest costs on finance leases	-	5,527	12,101	8,459	6,796	1,037
Interest costs on loans and borrowings	-	81,250	243,750	325,000	975,000	-
Total	**-**	**3,969,166**	**345,875**	**382,528**	**4,366,075**	**22,509**

Year ended 31 December 2015	On Demand	Less than 3 months	3 to 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£	£	£	£	£	£
Trade payables	-	177,521	-	-	-	-
Accruals and other payables	-	288,671	-	-	-	-
Obligation under finance lease	-	-	6,804	15,111	-	-
Loans and borrowings	-	-	15,076	740,231	-	-
Total	**-**	**466,192**	**21,880**	**755,342**	**-**	**-**

Market price risk

Following the acquisition of Forest Fuels, the fuel business has exposure to the movement in the underlying price of fibre. Where possible the fuel business seeks to manage this exposure with contractual arrangements which enables it to minimise this risk. A 1% increase (decrease) in the price of fibre would result in an immaterial decrease (increase) in EBITDA margin.

Capital Management

The Group's capital is made up of share capital, share premium, capital contribution, convertible debt reserve as noted in the Statement of Changes in Equity and loans as described in note 18.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the Consolidated Statement of Changes in Equity. All working capital requirements are financed from existing cash resources and issued convertible loan notes. As a result of the issue of convertible loan notes worth £4,073,000 in the period to 31 March 2016, the Group will continue to monitor its net debt to equity ratio and look to ensure that the business has sufficient capital and liquidity to meet required interest and principal repayments.

21	**Operating lease payments**	**Period ended 31 Mar 2016**	**Year ended 31 Dec 2015**
		£	**£**
	Not more than one year	267,490	171,486
	Later than one year and not later than five years	481,610	403,000
	Later than five years	1,474,941*	1,499,940
		2,224,041	2,074,426

*Subsequent to the period ended 31 March 2016, the Group agreed with its lessor counterparty to terminate the commitment to the Low Plains site. Within the 31 March 2016 total operating lease commitments, £1,999,920 relates to the lease on which notice was served. A notice period of two months was given and as at the date of this report, the Group is committed to a cost of £17,215 in relation to this lease.

22	**Financial lease payments**	**Period ended 31 Mar 2016**	**Year ended 31 Dec 2015**
		£	**£**
	Not more than one year	90,024	6,804
	Later than one year and not later than five years	113,896	15,111
	Later than five years	21,472	-
		225,393	21,915

23 Related party transactions

Richard Burrell, Chief Executive Officer of the Group, has a significant interest in Mathieson Capital Investment Management Limited to which the Group paid a fee of £25,625 (2015: £102,500) for the provision of strategic advice and other services. The Group also rents its office in Tattenhall Chester from Mathieson Capital Investment Management Limited at a cost of £8,800 (2015: £34,500) per year. Mathieson Capital Fund Management LLP an entity owned by Richard Burrell holds 30,000 shares in the Group.

The outstanding loan of £740,231 from Neil Eckert, Executive Chairman of the Group, was converted into a convertible loan note (CLN) as part of the CLN placing on 30 March 2016. Neil Eckert owns £795,000 nominal of Convertible Notes as at 31 March 2016 following the acquisition of Forest Fuels as a result. For more information on the CLN issue please see note 17.

The Group has a deferred contingent consideration agreement in place with Neil Eckert and Mathieson Capital LLP's (an entity controlled by Richard Burrell). The derived contingent value of all 3,999,999 options has been calculated at £6,574, of which £4,383 is allocated to Neil Eckert and £2,191 to Mathieson Capital LLP. More details can be found in note 24.

Sir Laurence Magnus, Non Executive Director of the Group, owns £31,250 nominal of Convertible Notes as at 31 March 2016 following the acquisition of Forest Fuels

Sir Brian Williamson, Non Executive Director of the Group, owns £20,000 nominal of Convertible Notes as at 31 March 2016 following the acquisition of Forest Fuels

24 Deferred contingent consideration and employee options

The final terms of the deferred consideration, which relates to the Group's acquisition of AMP Energy Services Limited (formerly Environova Consulting Limited) and Mathieson Biomass Limited, were amended and agreed on the 25 June 2014 ("Valuation Date"). The deferred consideration is subject to performance criteria linked to Total Shareholder Returns ("TSR") over the period 30 June 2014 through to 31 December 2017 ("Performance Period").
The vesting criteria are as follows:

- Annualised TSR is greater than 12% over the Performance Period; all shares vest;
- Annualised TSR is less than 8% over the Performance Period; no shares vest;
- Annualised TSR is between 8% and 12% over the Performance Period; a pro rata proportion of shares vest; and,
- At any time during the Performance Period annualised TSR exceeds 15%, all shares vest immediately.

A Monte Carlo Simulation model was used to determine the fair value of the deferred consideration as at the Valuation Date. Inputs to the model include the market price of the call options at the Valuation date, the exercise price, the assumed volatility of the share price, the current level of risk free rates of return, the dividend yield and the expected exit date. The biggest driver of value in the model is the assumed volatility rate, which was derived by applying a weighting to volatility rates observed from a portfolio of publicly traded companies in the renewable energy and power generation sectors and from the Group's share price since admission on AIM.

The Group conducted an independent valuation of Neil Eckert's and Mathieson Capital LLP's (an entity controlled by Richard Burrell) deferred contingent consideration which could lead to a maximum of 3,999,999 Ordinary Shares, or 2,666,666 and 1,333,333 Ordinary Shares respectively being issued. The valuation was conducted in accordance with the principles set out in IFRS 3.

The derived contingent value of all 3,999,999 options has been calculated at £6,574, allocated £4,383 to Neil Eckert and £2,191 to Mathieson Capital LLP. The valuation was based on an assumed volatility of 20% which is in line with the observed volatility of other traded companies in the Group's sector peer group and is higher than the volatility seen in the Group's share price since admission to AIM.

Additionally, on 30 March 2016, the Company entered into an acquisition agreement for the purchase of Forest Fuels Holdings Limited and its controlled entities. This agreement also included a deferred consideration element based on the same TSR performance measures as noted above. The maximum number of shares which could vest is 1,000,000.

A further Monte Carlo Simulation model was used to determine the fair value of the deferred consideration based on the terms of the AMP Energy Services Limited and Mathieson Biomass Limited model. The derived contingent value of all the 1,000,000 options has been calculated at £1,644.

The Forest Fuels agreement included a further deferred consideration element based on EBTIDA performance measures in the years to 31 December 2016, 31 December 2017 and 31 December 2018. The maximum number of shares which could vest is 1,500,000 and this will depend on future EBITDA in 2017 and 2018. Accordingly, no value is currently being ascribed to the EBTIDA performance measures in these accounts.

In addition to the deferred consideration, 425,000 share options issued under the Group's EMI plan are outstanding at 31 March 2016. The options are subject to the same TSR criteria as the deferred consideration and are subject to strike prices between £0.54 and £1.00 and therefore are expected to have an immaterial contingent value as at 31 March 2016.

25 Loss per share	Period ended 31 Mar 2016	Year ended 31 Dec 2015
	£	£
Loss attributable to equity holders of the company	**(353,455)**	**(7,201,337)**
Weighted average number of shares	26,500,766	25,694,502
Continuing operations basic (Pence)	**1.33**	**28.0**

The basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company, Aggregated Micro Power Holdings plc. The basic and dilutive loss per share are the same as the Group made a loss in the year.

26 Events after the reporting period

On 8 August 2016, the Group completed on the acquisition of 100% of the share capital of Midlands Wood Fuels Limited ('MWF'), a wood fuel supplier, for an initial consideration of £1,400,000. The acquisition was made to further strengthen the Group's position in the wood fuel market and was funded from the issue of £3.47m Convertible Loan Notes and the placing of 2,308,271 Ordinary Shares at 66.5 pence per Ordinary Share. As part of the acquisition £910,000 of shareholder loans held by the sellers of MWF were novated to Aggregated Micro Power Holdings plc before being exchanged for £910,000 of Convertible Loan Notes. The Group also repaid an existing loan of £135,299 between MWF and Funding Circle. The remaining £2,559,701 balance of funds (being the £5,005,000 combined issue size less the consideration paid of £1,400,000 less the shareholder and Funding Circle Loans of £1,045,299) will be used to acquire the customer contracts from MiGeneration Ltd and for growth working capital.

In their filed statutory unaudited consolidated accounts for the year to 31 March 2016, MWF delivered turnover of £3.2 million and profit before tax of £106,579, and as at 31 March 2016, had a net asset value of £451,310.

The unaudited provisional balance sheet for MWF as at 31 July 2016 (i.e. eight days preceding the acquisition) showed a Net Asset value of £571,615 resulting in a goodwill asset for the Group of £828,385. Given the short amount of time since the acquisition, the Directors have not yet completed their assessment of the fair values of the assets acquired. The provisional balance sheet for MWF is as follows:

Midlands Wood Fuels Limited unaudited provisional balance sheet	**31 July 2016**
	£
Non-current Assets	865,646
Current Assets	1,595,750
Total Assets	2,461,396
Current Liabilities	370,732
Non-current Liabilities	1,519,049
Total Liabilities	1,889,781
Net Assets	571,615

Following the signing of a pre-agreement on 29 June 2016, on 8 August 2016, the Group also declared its intention to purchase the wood fuel customer base of Mi-Generation Limited for £750,000 in cash, split into an initial payment of £300,000 on completion and a maximum £450,000 deferred contingent consideration to be determined based upon future customer volumes. Mi-Generation Limited delivered turnover on these customer contracts of £1.9m and a profit before interest and tax of £294,000 for the year to 31 March 2016.

Following the balance sheet date, a decision was taken to cease operations at Low Plains and transfer the remaining assets to the Landlord in exchange for the termination of the lease for no cost. Finally, 175,000 share options were issued under the Group's EMI plan on 8 August 2016. The options are subject to the same TSR criteria as the deferred consideration but have a strike price of £1.00 and therefore are expected to have an immaterial contingent value as at 31 March 2016.

Company Statement of Financial Position

For the period ended 31 March 2016

	Note	31 Mar 2016 £	31 Dec 2015 £
Fixed assets			
Investments	**30**	3,020,004	55,004
Total non-current assets		**3,020,004**	**55,004**
Current assets			
Debtors: Amounts falling due within one year	**32**	2,690,031	34,911
Cash		524,459	243,662
Total current assets		**3,214,490**	**278,573**
Current liabilities			
Trade and other creditors	**33**	214,212	51,105
Total current liabilities		**214,212**	**51,105**
Total assets less current liabilities		**6,020,282**	**282,472**
Non-current liabilities			
Loans and borrowings	**17**	3,319,452	-
Total non-current liabilities		**3,319,452**	**-**
Total liabilities		**3,533,664**	**51,105**
Net current assets		**3,000,278**	**227,468**
Net assets		**2,700,830**	**282,472**
Equity attributable to equity holders of the company			
Paid up share capital	**18**	144,423	128,473
Share premium account	**18**	11,069,200	9,484,658
Other reserve		4,546,180	4,546,180
Convertible debt option reserve		559,278	-
Retained earnings		(13,618,251)	(13,876,839)
Total equity		**2,700,830**	**282,472**

The profit for the financial period for the company was £258,588 (year to 31 December 2015: Loss £12,646,992). The company financial statements were authorised for issue by the board of Directors on 29 September 2016 by:

Richard Burrell
Chief Executive Officer

The notes on pages 48 to 50 form part of these company financial statements.

Company Statement of Changes in Equity

For the period ended 31 March 2016

Year ended 31 December 2015	Share capital £	Share premium £	Other Reserve £	Convertible debt option reserve £	Retained earnings £	Total £
Equity as at 1 January 2015	128,473	9,484,658	4,546,180	-	(29,229)	14,130,082
Loss for the period	-	-	-	-	(13,847,610)	(13,847,610)
Total comprehensive expenses	-	-	-	-	(13,847,610)	(13,847,610)
Equity as at 31 December 2015	**128,473**	**9,484,658**	**4,546,180**	**-**	**(13,876,839)**	**282,472**

Period ended 31 March 2016	Share capital £	Share premium £	Other Reserve £	Convertible debt option reserve £	Retained earnings £	Total £
Equity as at 1 January 2016	128,473	9,484,658	4,546,180	-	(13,876,839)	282,472
Profit for the period	-	-	-	-	258,588	258,588
Total comprehensive income	-	-	-	-	258,588	258,588
Issue of share capital	15,950	1,706,650	-		-	1,722,600
Share issue cost	-	(122,108)	-		-	(122,108)
Equity element of convertible loan notes	-	-	-	587,399	-	587,399
Share issue costs				(28,120)	-	(28,120)
Equity as at 31 March 2016	**144,423**	**11,069,200**	**4,546,180**	**559,278**	**(13,618,251)**	**2,700,830**

Share capital: Nominal value of shares issued.
Share premium: Amount subscribed for share capital in excess of the nominal value.
Retained earnings: All other net profits and transactions with owners (e.g. dividends) not recognised elsewhere.
Other reserve: Amount raised through the use of a cashbox structure.
Convertible debt option reserve: Amount recorded as equity on the initial fair value measurement of issued convertible loan notes

The notes on pages 48 to 50 form part of these company financial statements.

Company Statement of Cash Flows

For the period ended 31 March 2016

	Note	31 Mar 2016 £	31 Dec 2015 £
Cash flows from operating activities			
Profit/(loss) for the financial year		258,588	(12,025,532)
Adjustments for:			
Interest income		(448,293)	(1,525,286)
Impairment loss		-	15,066,113
Fair value adjustment on financial liabilities at fair value through profit and loss		-	(1,822,078)
(Increase)/decrease in trade and other debtors		683,571	46,359
Increase/(decrease) in trade and other creditors		163,107	(4,748)
Net cash used in operating activities		656,973	(265,172)
Cash flow from investing activities			
Acquisition of a subsidiary		(2,465,000)	-
Receipt of interest on bank deposit		121	12,933
Loan to group undertakings		(427,689)	(4,174,925)
Net cash used in investing activities		(2,892,568)	(4,161,992)
Cash flows from financing activities			
Proceeds from issues of convertible loan notes		2,833,519	-
CLN issue cost		(195,019)	
Share issue cost		(122,108)	-
Net cash flow from financing activities		2,516,392	-
Net increase/(decrease) in cash and cash equivalents		280,797	(4,427,164)
Cash and cash equivalents at beginning of year		243,662	4,670,826
Cash and cash equivalents at end of period		524,459	243,662

The notes on pages 48 to 50 form part of these company financial statements.

Notes to Company Balance Sheet

For the period ended 31 March 2016

27 Accounting policies

The financial statements of the company for the period ended 31 March 2016 have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

Investments in subsidiary undertakings
Investments by the company in the shares of subsidiary undertakings are stated at cost less any provision, where in the opinion of the Directors, there has been a permanent impairment in the value of any such investment. Contingent consideration is recognised when it is probable it will be paid.

Deferred tax
Deferred tax is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the consolidated statement of financial position date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the consolidated statement of financial position date.

Financial assets
Financial assets, other than investments are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Convertible debt
The proceeds received from the issue of the convertible debt are allocated between their financial liability and equity components. The financial liability is initially recognised at fair value (being the discounted cash flows using a market rate of interest that would be payable on a similar instrument that does not include an option to convert). Subsequently, the financial liability is measured at amortised cost

The equity component is assigned to the residual amount after deducting this fair value liability from the fair value of the financial instrument as a whole. It is recognised in the 'Convertible debt option reserve' within shareholders' equity, net of income tax effects. More information is provided in note 20.

28 Employees

The company had no direct employees in the period to 31 March 2016. No costs of employment were recharged to the company in the period to 31 March 2016.

29 Directors

Details of the remuneration of the company's Directors are outlined in Note 7 of the Group's financial statements and the director's report. 3 non-executive Directors were remunerated (Total: £13,750) from the company in period ended March 2016. The executive Directors are employed and paid out of AMP Energy Services Limited, which is a wholly owned subsidiary of the company. The non-executive Directors are paid directly by the company.

Key management personnel are all the Directors of the company.

Notes to Company Balance Sheet

For the period ended 31 March 2016

30 Investments

	Period Ended 31-Mar-16	Year Ended 31-Dec-15
	£	£
Cost at 1 January 2016	55,004	55,004
Additions	2,965,000	-
Cost at 31 March 2016	**3,020,004**	**55,004**

31 Principal subsidiary undertakings

The principal subsidiary undertakings of the company are disclosed in Note 19 of the Group financial statements. Their activities are described in the strategic report.

32 Debtors

	Period Ended 31-Mar-16	Year Ended 31-Dec-15
	£	£
Debtors: Amounts falling due within one year		
Prepayments	26,589	30,943
Other debtors – unpaid share capital	1,787,582	3,968
Amounts owed by group undertakings	875,860	-
	2,690,031	**34,911**

Interest on the intercompany debt is charged at 12% per annum and is repayable on demand with a final redemption date of 2023.

33 Creditors: amounts falling within one year

	Year Ended 31-Mar-16	Year Ended 31-Dec-15
	£	£
Trade creditors due within 1 year	11,889	17,155
Accruals	202,323	33,950
	214,212	**51,105**

The company is not publishing a separate profit and loss account, as permitted by Section 408 of the Companies Act 2006.

Notes to Company Balance Sheet

For the period ended 31 March 2016

34 Financial instruments

	Loans and receivables	
	31 Mar 2016	**31 Dec 2015**
	£	**£**
Current financial assets		
Debtors	2,690,031	34,911
Cash	524,459	243,662
	3,214,490	**278,573**

	Financial liabilities measured at amortised cost	
Current financial liabilities	**31 Mar 2016**	**31 Dec 2015**
	£	**£**
Creditors	214,212	51,105
	214,212	**51,105**

Non Current financial liabilities	**31 Mar 2016**	**31 Dec 2015**
	£	**£**
Loans and borrowings	3,319,452	-
	3,319,452	**-**

Financial instruments not measured at fair value includes cash, debtors, creditors, and loans and borrowings.

Due to their short-term nature, the carrying value of cash, debtors, creditors, and loans and borrowings approximates their fair value.

35 Financial and capital commitments

The company had no financial or capital commitments at 31 March 2016.