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Cogenpower PLC
17 June 2016

Cogenpower plc
("Cogenpower" or the "Company" or the "Group")

Final results for the year ended 31 December 2015

Cogenpower, the low-carbon technology energy business using sustainable generation to supply cost effective and cleaner energy to urban communities, is pleased to announce its final results for the year ended 31 December 2015.

Energy efficiency through smart technology: Anaconda technology
Cogenpower designs, builds, transforms, owns and operates high efficiency Combined Heat and Power plants with annexed District Heating (DH) distribution networks, known as CHPDH. The Group's CHPDH schemes are designed to serve communities of up to 50,000 people. At the heart of the business is Cogenpower's fully automated Anaconda power plant which has an urban-scale CHPDH distribution system and a capacity of 3MWe of electric output and 15MWt of thermal output and a technology platform which uses intelligent automation for heat storage and has achieved energy efficiency levels of over 90 per cent. Cogenpower is also a retailer of natural gas and electricity to domestic and commercial customers and a provider of energy services. Cogenpower was successfully listed on AIM in February 2016, enabling the Company to pursue growth opportunities in its domestic Italian market, the UK and internationally.

2015 highlights
- Revenues increased by 12% to €6.5 million (2014: €5.8 million) in line with Board expectations
- Adjusted operational EBITDA excluding one-off costs of the IPO was €1.16 million (2014: €1.13 million)
- Core CHPDH delivered EBITDA of nearly €1.4 million, up 40% from the previous year (2014: €1.0 million) and an operating profit of €868,000 (2014: €52,000)
- Cash and cash equivalents €278,000 (2014: €119,000)
- Construction of a 1 MWe/4MWt biomass extension to the Anaconda power plant began in March 2015
- Preparation for the Group's successful IPO on AIM

Key developments since period end
- Successfully admitted to trading on AIM in February 2016 together with a placing of £1.0 million

- Identified and in early discussions with acquisition targets in Italy where the CHPDH market is fragmented and the Board believes that some assets could benefit from the Anaconda technology
- Research and development to remain at the forefront of our technology including possible adoption of 4th generation district heating networks and phase-transition heat storage facilities

Dr. Francesco Vallone, CEO of Cogenpower, commented:

"This has been a year of solid progress underpinned by our highly efficient Anaconda technology which delivered a good operational performance. Our admission to AIM will help expedite Cogenpower's growth strategy which is to roll-out the Anaconda technology to the district heating market, valued globally at €30 billion. We have identified acquisition targets in Italy and are exploring options to penetrate the large and undeveloped UK district heating market. Encouragingly, we are seeing a good level of interest in our technology from major organisations that has the potential to open new routes to market. We are excited about our growth potential and look to the future with confidence."

The full Annual Report and Accounts will be available on the Company's website, www.cogenpower.co.uk, in due course, and will be published and sent to shareholders shortly. The Annual Report and Accounts will be tabled for consideration at a general meeting to be convened shortly and which will be held in early July 2016. As previously announced, the annual general meeting of the Company ("AGM") will be held at 11 a.m. on 29 June 2016 at Albemarle House, 1 Albemarle Street, London, W1S 4HA.

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Note to editors:

Company

- Low-carbon energy business supplying cost effective and cleaner energy to urban communities underpinned by the Company's innovative Anaconda technology
- Successful listing on AIM in February 2016, enabling the Company to pursue growth opportunities in Italy, the UK and internationally
- Dynamic and experienced management team, led by Dr. Francesco Vallone, the Group's founder and CEO, whose members have worked together since inception to deliver the success of the business to date.
- Strong and highly experienced board

Business model and financials

- Innovative Anaconda technology designed to address the growing €30 billion district heating market
- Robust business model with recurring and predictable revenues
- Profitable at operating level

Energy efficiency through smart technology: Anaconda technology

- At the heart of the business is Cogenpower's Anaconda technology: an artificial intelligence system, which
  - uses an intelligent heat storage system
  - enables a fully automated operation
  - is scalable for communities of up to 50,000 people, delivering energy efficiency levels of 92%
  - presents flexible, cost effective and reliable lower-carbon energy solutions to communities
- Although district heating systems have been available for some time, technological advances have brought significant new operational and environmental advantages, making them increasingly attractive and reliable energy solutions for communities

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors it gives me pleasure to present Cogenpower plc's maiden results.

The past year has been one of progress for Cogenpower, marked by strong operational performance, and strategic development, which saw the Group make good progress in preparation for its Admission to AIM, which was successfully completed in February 2016, together with a €1.3 million placing.

The Group's results for 2015 were in line with the Board's expectations and generated adjusted operational EBITDA (before IPO-related and one-off costs) of more than €1 million.

Cogenpower designs, delivers and operates technologically advanced low-carbon Combined Heat and Power and District Heating (CHPDH) and cooling networks in Italy. These solutions are specifically designed to provide communities with reliable, inexpensive heating and hot water and, if required, cooled water for air-conditioning. Optimising the use of energy with sophisticated systems that expertly capture, store and distribute heat, whilst minimising CO_2 emissions, Cogenpower provides reliable supply to homes, offices, hotels, and municipal and other buildings in communities from 2,000 to 50,000 people.

With proven energy efficiency of more than 90% compared to a worldwide average of circa 45%, there are significant benefits associated with the use of Cogenpower's technology. Using our highly differentiated and proven Anaconda technology, our strategic goal is to become a leader in our field - increasing energy efficiency whilst reducing man-made CO_2 in communities that we serve.

Cogenpower's 'green' Combined Heat and Power and District Heating networks have low operating costs, are efficient to implement, unobtrusive, and competitively priced. We believe there is considerable opportunity in Italy, the UK and internationally for the adoption of our technology in both existing schemes and new developments.

Since the year end, the momentum of the Group has continued to build and the Group's listing on AIM was an important step for the business and one that positions it well for future growth. I should like to take this opportunity to thank all employees for their continued enthusiasm, determination and professionalism, traits that bode well for a successful future for the Group.

David Pickering
Chairman

STRATEGIC REPORT

CEO's Report

Performance review: energy efficiency through smart technology: the Anaconda technology

I am pleased to report the Group's results for 2015 were in line with the Board's expectations with an increase in revenues by 12% to €6.5 million and adjusted operational EBITDA of more than €1 million. In addition and importantly, Cogenpower's Anaconda technology delivered an impressive level of energy efficiency of more than 90%. Our artificial intelligence system ensures reliability in the production and distribution of electricity and in the storage and distribution of heat.

The district heating market in which the company operates has witnessed a significant reduction in electricity prices and increased volatility in fuel costs, particularly in natural gas. However, our Anaconda technology enables us to adapt our production patterns according to changes in both aggregated heat demand and commodity prices. This allows us to operate very cost-effectively and efficiently.

The Anaconda technology is ready to be deployed on other sites and is well placed to meet the requirements of various environmental policies.

Anaconda technology underpins our track record

Cogenpower designed, built and has operated since 2008 a Combined Heat and Power and District heating (CHPDH) network in Borgaro Torinese, a suburb of Turin, Italy. The town has around 12,000 inhabitants and over 4,500 of them are served by our intelligent district heating network - a 6.5 kilometre, heavily insulated underground pipeline.

This site has been the Company's technical centre where we have researched, developed and proved a collection of artificial intelligence technologies known collectively as the Anaconda technology.

We place great importance on - and we continuously improve - the Anaconda technology with the help of our partners at the Universities of Turin, Milan, Nantes and Paris. Our Artificial Intelligence system is able simultaneously to produce electricity and heat in an efficient way and distribute it by means of a 3rd generation district heating network. This capability gives Cogenpower access to a well-established and growing €30bn market.

The primary driver for developing this technology is concern over climate change caused by the burning of fossil fuels. As a result there is a growing demand for alternative, lower carbon energy generation and delivery.

In this context, CHPDH systems provide an alternative energy production and delivery method that uses less primary energy, generates lower carbon emissions and is more efficient than popular alternatives based on direct use of electricity or natural gas for heating purposes.

Our Anaconda technology includes the following key features:

- It is a low-carbon technology that can be scaled up to suit communities of up to 50,000 people or scaled down to as low as 2,000 users
- It is a quick, cheap and reliable way of providing energy security and meeting environmental targets
- It is able to produce as much energy as alternative, less-efficient systems but with a very low CO_2 content
- It can use more than one fuel to operate efficiently - natural gas and/or solid biomass
- It can both significantly reduce consumption of fossil fuels for communities and optimise the substitution of renewable sources without undermining energy security or relying on Government subsidies

We have analysed every aspect of heat loss and energy inefficiency and developed technologies (in particular an intelligent heat storage system) to eliminate them. We have a fully automated operational site that is 92% energy efficient, generating a positive and healthy EBITDA - based on a highly competitive tariff and a growing customer base.

The attached district heating network was built in under one year and the entire operation is fully automated - human intervention is minimal despite there being more than 4,500 end-users. We have proven the technology and are now ready to launch it to a wider audience.

Strategic corporate development and opportunities for growth

One of the main advantages of the Anaconda technology is that, as well as being able to be easily integrated into green-field projects, it can also be retro-fitted to existing CHPDH networks at a reasonable cost, with early pay-back. Cogenpower's strategy includes expansion both in the Italian market, across Europe and internationally, where wider deployment of CHPDH schemes is increasingly regarded as a key enabler of long-term energy efficiency and environmental goals. The UK has been identified by the Company as its next growth area due to its de-regulated energy market and strengthening drive toward decarbonisation and energy efficiency.

The next phase in our development programme is to create a hybrid biomass/gas fuelled model by building a biomass power plant extension to the existing site. This is explained in more detail below.

Italy expansion plan

The Italian CHPDH market is very fragmented and we believe that the timing is right for Cogenpower to be a major catalyst and participator in a phase of consolidation. The relatively well-developed district heating market in the north of Italy, which emerged on the back of a programme of incentives, contains CHPDH operations that were never core activities for their owners and many of these are earmarked for sale. Some of these operations are of excellent quality and could be further enhanced by being upgraded with the Anaconda technology. Cogenpower has identified three district heating acquisition targets in the north of Italy and has a green-field CHPDH project close to Turin. In addition, Cogenpower's plans for the deployment of the Company's

Anaconda technology on other - both green-field and brownfield sites - has attracted the interest of major infrastructure organisations, which have recognised its considerable environmental and performance advantages.

UK expansion plan

The UK district heating market is undeveloped but there is growing awareness of the potential of high-efficiency district heating. A strategic partnership has been established with a UK company to explore opportunities to leverage the findings of the 2013 Heat Strategy, in which the British Government identified the potential to provide 14% of UK heat demand via district heating in the next 15 years. In December 2013, DECC (Department of Energy and Climate Change) introduced the Non-Domestic Renewable Heat Incentive. This offers material incentives to highly efficient CHP operations and the Group's Anaconda technology is seen as an excellent fit to these requirements. In addition, the Group is exploring options to establish a technical base in the UK to accelerate the penetration of the UK market.

Research and development

Research and Development is an important part of our business as we seek to remain at the forefront of our technology and take advantage of future growth opportunities. We are currently exploring the following technologies:

- The use of Genetic Algorithms and Artificial Intelligence to control and automate small size power plants
- The possible adoption of 4th generation networks that will transport heat at less than 60°C, reducing further the distribution losses
- The possible integration of phase-transition heat storage facilities

Operations report

CHPDH Borgaro Torinese site: the Company's technical centre

The Group's flagship operational site in Borgaro Torinese, a suburb of Turin, Italy, equipped with the Anaconda technology consists of a combined heat and power plant, back-up boilers, a heat storage facility and fibre-optic infrastructure that runs along the 6.5 kilometre, heavily insulated main pipe circuit. Branch pipes connect the main pipe to customers' premises. The pipework is overlaid with the fibre-optic network to collect consumption data in real time and to allow the control of valves along the route.

At each customer location, there is a sub-station consisting of a heat exchanger and monitoring and metering equipment. The heat exchanger transfers heat energy from the Cogenpower hot water network to the customer's building pipework in order to provide space heating, (cooling for a large hotel) and hot sanitary water. The metering equipment supplies, amongst other data, information used for automatic billing and for predicting usage patterns through its Artificial Intelligence system.

The original heat is generated from a Combined Heat and Power (CHP) unit at the Group's operational centre on the outskirts of the town of Borgaro Torinese. There, electrical energy is produced by a gas-fired generator and sold to the grid. The by-product heat created by the process is captured and stored in a highly sophisticated heat storage vessel. When there is heat demand from our customer base, the central processor makes the optimum selection on how to meet that demand: from the heat storage, from the production of the CHP unit or from stand-alone boilers - or a combination of all three. The predictive systems have been refined to such an extent that Anaconda achieves energy efficiency levels of more than 90%.

Other than during the winter months, the CHP unit is only put into operation when the grid prices for electricity are at their highest. This is feasible because the hot water storage system allows the production of heat to be de-coupled from the distribution of heat and the highly developed predictive technology developed by the Group can almost perfectly match heat demand with the minimum energy consumption to service it. An added complication is that the grid requires to be notified one day in advance of the load that it will be receiving; again, the Anaconda predictive technology will factor that in and make the optimal decisions.

Key statistics

Euro'000	2015	2014
Revenue	3,337	3,054
Gross Profit	1,858	1,477
GP%	56%	48%
Contribution / EBITDA	1,384	1,007
EBITDA%	41%	33%

In 2015 gross profit and EBITDA increased both in absolute value and in percentage terms due to the improvement of the Anaconda technology.

Anaconda biomass extension

The next stage in the development will be to add a biomass-fuelled Combined Heat and Power generator to create a hybrid biomass/gas plant. This will be built on our site in Borgaro Torinese.

The plant will comprise an Organic Rankine Cycle (ORC) biomass boiler and a turbine generator. The ORC is a method for creating steam, sufficient to drive a generator, from fuels that burn at a lower temperature than fossil fuels, such as biomass. The fuel in this case would be untreated virgin wood-chip and the output 1 MWe and 4 MWt.

Biomass is only efficient when there is steady production, as it is does not have the instant response characteristics of gas (due to the relatively long time taken to reach a productive temperature). Therefore, in the absence of constant production, it will share the burden with the highly flexible gas-fuelled plant, providing a base load, with gas being used to manage any peaks of demand. The predictive technologies developed by Cogenpower are ideal for optimising the management of the hybrid plant.

This investment was selected because it has a number of benefits and we have created a commercial advantage that can be exploited on other sites:

A hybrid power plant would:
- provide increased fuel flexibility and reduce the cost of fuel
- increase the capacity of the network, with any new business netting high marginal profit
- extend the life of the generators by sharing the burden with the existing gas-fuelled unit (these lives should then dovetail with the life of the pipe network, therefore making a very clear financing model)
- it is eligible for feed-in tariff revenues on renewable electricity production for the next 20 years
- it reduces the CO_2 emissions of the plant even further by burning virgin woodchip
- it would provide a blueprint for a growth strategy - particularly in the UK

Our strategy for developing green-field opportunities is to begin with a flexible gas-fuelled solution. Once critical mass (i.e. we face a steady and reliable aggregate heat demand) and base loads are established, we can convert the plant to a biomass/gas hybrid. This strategy enables immediate improvements to emissions through better energy use to be followed by a significant second phase improvement via biomass. The energy efficiencies achieved by the Anaconda technology at the existing plant, even without biomass, already reduce emissions by 3,000 tonnes of CO_2 per annum, compared to traditional heating methods.

Retail gas and electricity - Cogenpower Gas & Power

This division, based in the centre of Borgaro Torinese, resells electricity and gas to the general public.

It also sells gas at wholesale prices to the CHPDH operation in Borgaro Torinese and acts as a natural hedge for the electricity sales. The power plant sells to the grid at a variable price and Cogenpower Gas & Power buys electricity based on the same variable tariff, but sells it to customers on fixed tariffs. To this end, any reduction in revenues due to lower electricity prices in the power plant are compensated.

Margins are being squeezed in this sector. Furthermore, the Government in Italy has introduced additional administrative burdens to the sector. Once the biomass plant is operational, the feed-in-tariff will remove the electricity price risk and the need to hedge it. Given the Group's focus on the core CHPDH business that relies on the Anaconda technology, the future relevance of this retail division is being assessed.

Key statistics

Euro'000	2015	2014
Revenue	2,113	1,970
Gross Profit	226	418
GM%	11%	21%
Contribution /EBITDA	(315)	164
EBITDA%	(15%)	8%

In 2015 gross profit and EBITDA were reduced both in absolute value and in percentage terms due to more aggressive competition. We also took an exceptional provision (€208,000) for potential losses in connection with a gas supplier who reneged on their contract.

Energy Services - Cogenpower Energia
Cogenpower Energia is a legacy energy services business, which upgrades blocks of flats and commercial buildings with condensing boilers and micro-CHP plants in addition to supplying heat and electricity to customers.

A strategy either to develop or sell this business will be progressed over the next 12 months.

Key statistics

Euro'000	2015	2014
Revenue	903	776
Gross Profit	292	191
GM%	32%	25%
Contribution / EBITDA	(144)	(41)
EBITDA%	(16%)	(5%)

In 2015 gross profit and EBITDA were reduced both in absolute value and in percentage terms due to reduced commercial margins in the sector.

Esseti Energia s.r.l. ("Esseti")

Esseti owns and operates a small size ORC biomass power plant based in Predosa, near Alessandria, to the east of Turin, Italy. Esseti produces renewable electricity from its plant, which is sold to the national grid operator. Cogenpower acquired Esseti on 1 December 2015, but sold it back to the vendor in May 2016.

The decision to sell Esseti back to its original owners was made because towards the end of the four month period following the acquisition, during which time Cogenpower gained a full operational understanding of Esseti, certain facts that were not fully disclosed as part of the acquisition process came to Cogenpower's attention. As a result, the underlying profitability and performance of Esseti post-acquisition was lower than the Board expected, which impacted Cogenpower's assumptions on the opportunities to develop Esseti and achieve the financial returns which had been anticipated. The Board of Cogenpower concluded that it would be in the best interests of the Company and shareholders for Cogenpower to sell Esseti back to its previous owner, Mr. Giansandro Domenico Cavanna ("Mr Cavanna"), and for Cogenpower to be reimbursed the consideration paid for Esseti and the monies invested in Esseti by Cogenpower since the acquisition.

As previously announced, Cogenpower executed an agreement on 6 May 2016 with Mr Cavanna and Cavanna Legno s.r.l. (a company owned by Mr Cavanna) for Mr. Cavanna to re-acquire Esseti for an immediate cash consideration of €30,000 and the repayment of a loan of €104,655 made by Cogenpower to Esseti. The loan repayment is to be made by 31 December 2016 and is guaranteed by Esseti and by Cavanna Legno s.r.l. The disposal effectively reverses the original acquisition contract entered into on 1 December 2015 with the cash consideration representing the amount paid by Cogenpower to acquire the shares of Esseti and the loan of €104,655 being the total amount of funding provided by the Group to Esseti since acquisition. No other cash had been injected into Esseti by the Group.

In addition, the outstanding bank debt of €2.4million, which was assumed by Cogenpower as part of the acquisition of Esseti, was transferred back to the original owner as part of the disposal. Any unfulfilled obligations of the original acquisition agreement were cancelled and/or waived.

The positive side of the Esseti experience was acquiring a vast amount of know-how in running a biomass plant and understanding the strengths and weaknesses of various equipment and logistical choices. This know-how will be directly applicable to the Anaconda biomass extension.

Outlook

The Group has made good progress in 2015 and our listing on AIM provides us with a strong foundation to develop our business further, both in Italy and the UK. Our strategic plans continue to centre on the development of the Anaconda technology, which is able to supply cost- effective and cleaner energy to urban communities.

We are particularly encouraged by the progress that has been made with plans for the deployment of the technology more widely. In Italy, we have identified acquisition targets and believe the Italian market is ripe for consolidation, presenting us with early growth opportunities. We are also seeing active interest in the Anaconda template from major organisations that have the potential to open up important new routes to market for the Group.

Currently, the UK is an underdeveloped market, however proposed changes to the heat renewable incentives regime, expected to be coming into effect during 2017, are likely to be aligned with the Company's capabilities and we believe that with our tested solutions ready to deploy, Cogenpower has a significant opportunity to gain first mover advantage.

We see good potential for the development of these new opportunities going forward.

Dr. Francesco Vallone, Founder and CEO

CFO report

Review of financial performance

The Group reported a loss before tax of €1.20 million (2014: €963,000) on revenues of €6.5 million (2014: €5.8 million) after charging other operating expenses associated with the AIM listing of €0.8 million (2014: €0.4 million).

Adjusted operational EBITDA (see table below) was €1.16 million (2014 €1.13 million) which represents earnings before interest, tax, depreciation and amortisation, excluding other operating expenses associated with the AIM listing and €0.2 million of non-recurring provisions (2014: €0).

IPO

Cogenpower Plc was admitted to AIM on 12 February 2016. Therefore the Financial Statements included herein, which cover the year to 31 December 2015, do not include the results of the IPO, except by way of an explanatory note. The effect of the IPO, had it occurred before the 31 December 2015, is shown on a pro forma basis in the table below. Further information is to be found in Note 29 to the financial statements.

Effect of IPO	Placing proceeds and conversion	Pro forma net assets

Consolidated statement of financial position	31.12.15	of debt to	of the
€'000	As reported	equity	Group
Total non-current assets	15,922	-	15,922
Total current assets	5,501	517	6,018
Total assets	**21,423**	**517**	**21,940**
Total current liabilities	15,073	(1,013)	14,060
Total non-current liabilities	7,083	-	7,083
Total Liabilities	**22,156**	**(1,013)**	**21,143**
Net Assets	**(733)**	**1,530**	**797**

Basis of reporting in the enclosed financial statements

Cogenpower (the "Company") was incorporated on 7 November 2014. On 28 August 2015 the Company acquired 100% of the share capital of Cogenpower s.r.l. ("SRL") through a share-for-share exchange, whereby the shareholders of SRL received for their shares 2,000,000 shares of £0.05 (5p) in the Company. On 30 December 2015, by the passing of ordinary and special resolutions, the issued share capital of 2,000,000 shares of 5p each was sub-divided into 40,000,000 of 0.25p each.

Until the Company acquired the shares of SRL, it was effectively dormant, with no sales or transactions of any materiality passing through it. SRL, on the other hand, with its wholly-owned subsidiaries, generated the entirety of the revenue transactions for the Group.

The share-for-share transaction has been accounted for in these financial statements using the principles of merger accounting set out in FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. This policy, which does not conflict with IFRS, reflects the economic substance of the transaction. The comparatives presented in these financial statements are the consolidated results of Cogenpower s.r.l. The prior year balance sheet reflects the share capital structure of Cogenpower s.r.l. The current year balance sheet presents the legal change in ownership of the Group, including the share capital of Cogenpower plc and the merger reserve arising as a result of the transaction. The consolidated statement of changes in equity and the additional disclosures in Note16 explain the impact of the reorganisation in more detail.

The subsidiaries whose results are consolidated are Cogenpower s.r.l. (Combined Heat and Power and District Heating (CHPDH) and central operations); Cogenpower Energia s.r.l. (Energy services / retrofitting and managing boilers and micro CHP units); Cogenpower Gas & Power s.r.l. (retail / reselling of gas and electricity to domestic customers) and Esseti Energia s.r.l. ("Esseti") for the month of December.

In December 2015, SRL acquired Esseti, a company producing electrical power through a biomass power plant. As announced, that transaction was effectively nullified in May 2016 and Esseti was sold back to its original owner. Further details are given in the Operations Report above and in note 30 to the financial statements below.

Operational performance

The operational performance of the Group was in line with Management's expectations with revenues increasing by 12% overall and, on a like-for-like basis (excluding Esseti), increasing by 10%. EBITDA, excluding costs of the IPO for the Group and other one-off charges, was over €1 million

Performance of the core CHPDH business

Of greater significance was the performance of the core CHPDH business operated by Cogenpower s.r.l. It reported an EBITDA of nearly €1.4 million (2014: €1.0 million), an operating profit of €868,000 (2014: €52,000) and a profit before tax of €346,000 (2014: loss before tax and non-operational items of €599,000). Note 6 to the Financial Statements gives further details of the split by business segment.

Overall, the Group result was heavily influenced by costs absorbed in preparing for the IPO. In 2015 other operating expenses include €0.8 million of IPO related costs giving a Group consolidated loss of €1.3 million.

The table below illustrates the adjusted operational EBITDA *

Non- statutory management accounts	
Income statement for the year ended 31 December 2015	**€'000**
Revenue from goods and services	6,496
Cost of sales	4,085
Gross profit	**2,411**
Other operating income	53
Administrative overhead	(1,307)

Adjusted operational EBITDA	**1,157**
Provision	(208)
Depreciation and Amortization	(650)
Profit from operations before exceptional items	**299**
Finance Expense	(727)
Finance income	32
Net Finance Expense	(695)
Loss before tax	**(396)**
Tax expense	112
Adjusted operational loss for the year	**(508)**
Other operational expenses:	
IPO-related costs	(803)
Group loss	**(1,311)**

*Adjusted operational EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) isolates the performance of the core operations and includes:

- Revenues from the operations in Italy, less
- The costs associated with those sales and
- The overheads associated with running those businesses.

It also excludes:

- Direct and indirect costs of the IPO and
- Any unusual costs that might distort the underlying performance.

This allows for better comparisons from year to year.

EBITDA is a non-GAAP measure

Cash and working capital

The Going Concern note in the Directors' Report points out that net current liabilities at 31 December 2015, excluding Esseti, were €8 million (30 June 2015: €7 million). Within the December balances are substantial amounts for direct and indirect costs of the IPO. Cash raised at the IPO was €1.3 million, leaving approximately €517,000 of free cash after the one-off costs of the flotation. As outlined in the Company's Admission document, the net proceeds were in the first instance applied to the repayment of a €600,000 overdraft facility with our main bank, UniCredit. In addition, creditors converted €1.3 million of debt due to them to equity in the Company.

It was acknowledged by the Directors that there would still be pressure on funds at that point and that actions would need to be implemented to preserve cash. These have been implemented. In April 2016 Unicredit granted a new credit facility to the Group of €335,000 with a five year term and contracts to extend payment terms with key trade creditors and tax and excise authorities have been concluded deferring debt repayments of €3 million; and of these, €1.4 million are not due until after 2017.

Working capital will continue to be a fundamental short term consideration and the statement on Going Concern describes the measures that have been, and are being taken with the support of our banks, trade creditors and infrastructure funds to both rebalance working capital and to develop the business.

Risk and responsibility

Risk management and mitigation

The Group seeks to identify and mitigate risk systematically with a continuous proactive assessment of threats to the stability of the Group's income and capital.

Market risk

Risk	**Mitigation**
Volatility of gas and electricity prices that can undermine margins	• Natural hedging within two divisions • Annual fixing of gas prices • Biomass extension giving fixed electricity prices for 20 years
Borrowings subject to interest rate movements on Euribor	• Close monitoring of market trends • Where deemed necessary, use of interest rate swap derivatives to remove risk

Exposure to currency risk with UK activities	● Close monitoring of exposure levels ● Use of hedges and forward contracts to de-risk exposures

Operational risk

Risk	**Mitigation**
Failure of plant and equipment	● Back-up systems ● Redundant off-site back-up ● Insurance cover in place
Data risk of customers' private information being accessed	● High level security processes ● Staff training on cyber risk ● Constant threat monitoring
Data risk of accounting and other records being lost	● High level security processes ● Tiered back-up procedures
Software upgrade risk: upgrading NAVision to latest version	● Expertise within management group ● Timing to avoid riskiest periods
Industrial accident risk	● Plant fully automated ● Adherence to key ISO standards ● Health and Safety regime under constant board scrutiny
Environmental risk	● Adherence to key ISO and other standards ● Use of top tier suppliers ● Comprehensive maintenance programmes

Corporate social responsibility

Environmental focus

Cogenpower is committed to operating responsibly. The Company has always respected the environment and the environmental laws, which are very rigorous in Italy. While biomass plants are not pollutant free, they do reduce CO_2 emissions. We want to provide a cleaner environment and will therefore always strive to attain maximum use of the waste heat for district heating and thereby minimise the burning of any fuel to achieve the heating or cooling required by our customers.

Ethical focus

We have zero tolerance of any form of overt or covert bribery or corrupt practices. We promote a working environment that is free from discrimination or harassment and maintain an "open door" policy for all employees at all levels. We are committed to dealing fairly and openly with our business partners and suppliers and to act always with the utmost transparency.

This strategic report was approved by the board of directors on 16 June 2016 and signed on its behalf by:

Martin Groak, Chief Financial Officer

CORPORATE GOVERNANCE

Board of Directors

David Pickering, Non-Executive Chairman (Appointed 2015)

- An experienced Non-Executive and Executive Director of both public and private businesses in the services sector
- Founder of business and IT consultancy Charteris which became one of the top 40 business consultancies in the UK. Led the successful flotation of the business on AIM
- Led the growth of Logica's energy & utilities business to become of the company's largest operating units
- A Chartered Engineer and Fellow of the British Computer Society
- Chairman of the Remuneration Committee

Francesco Vallone, Chief Executive and Founder

- Founded the Group in 2004
- 19 years of experience in technology, of which 13 years in the energy market
- Worked in international research centres focused on controlled thermonuclear fusion and in the semi-conductor industry, and in engineering, marketing and management roles of a New York Stock Exchange listed company
- MA in theoretical physics from University of Turin (Italy) and MBA in General Management from Pepperdine University of Malibu (California, USA)

Martin Groak, Chief Financial Officer (Appointed 2015)

- Over 35 years of international business experience
- Former Chartered Accountant (ICAEW: 1978-2012)
- Italian-speaker, with a strong background in finance and financial control. Sectors: oil exploration, energy, logistics and physical trading
- Formerly a director of five UK publicly listed companies. Currently Non-Executive Director of Tanfield Group plc, an AIM quoted investment company focused on the engineering sector
- Managed the finances of the UK's second generation nuclear power station fleet. Integrated and organised finance for two privatised German municipal CHPDH companies

Ilaria Cannata, Corporate Development Director

- More than nine years' experience at Cogenpower
- Expertise in due diligence activities associated with potential acquisitions, executing market research, feasibility studies, strategic planning and business and strategic development business experience
- Prior to joining Cogenpower in 2006 worked in public relations for Mailander srl and was involved in several projects for publicly listed companies
- MA in International Political Science, from University of Florence (Italy)

Richard Day, Non-Executive Director (Appointed 2015)

- Diverse management experience and extensive knowledge of capital markets, fund raisings and corporate governance
- Founding partner of Arden Partners and was Head of Corporate Finance from 2002 to 2015
- 12 years at Cazenove & Co and worked for City law firms including Simmons & Simmons and Charles Russell
- Chairman of Audit and AIM Rules Compliance Committee

Senior management team

Stefano Chanoine, Director of Engineering

- 10 years' experience at Cogenpower
- Expertise in design of electrical and thermal components of energy systems
- MSc in electrical engineering from Polytechnique of Turin (Italy)

Paola Prataviera, Director of Production and Maintenance

- Eight years' experience at Cogenpower
- Expertise in developing SCADA-based control systems

•□□□□ Finalising MSc in mechanical and electronic engineering from Polytechnique of Turin (Italy)

Corporate governance statement

Since 12 February 2016, Cogenpower Plc's shares have been traded on AIM. The Company is not subject to the requirements of the UK Corporate Governance Code, nor is it required to disclose its specific policies in relation to corporate governance.

The Directors, however, support high standards of corporate governance and, so far as is practicable, will progressively adopt best practices in line with the UK Corporate Governance Code and recommendations of the Quoted Companies Alliance (QCA).

The Board and its committees

The Board of Directors

The Board meets frequently to consider all aspects of the Group's activities. A formal schedule of matters reserved for the Board has been issued and approved and includes overall strategy and approval of major capital expenditure.

Remuneration committee

The Group's Remuneration Committee comprises David Pickering (Chairman) and Richard Day. The main purpose of the Remuneration Committee is to:
•□□□□ make recommendations to the Board on an overall remuneration policy for Executive Directors and other senior executives in order to retain, attract and motivate high quality executives capable of achieving the Group's objectives; and
•□□□□ demonstrate to shareholders that the remuneration of the Executive Directors of the Group is set by a committee whose members have no personal interest in the outcome of their decision and who will have due regard to the interests of the shareholders.)

The Remuneration Committee meets on an ad-hoc basis.

Audit and AIM rules compliance committee

The Committee members are Richard Day (Chairman) and David Pickering. Its brief is to monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgments which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price-sensitive nature.

It oversees the selection of Auditors and will hold meetings with the Auditors at appropriate moments during the preparation and completion of the Group's annual report and financial statements.

It is also responsible for assuring compliance with AIM rules.

The Audit and AIM Rules Compliance Committee meets at least twice per financial year.

Directors' remuneration report

Directors' remuneration

The total remuneration of the Directors for the year was as follows (€)

Name	Fees/ Basic Salary	Post-employment benefit	Total 2015	Total 2014
Francesco Vallone	177,333	-	177,333	160,000
Maria Ilaria Cannata	83,090	3,800	86,890	86,638
	260,423	3,800	264,223	246,638

David Pickering, Martin Groak and Richard Day all served as Directors of the Company during the year, however their engagement by the Company only commenced on 5 February 2016. Up to that point, they were engaged as consultants to Cogenpower s.r.l. to provide support to the Group in its campaign to be listed on AIM. The amounts paid and accrued under their respective consultancy arrangements are disclosed under note 26, Related Parties.

Interest in shares

The following directors had interests in the shares* of the Company during the year

Director	Shareholding at maximum point
Francesco Vallone**	37,848,880

Maria Ilaria Cannata ***	443,320

There were no other share or option schemes operating during the period under review. However, on 30 December 2015, the Share Option Scheme was established which granted either EMI options to qualifying UK resident directors or unapproved options to other directors, subject to the Company obtaining its AIM listing.

Subject to Admission to AIM, on 5 February 2016, the number of shares over which options were granted to directors were:

Director	**Number of shares over which options were granted**
Francesco Vallone	1,500,000
Maria Ilaria Cannata	500,000
Martin Groak	500,000

The exercise price of the options is £0.20 (20p). The options vest on 5 February 2019 and can be exercised during the following seven years.

** Ordinary shares of 0.25p*
*** Total held either directly or indirectly, through RESIPAR s.r.l. or Golem s.r.l., both companies wholly owned by Francesco Vallone*
**** Of which 221,660 are held by Stefano Chanoine, M.Ilaria Cannata's husband and an officer of Cogenpower s.r.l.*

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

Results and dividends

The results for the year are set out in this report.

The Directors do not recommend payment of a final dividend (31 December 2014: €Nil).

Principal activity

The principal activity of the Group is the design, build, management and ownership of highly energy-efficient Combined Heat and Power plant with integrated District Heating (CHPDH).

Going concern

As at 31 December 2015 the Group had net current liabilities on the balance sheet of €9.5 million. Excluding Esseti, disposed of in May 2016, that figure drops to €8 million. Cash and cash equivalents were €278,000. In February 2016 the Group raised cash at IPO of €1.3 million, leaving approximately €517,000 of free cash after the one-off costs of the flotation. In addition, suppliers and professional advisors converted €1.3 million of debt to equity in the Company. As outlined in the Company's Admission document, the net cash proceeds were in the first instance applied to the repayment of a €600,000 overdraft facility with our main bank, UniCredit. It was acknowledged by the Directors that there would still be pressure on funds at that point and that actions would need to be implemented to preserve cash. The actions undertaken are described below.

In April 2016 Unicredit granted a new credit facility to the Group of €335,000 with a five year term. In terms of cash preservation, the executive team has succeeded in agreeing payment plans which defer current liabilities existing at 31 December 2015 totalling €3 million; and of these, over €1.4 million are not due until after 30 June 2017. During the rest of this year the Company is due to receive, in addition to normal trade receivables, approximately €1.1 million from the Italian state for various incentives and the balance of monies due from the recent sale of Esseti.

Whilst the above has helped manage the short term funding issues, the Group still needs to raise further funds and continue to receive the support of its principal trade creditors in order to alleviate the vulnerable working capital position, develop the Group's assets and thereby improve operating cash flow. The Directors anticipate that this will be achieved through various infrastructure funds, lenders and investors providing further funding, initially for the Anaconda extension, and the sale of assets. Discussions with relevant parties in a number of key areas have been positive and are at an advanced stage, but as at the date of signing of this report, none of these transactions has been completed.

Having considered the current status of the strategy to remedy the Group's funding issues, the Directors are of the opinion that the Group has, or can obtain, adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. There can, however, be no certainty that the transactions noted above will complete and therefore there is a material uncertainty that could cast doubt on the Group's ability to continue as a going concern and discharge its liabilities as they fall due. These financial statements do not contain any adjustments that would be required if the Company could not continue as a going concern.

Financial instruments

Details of the use of financial instruments by the Group are contained in note 4 to the financial statements.

Directors

The Directors of the Company during the year were:

David Pickering: Non-Executive Chairman
Dr Francesco Vallone Chief Executive Officer
Martin Groak Chief Financial Officer
Dr Ilaria Cannata Corporate Development Director
Richard Day Non-Executive Director

Details of Directors' interests in shares are disclosed in the Directors' Remuneration Report.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the director's 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. The Parent Company financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'. 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. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statement have been prepared in accordance with UK GAAP (FRS 101), 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 requirements of 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.

Auditors

In accordance with the Companies Act, the auditors are normally appointed by the shareholders through a resolution put to them at each Annual General Meeting. In the case of the Company, the first Annual General Meeting will not take place until after these first audited accounts are published. This situation is foreseen in the Companies Act and the directors have availed themselves of the relevant procedure to appoint BDO LLP as auditor of the Company under s.489(3), which permits the directors to so in these circumstances.

All of the current Directors have taken all reasonable steps to make themselves aware of any information required 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 and a resolution to re-appoint them as auditors will be proposed at the next Annual General Meeting.

By order of the Board

Martin Groak

Chief Financial Officer

16 June 2016

FINANCIAL STATEMENTS

Independent auditors' report

to the members of Cogenpower plc

We have audited the financial statements of Cogenpower plc for the year ended 31 December 2015 which comprises the consolidated and Company statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated and Company 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) including FRS 101 "Reduced Disclosure Framework".

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 December 2015 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 financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 2 to the financial statements concerning the Group's ability to continue as a going concern. The Group's ability to fund its current liabilities, long term liabilities and general overheads is reliant on the continued support of significant creditors, raising further capital in the near future and achieving increased operating cash flows from the Anaconda extension.

There can be no certainty that the required funds will be raised. The Group is in advanced discussions with a number of infrastructure funds with a view to raising further capital. As at the date of this report none of these discussions have been successfully concluded. These conditions, along with the other matters explained in Note 2 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the Group could not continue as a going concern.

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 year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or

●□□□□ certain disclosures of Directors' remuneration specified by law are not made; or
●□□□□ we have not received all the information and explanations we require for our audit.

Matt Crane (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
16 June 2016

BDO LLP is a limited liability partnership registered in England and Wales

Consolidated statement of total comprehensive income

Euro'000	**Note**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Revenue from goods and services	(5)(6)	6,496	5,800
Cost of sales	(7)	(4,085)	(3,714)
Gross profit		**2,411**	**2,086**
Other operating income		53	104
Administrative expenses	(8)(9)	(1,516)	(1,060)
Depreciation and Amortisation	(13)(14)	(650)	(716)
Other operating expenses	(8)	(802)	(362)

(Loss) /Profit from operations		**(504)**	**52**
Finance Expense	(10)	(727)	(1,095)
Finance income	(10)	32	80
Net Finance Expense		**(695)**	**(1,015)**
Loss before tax		**(1,199)**	**(963)**
Tax (expense)	(11)	(112)	(82)
Loss for the year attributable to equity holders of the parent company		**(1,311)**	**(1,045)**
Other comprehensive income (net of tax)		**-**	**-**
Total comprehensive loss attributable to equity holders of the parent company		**(1,311)**	**(1,045)**
Loss per share for loss attributable to the equity holders of the parent during the year			
Basic and diluted (cents)	(12)	(3.3)	(2.6)

Consolidated statement of financial position

Euro'000	**Note**	**As at 31 December**	**As at 31 December**

		2015	2014
Non-current assets			
Property, plant and equipment	(13)	15,017	10,943
Intangible assets	(14)	248	337
Investments		22	12
Deferred tax assets	(23)	635	609
Total non-current assets		**15,922**	**11,901**
Current assets			
Inventories	(17)	738	212
Trade and other receivables	(18)	4,485	3,786
Cash and cash equivalents		278	119
Total current assets		**5,501**	**4,117**
Total assets		**21,423**	**16,018**
Current liabilities			
Trade and other payables	(19)	8,828	4,576
Provisions	(20)	423	462
Borrowings	(21)	3,020	7,304
Corporation taxes	(22)	567	620

Other taxes	(23)	2,235	2,289
Total current liabilities		**15,073**	**15,251**
Non-current liabilities			
Borrowings	(21)	6,502	179
Deferred tax liability	(23)	-	10
Other non-current taxes	(22)	581	-
Total non-current liabilities		**7,083**	**189**
Total liabilities		**22,156**	**15,440**
Net assets /(liabilities)		**(733)**	**578**
Equity attributable to equity holders of the Parent			
Share Capital	(24)	138	2,000
Share premium account	(2)	-	1,173
Merger reserve	(16)	3,035	-

Retained earnings	(3,906)	(2,595)
Total equity	**(733)**	**578**

The financial statements of Cogenpower plc, registered number 09301329, were approved by the Board of Directors and authorised for issue on 16 June 2016

Signed on behalf of the Board by:

Martin Groak, Chief Financial Officer

Consolidated statement of changes in equity

€'000	**Share capital**	**Share premium**	**Retained Earnings**	**Merger reserve**	**Total**
At 1 January 2014	**2,000**	**1,173**	**(1,550)**	**-**	**1,623**
Comprehensive Income					
Loss for the Year	-	-	(1,045)	-	**(1,045)**
Total comprehensive loss for the year	-	-	(1,045)	**-**	**(1,045)**
Equity as at 31 December 2014	**2,000**	**1,173**	**(2,595)**	**-**	**578**
Elimination on reorganisation	(2,000)	(1,173)		3,035	(138)
Issue of shares	138	-	-	-	138
Comprehensive income					
Loss for the year	-	-	(1,311)	-	(1,311)

Total comprehensive loss for the year	-	-	(1,311)	-	(1,311)
Equity as at 31 December 2015	**138**	**-**	**(3,906)**	**3,035**	**(733)**

Consolidated statement of cash flows

	Note	**Year ended 31-Dec 2015**	**Year Ended 31-Dec 2014**
		€'000	€'000
Operating activities			
(Loss) before tax		(1,199)	(963)
Adjustments for:			
Amortisation of intangible assets	(14)	74	52
Depreciation of property, plant and equipment	(13)	543	664
Impairment of intangible asset	(14)	139	-
Finance expense	(10)	727	1,095
Finance income	(10)	(32)	(80)
Loss on disposal of assets		-	41
(Increase)/Decrease in trade and other receivables		(294)	836
Decrease/(increase) in inventories		6	(187)
(Decrease) in provisions		(39)	-
Increase/(Decrease) in trade and other payables		1,820	(71)
Increase in other taxes		526	847
Cash generated from operations		**2,271**	**2,234**
Income tax paid	(22)	(194)	(60)
Net cash flows from operating activities		**2,077**	**2,174**

Investing activities

Finance income		32	80
Purchase of property, plant and equipment	(13)	(453)	(306)
Purchase of intangibles	(14)	(14)	(84)
Purchase of investments		(8)	-
Net cash used in acquisition of subsidiary	(27)	(22)	-
Net cash used in investing activities		**(465)**	**(310)**
Financing activities			
Repayment of loans		(559)	(693)
(Repayment)/drawdown of bank overdraft		(167)	15
Finance expense		(727)	(1,095)
Net cash used in financing activities		**(1,453)**	**(1,773)**
Cash flow of the period		**159**	**91**
Cash and cash equivalents at beginning of period		119	28
Cash and cash equivalents at end of period		**278**	**119**
Net change in cash and cash equivalents		**159**	**91**

Notes to the consolidated financial information

1. General information

Description of business

Cogenpower Plc was founded in November 2014 in England and in August 2015, through a share-for share exchange, acquired 100% of Cogenpower S.p.A. (since renamed Cogenpower s.r.l.) a company based near Turin, Italy, which has been in operation since 2004. Cogenpower s.r.l. has three Italian subsidiaries; two located within suburban Turin and the third near Alessandria, approximately 100 Km to the south-east.

The Group is a low carbon energy business focused on the provision and development of 'Combined Heat and Power and District Heating' (CHPDH) networks in towns and cities with populations below 50,000.

The Group has four distinct business units:

- The operation of CHPDH projects that comprise a power plant, which can run on natural gas and/or other fuel, able to produce simultaneously electricity and heat and a district heating network to deliver the produced heat to private and public residential and office buildings and other facilities;
- A biomass-fired power plant, producing for the time-being just electricity, but where the plan is to extend this to a CHPDH operation;
- Retailing electricity and natural gas to a mixture of domestic and commercial consumers; and
- Retrofitting blocks of flats and commercial buildings with condensing boilers or micro CHP plants to supply residents with heat and electricity.

2. Accounting policies

Basis of preparation

The Consolidated Financial Statements of Cogenpower Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention, as modified for any financial assets which are stated at fair value through profit or loss. The Consolidated Financial Statements are presented in Euros, which is the presentation currency for the Consolidated Financial Statements. The functional currency of each of the group entities is also Euros.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 3.

On 28 August 2015, as part of a reorganisation, the ultimate parent of the group changed from Cogenpower s.r.l. to Cogenpower plc.

The Company obtained control of the entire share capital of Cogenpower s.r.l (''SRL''), an Italian holding company incorporated in 2009. The registered office of SRL is Strada Leini, 18/E 10072, Caselle, Torinese (TO) Italy.

This transaction falls outside the scope of IFRS 3 "Business Combinations". Accordingly, following the guidance regarding the selection of an appropriate accounting policy provided by IAS 8 "Accounting policies, changes in accounting estimates and errors", the transaction has been accounted for in these financial statements using the principles of merger accounting, allowed for Group reconstructions, as set out in FRS 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland. This policy, which does not conflict with IFRS, reflects the economic substance of the transaction. The comparatives presented in these financial statements are the consolidated results of Cogenpower s.r.l. The prior year balance sheet reflects the share capital structure of Cogenpower s.r.l. The current year balance sheet presents the legal change in ownership of the Group, including the share capital of Cogenpower plc and the merger reserve arising as a result of the transaction. The consolidated statement of changes in equity and the additional disclosures in Note 16 explain the impact of the reorganisation in more detail.

Transaction costs of equity transactions relating to the issue and admission of the Company's shares are accounted for as a deduction from equity where they relate to the issue of new shares and listing costs are charged to the Group Income Statement.

New standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments, have been published but have not been endorsed by the European Union, or are not effective for the periods presented and the Group has chosen not to early adopt.

- IFRS 9: Financial Instruments (effective 1 January 2018)
- IFRS 15: Revenue from customer contracts (effective 1 January 2018)
- IFRS 16: Unified treatment of leases (effective 1 January 2019)
- IAS 1 Disclosure initiatives: Applying professional judgement in disclosure of information in financial statements (effective 1 January 2016)
- IFRS 11: Application of principals of IFRS 3 Business combinations to interests in Joint Ventures (effective 1 January 2016)
- IAS 27: Option to apply equity method when accounting for investments in subsidiaries, joint ventures, associates in separate financial statements (effective 1 January 2016)
- Annual improvements to IFRSs 2012-2014 cycle - Amendments to IFRS 5 Non-current assets held for sale, IFRS 7 financial instruments disclosure, IAS 19 Employee Benefits, IAS 34 Interim financial Reporting (effective 1 January 2016)

Management is currently assessing the impact of these amendments, revisions and interpretations on its financial statements and will continue to consider whether they will have a material impact.

Going concern

As at 31 December 2015 the Group had net current liabilities on the balance sheet of €9.5 million. Excluding Esseti, disposed of in May 2016, that figure drops to €8 million. Cash and cash equivalents were €278,000. In February 2016 the Group raised cash at IPO of €1.3 million, leaving approximately €517,000 of free cash after the one-off costs of the flotation. In addition, suppliers and professional advisors converted €1.3 million of debt to equity in the Company. As outlined in the Company's Admission document, the net cash proceeds were in the first instance applied to the repayment of a €600,000 overdraft facility with our main bank, UniCredit. It was acknowledged by the Directors that there would still be pressure on funds at that point and that actions would need to be implemented to preserve cash. The actions undertaken are described below.

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Basis of consolidation

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.
At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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.

Merger accounting is used where two companies under common ownership perform what would be a reverse acquisition had they not been under common ownership. In that way, the original company's business carries on effectively uninterrupted. As IFRS does not have a standard for mergers, such a transaction is accounted for using an appropriate accounting standard relative to the country of the entity that becomes dominant pursuant to the merger. Since the reserves are merged rather than acquired, the non-dominant entity's share capital and reserves (other than retained earnings) are eliminated on consolidation, this gives rise to a merger reserve which takes the place of the eliminated reserves and is equal to the difference between the dominant entity's share capital and reserves (other than retained earnings) and the those of the non-dominant entity eliminated on consolidation. The retained earnings are aggregated and carried forward.

Green Certificates

Green Certificates relate to district heating performed without the use of additional energy and are issued by the Italian government agency generally during the month of June following the end of the relevant calendar year. Prior to the year-end, the agency publishes the price for which they will redeem each Certificate and, based on an estimate of the electricity produced, Management accrue for the grant income to be received at each year end. This is recognised as grant income in profit or loss and is netted off against production expense in line with the requirements of IAS 20.
Following the year end when the Green Certificates are received these are recognised as inventory and the grant receivable is settled. When the risks and rewards of owning the certificates pass to the third party broker, revenue is recognised. At this point the inventory is derecognised and the cost of sale is recognised in the consolidated statement of comprehensive income.

Revenue Recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The Group has the following revenue streams:

CHPDH

- Supply of electricity and heat - revenue is recognised when supply is passed to the end customer. Revenue is measured at the market price for the electricity on the date of the transaction and heat is measured at the contracted price
- Green Certificates - see above accounting policy.

Retail/ resale of electricity and gas

- Revenue is recognised when is passed to the end customer. Revenue is measured at contracted prices multiplied by usage.

All these entities typically invoice and recognise revenues on a monthly basis with the exception of the Green Certificates described above

Revenues are reported net of the following:

- VAT
- Excise and duties where the Group is acting as agents for the collection thereof

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives.

Intangible asset

Licences 5 years

Internally generated intangible assets

The Group has developed internally a number of control systems and predictive software which are used in the optimisation of the Group's CHPDH plant's operations.

Where internal resources are applied to this development of intangible assets, the costs of the relevant personnel are time-apportioned and the cost directly relating to the development of the asset is capitalised as part of the cost base. Where the time cost relates to research, this is expensed to the profit or loss in the period in which it was incurred. Internally generated intangible assets are not depreciated until the asset is brought into use.

Research and Development

Pure research costs are expensed as they occur until such time as a viable project or commercially valuable product prototype has been developed, at which time the costs and subsequent costs in relation to its development are capitalised. They are amortised over their useful lives once completed and tested for impairment at each year end on the basis of either intrinsic value or value-in-use.

Property, plant and equipment

Property, Plant and equipment ('PPE') are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items of PPE.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income/(expenses)" in the income statement.

The costs associated with Assets under Construction, whether third party or internal are capitalised without the addition of margin and are tested for impairment at the end of each accounting period.
Where the Group's employees are actively contributing to the building of plant and equipment, the time they expend on such work is calculated and the appropriate proportion of their total cost of employment is deducted from administrative costs and capitalised at cost as part of the tangible asset in development. Where the time relates to maintenance activity this is expensed to the profit or loss in the period in which it occurs.

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. Land is not depreciated. Assets under construction are not depreciated until the asset is brought into use,

Depreciation is provided at the following rates:

Buildings	-	3%
Plant & Equipment	-	4% - 9%
District heating network	-	3%
Fixtures and fittings	-	12% - 20%

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated income statement, except to the extent they reverse previous gains recognised in the consolidated statement of comprehensive income.

Financial assets

The Group classifies its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired.

Loans and receivables

These assets are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents include cash held at bank and in the Group companies' offices. Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position.

Invoice discounting

Where funds have been received against discounted sales invoices, a separate presentation is adopted whereby the gross amount of the sales invoice discounted is shown on the balance sheet within trade debtors until the funds are received from the customer and a corresponding liability in respect of the proceeds advanced shown within bank loans. The amounts are shown gross because the Group retains the credit risk over the debtors.

Financial liabilities

The Group classified the following financial liabilities as other financial liabilities at amortised cost:
Bank loans are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Share premium

To the extent that the company's ordinary shares are issued for a consideration greater than the nominal value of those shares the excess is deemed Share Premium. Costs directly associated with the issuing of those shares are deducted from the share premium account, subject to local statutory guidelines.

Retained earnings

Retained earnings are the cumulative, consolidated after-tax profits less losses of the Group, after the elimination of inter-company sales and purchases.

Revaluation reserve

Land and buildings are shown at cost, or, where there has been a change of fiscal classification, the revised valuation placed on it by the fiscal authorities, following an independent survey. The difference between the revised value and the depreciated cost at the time of the asset(s) in question has been held in the revaluation reserve. Following the share-for-share exchange that transferred ownership of the Group from Cogenpower s.r.l. to Cogenpower Plc, the former's revaluation reserve has been subsumed into a merger reserve (see note 16).

Leased assets

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.

Income taxes

Income tax for each reporting period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Italian corporate entities are subject to a corporate income tax (IRES) and to a regional production tax (IRAP).

As the interest expense that may be deducted from taxable income is currently capped under Italian fiscal law to 30% of Earnings Before Interest and Taxation, Depreciation and Amortisation (EBITDA) , this can lead to the existence of a deferred tax asset position.

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.

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 substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

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.

Inventories

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

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 Chief Executive Officer, Technical Director and Corporate development Director.

The Board considers that the Group's has four operating segments, as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget.

The operating segments are:

- Combined Heat and Power District Heating (CHPDH), Gas & Power Supply
- Energy Services
- Esseti Biomass-fuelled power generation

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Employee benefits

Post-employment benefits

Employees departing the Italian Cogenpower s.r.l. group, whether voluntarily or involuntarily are entitled to receive post-employment benefits ("TFR") in cash of approximately one month's salary, less social security deductions, for each year worked. These are the only post-employment benefits employees received.

Functional and foreign currencies

i. Functional and presentation currency

   The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

   The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

ii. Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are not retranslated. All exchange differences are recognised in profit or loss.

3. Critical accounting estimates and judgements

Management 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.

Accounting estimates

(a) Green certificates

Green Certificates are awarded to Cogenpower s.r.l. for its use of the heat created as a by-product of electricity generation to provide heating and hot water to properties connected to its district heating network. The Certificates are normally issued by the Italian government agency during the month of June after the end of the production year following a review of the company's detailed submission of qualifying production. The government agency publishes prior to the year-end the price at which they will redeem Certificates once granted.

At the year-end Management estimates the grant income to accrue for each financial period based on the electricity produced in the period and the amount of heat energy from that production that can be used productively without requiring further fuel to be burnt. The assessment of which part of the production qualifies for Green Certificates is a well-established process and the company's submissions have been accepted for the previous six years. The Green Certificates were awarded for eight years and it is customary for the GSE, the regulatory body, to perform a detailed inspection of the facility and a full recalculation of the qualifying production with respect to the penultimate year of the grant, which was 2015. The inspection and recalculation were performed in the first quarter of 2016. The recalculation presented to Cogenpower had used significantly different criteria to those accepted in the previous six years and the company's internal specialist believes them to be incorrect. The company has to the end of June 2016 to submit its counter arguments. Management believes its estimates are materially correct. (See Note 31)

If the GSE method of calculation were to be upheld, and had been applied to the 2015 results, revenues from Green Certificates would be €91,700 lower. Grant income for 31 December 2015 has been estimated at €886,000.

(b) Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utilisation of each asset. Uncertainties in these estimates relate to technical obsolescence that may change the utilisation of certain items of plant and equipment, heating network and software.

(c) Inventories

Management estimates the net realisable value of inventory, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that reduce the future selling price.

Key judgements

(d) Capitalisation of development expenditure in intangible assets

The Group capitalises development costs provided the conditions in IAS 38 have been met. Consequently Management are required to continually assess the commercial potential of the asset under development. Impairment testing of capitalised development costs is carried out when indicators of impairment are noted. Management carries out impairment tests by assessing the assets' value in use. This assessment is based upon risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows are based on forecasts and therefore subject to significant judgements regarding timing and value of cash flows, discount rates, inflation and heat and electricity prices.

(e) Recoverability of deferred tax

Under current Italian fiscal regulations, interest charges can only be offset against taxable income provided they do not exceed 30% of EBITDA. To the extent that interest does exceed that amount, a deferred tax asset is created. As i) the Italian group is profitable at the EBITDA level and expects to be more so as the costs surrounding the IPO fall away; ii) guarantees to its principal Italian bank by the Vallone family (the family of the founder and CEO) at a cost of circa €125,000 per annum in interest charges are currently the subject of negotiation with the bank to have them removed; iii) actions are in place to raise new funds which *inter alia* will be used to replace the most expensive debt with equity and/or less expensive debt, thereby reducing the interest burden; and iv) the Italian group's corporate tax affairs are in the process of being unified (to take effect from 2016), rather than being taxed as separate entities, to benefit from any synergies, the deferred tax is adjudged to be recoverable and is therefore not impaired. This position is reviewed for each accounting period.

(f) Provision for doubtful debts

Management performs an assessment of the recoverability of debtors when evidence arises that demonstrates the collection is uncertain. Management periodically reassesses the adequacy of the allowance for doubtful debts in conjunction with its credit policy and discussions with each specific customer. Judgement is applied at the point where recoverability is deemed uncertain and thus when a provision is to be recognised. Receivables in the financial statements are shown net of the provision for doubtful debts.

4. Financial instruments: risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does not currently use derivative financial instruments, although has previously used interest rate swaps (in 2012 and 2013).

The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk

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
- Bank loans

The fair values of the primary financial assets and liabilities of the Group together with their carrying values are as follows:

	2015 Carrying Value	2015 Fair value	2014 Carrying value	2014 Fair Value

	€'000	€'000	€'000	€'000
Financial assets				
Trade receivables	1,935	1,935	2,205	2,205
Other receivables	943	943	768	768
Cash and cash equivalents	278	278	119	119
Financial liabilities				
Trade payables	7,693	7,693	4,083	4,083
Other payables	1,135	1, 135	493	493
Borrowings	9,522	9,522	7,483	7,483

Basis of determining fair value

Certain assets and liabilities designated and carried at amortised cost are borrowings, receivables and payables. The carrying value of all financial instruments at 31 December 2015 and 2014 approximate to fair value due to their short- term nature.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from unadjusted quoted market prices for identical assets or liabilities
Level 2 fair value measurements are those derived from inputs other than those quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices)
Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the assets or liability that are not based on observable market data

The Group does not currently have any financial instruments that are derivative in nature.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. As at 31 December 2015 the Group has trade receivables of €1,935 thousand (31 December 2014: € 2,205 thousand).

The Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms.

The Group only deposits its cash with major banking institutions.

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

CO_2 receivables relate to legacy incentives granted by the Italian government that finished in 2012. These and are being paid out relatively slowly. As at 31 December 2015, the Group had €391,000 outstanding (2014: €380,000 - the increase being interest on the amount overdue). Payments are made by the relevant agency only in the first and fourth quarters. Due to an administrative delay, Cogenpower's expected payment of €186,000 could not be made in the first quarter and is expected in the fourth quarter.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The Group also uses an invoice discounting facility to help manage this risk.

The following are the undiscounted contractual maturities of financial liabilities, including interest, as at each balance sheet date:

31 December 2015

	2015	2015 contractual

	carrying value €'000	cash flows** €'000	0-12 months** €'000	1-2 years €'000	2-5 years €'000	> 5 years €'000
Borrowings*	9,670	(10,260)	(2,909)	(1,087)	(3,161)	(3,103)
Trade payables**	7,693	(7,693)	(6,940)	(690)	(63)	-
Totals	17,363	(17,953)	(9,849)	(1,777)	(3,224)	(3103)

*Borrowings are shown grossed up , adding back associated costs. They also include €2,765,000 of borrowings within Esseti Energia s.r.l. (Esseti), a subsidiary that was sold back to its original owner on 6 May 2016 pursuant to a contract that voided the original acquisition contract.

**Contractual cash flows and the 0-12 months figures with respect to borrowings include Esseti's leasing commitments, being 83 monthly tranches of €27,560.

Contractual cash flows and the 0-12 months figures include with respect to Trade payables :
a) €794,000 of debts that suppliers had agreed before the year-end to convert to equity on 12 February 2016
b) €1,272,000 of payables within Esseti .

31 December 2014

	2,014 carrying value €'000	2014 contractual cash flows €'000	0-12 months €'000	1-2 years €'000	2-5 years €'000	> 5 years €'000
Borrowings	7,483	(8,569)	(2,760)	(756)	(2,218)	(2,834)
Trade payables	4,083	(4,083)	(4,083)	-	-	-
Totals	11,566	(12,652)	(6,843)	(756)	(2,218)	(2,834)

Interest rate risk

Interest rate risk arises from the Group's borrowings, the largest of which have maturities between 2021 and 2025. The interest rate is expressed as Euribor + a margin, dependent upon the loan. Although the margin is fixed for the period of the loan, Euribor is a floating rate. It is estimated that a 100 basis point (1%) rise in the Euribor rate would have reduced profit and equity by €48,000 in 2015 (2014: €54,000).

Other market risk

Market risk arises from the Group's purchasing and selling of electricity, a commodity whose price varies substantially: even within any one day. Cogenpower Gas & Power (G&P) sells electricity at a fixed price but buys at a variable price. There is, however, a natural hedge within the group as Cogenpower s.r.l.. (SRL) is itself a seller of electricity, which it does based on the same variable formula as that used for G&P's purchases. Approximately 50% of SRL's production of electricity hedges 100% of G&P's exposure. There is no additional exposure on the unmatched portion of SRL's production, for which the Group's algorithmic predictive software seeks to obtain the optimum selling price to the grid. The overall hedging position is monitored regularly and management considers the appropriateness or otherwise of purchasing derivative instruments to mitigate potential emerging exposures. The Group has currently no such derivative instrument.

Capital and financial risk management

The Group's capital is made up of share capital, including share premium, revaluation reserves, merger reserves and retained earnings. At 31 December 2015 these totalled €(733,000) (December 2014: €578,000)

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. In 2015, all working capital requirements were financed from existing cash resources.

5. Revenue

Net revenues were as follow:

Euro'000	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Revenue arising from:		
Provision of CHPDH services	3,406	3,042
Provision of Gas and Power supply	2,086	1,996
Provision of energy services	855	762
Provision of electricity using biomass	149	-
	6,496	**5,800**

Net revenues were attributed as follows:

Analysis of concentration of customers Top customers:		
Customer 1	807	811
Customer 2	610	451
Customer 3	607	280
	2,024	1,542
% of total	*31%*	*27%*
Others	4,472	4,258
Total	**6,496**	**5,800**

6. Operating segments

The Group consists of 4 operating divisions which management regards as the only operating segments:

- Combined Heat and Power and District Heating (CHPDH)
- Gas and Power Supply (Retail energy)
- Energy Services which retrofit individual buildings with energy solutions (Energy services)
- Esseti biomass-powered electricity generation (Biomass energy)

There are no geographical segments as the business currently produces 100% of its revenue within Italy

2015

Producing Units	CHPDH	Retail Energy	Energy services	Biomass energy	Corporate	Total
Revenues	3,337	2,113	903	143		6,496
Cost of sales	(1,479)	(1,887)	(611)	(108)		(4,085)
Gross profit	1,858	226	292	35		2,411
Other income	10	-	-	43		53
Operational Administrative expenses	(484)	(333)	(436)	(55)		(1,307)
Operational EBITDA	1,384	(106)	(144)	23		1,157
Exceptional provision		(208)				(208)
Depreciation and amortisation	(516)	(29)	(73)	(32)		(650)
Finance expense	(535)	(169)	(12)	(11)		(727)
Finance income	13	14	5			32
Tax expense	(142)	16	14	-		(112)
Profit after taxation from production	204	(483)	(210)	(19)		(508)
IPO and related costs including taxation					(803)	(803)
Loss for the year						(1,311)
Additions to non-current assets	810	-	227	3,736		4,773
Current assets	2,787	836	621	936	321	5,501
Total assets	13,803	943	1,630	4,650	397	21,423
Total liabilities	(10,215)	(5,710)	(553)	(4,585)	(1,093)	(22,156)
Net Assets	3,588	(4,767)	1,077	65	(696)	(733)

2014

Producing Units	CHPDH	Retail Energy	Energy services	Corporate	Total
Revenues	3,054	1,970	776		5,800
Cost of sales	(1,577)	(1,552)	(585)		(3,714)
Gross profit	1,477	418	191		2,086
Other income	88	8	8		104
Operational Administrative expenses	(558)	(262)	(240)		(1,060)
Operational EBITDA	1,007	164	(41)		1,130
Depreciation and amortisation	(640)	(17)	(59)		(716)
Finance expense	(1,028)	(43)	(24)		(1,095)
Finance income	62	5	13		80
Tax expense	(6)	(92)	16		(82)
Profit after taxation from production	(605)	17	(95)		(683)
IPO and related costs including taxation					(362)
Loss for the year					(1,045)
Additions to non-current assets	273	-	117		390
Current assets	3,206	589	323		4,118
Total assets	13,877	789	1,353		16,019
Total liabilities	(9,244)	(5,978)	(218)		(15,440)
Net Assets	4,633	(5,189)	1,135		579

7. Cost of sales

Euro'000	Year ended 31 December 2015	Year ended 31 December 2014
Biomass	108	-
Gas purchased for resale and production	2,217	2,094

Electricity purchased for resale	609	419
Electricity distribution	742	712
Gas transportation	206	200
Maintenance	203	289
Cost of sales	**4,085**	**3,714**

8. **Operating profit**

The operating profit is stated after charging:

Euro'000	Year ended 31 December 2015	Year ended 31 December 2014
Staff costs	726	435
Depreciation	575	664
Intangible assets amortisation	74	52
Development costs expensed	14	-
Lease payments	155	128
Auditors' remuneration:		
Audit fees of the Company	33	-
Audit fees of the subsidiaries	20	15
Corporate finance advice for the IPO	145	12
Other accounting services	84	43
Other professional services	30	11
Other taxation services	11	-

The auditor of the Company was BDO LLP, who also provided corporate finance advice with respect to the IPO and other taxation services
The auditor of the subsidiaries in 2015 was BDO Italia S.p.A.,
The auditor of the subsidiaries in 2014 was Reconta Ernst & Young, who also provided other accounting services in relation to the IPO and other projects

IPO Costs

The total amount of other operating expenses of €803,000 relate to costs of the IPO expensed in 2015 as follows:

€'000

Legal fees	82
Corporate finance advice	185
Marketing	23
Consultancy	86
Accounting	84
Travel	90
Other professional	64
internal costs	189
Total	803

Other operating expenses in 2014 of €362,000 include setting up a UK presence.

9. Staff costs

Euro'000	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Wages and salaries (including local directors)	691	440
Social security costs	135	132

Other post-employment benefits	31	41
	857	**613**
Less: Staff costs capitalised (note 13)	**(131)**	**(178)**
	726	**435**

Staff costs include labour costs consisting of direct wages, social security costs and statutory post-employment benefits.

Where employees work on developing tangible and intangible non-current assets, the employment cost associated with the relevant working hours is capitalised and included in the cost of the asset.

Key management personnel

	Year ended 31 December 2015	**Year ended 31 December 2014**
Salaries and fees	439	354
Post-employment benefits	12	12
Other employment costs	117	111
Total	568	477

Key management personnel are: Francesco Vallone, CEO; Ilaria Cannata, Corporate development director; Martin Groak, CFO; Stefano Chanoine, Director of Engineering and Paolo Prataviera, Director of Production and Maintenance.

10. Finance income and expense

Euro'000	**Year ended 31 December 2015**	**Year ended 31 December 2014**

Finance income		
Bank interest and interest charged to customers	32	80

Finance expenses		
Bank interest	194	159
Bank loan interest	250	246
Other finance expenses	283	690
	727	**1,095**

Bank interest represents principally the financial expenses related to factoring of trade receivables. Other finance expenses relate predominantly to amounts paid and accruing to the Vallone family for providing personal guarantees for borrowings; and interest and penalties for late payment of taxes.

11. Income tax

Euro'000	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Current tax expense		
Current tax on profits for the period	141	181
Deferred tax income		
Less: Movement on deferred tax asset	(26)	(95)
Reversal of deferred tax liability	(3)	(4)
Total tax expense	**112**	**82**

The Group's activities are all within the Italian state where two corporate taxation regimes operate:

●□□□□ IRES is the state tax which was levied at 27.5% of taxable income (from 2017: 24%)

• IRAP is a regional tax, for which the standard rate is 3.9%, with certain local variations permitted. For 2015, IRAP was assessed to be €39,000 (2014: €57,000)

In calculating IRES taxable income, interest costs in excess of 30% of EBITDA are disallowed, but are retained on the balance sheet as a deferred tax asset and may be applied against taxes when the interest charge falls below 30% of EBITDA.

Each company within the Group is currently taxed as a separate entity.

The reconciliation between the theoretical income taxes calculated on the basis of the theoretical tax rate and income taxes recognized was as follows:

Euro'000	**Year ended 31-Dec 2015**	**Year ended 31-Dec 2014**
Loss for the period before tax	(1,199)	(963)
Expected tax benefit	(330)	(265)
Tax effect of non-deductible expenses	112	73
Tax deduction for share capitalisation in Italy	(12)	55
Tax losses, interest cap and timing difference recognised	(98)	(95)
Effect of changes in tax rate and impact on deferred tax	66	-
Tax losses and timing differences not recognised	335	312
	73	**25**
IRAP	39	57
Total tax expense	**112**	**82**

Gross tax losses available but not utilised as at 31 December 2015 amount to € 1,639,000 (2014: € 210,000)

12. Earnings per share

	Year ended 31 December 2015	Year ended 31 December 2014
Earnings		
Loss used in calculating basic and diluted earnings	(1,311)	(1,045)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	40,000,000	40,000,000

The basic and diluted earnings per share for 2015 and 2014 were determined by dividing the Profit attributable to the equity holders of the parent by the weighted average number of shares outstanding during the periods. There were no dilutive instruments in the period under review.

Under a share-for-share exchange, the former shareholders of Cogenpower s.r.l. exchanged their 2,000,000 ordinary shares of €1 each in that company for 2,000,000 ordinary shares of 5p each in Cogenpower Plc. The new shares were subsequently subdivided into 40,000,000 ordinary shares of 0.25p.

13. Property, plant and equipment

Euro'000	Land	Buildings	Plant & Equipment	District Heating network	Fixtures & Fittings	Assets Under Construction	Total
COST							
At 1 January 2014	195	970	6,337	6,833	116	291	14,742
Additions	-		27	24	12	243	306
Disposals	-		(53)	-	(10)	-	(63)
At 31 December 2014	**195**	**970**	**6,311**	**6,857**	**118**	**534**	**14,985**

Additions	119		36	-		868	1,023
Acquisition of Esseti			3,594				3,594
Disposals							
At 31 December 2015	**314**	**970**	**9,941**	**6,857**	**118**	**1,402**	**19,602**
DEPRECIATION							
At 1 January 2014	-	(152)	(2,212)	(959)	(77)	-	(3,400)
Charge for year	-	(29)	(418)	(206)	(11)	-	(664)
On disposals	-		19	-	3	-	22
At 31 December 2014	**-**	**(181)**	**(2,611)**	**(1,165)**	**(85)**	**-**	**(4,042)**
Charge for year		(29)	(301)	(202)	(11)		(543)
At 31 December 2015		**(210)**	**(2,912)**	**(1,367)**	**(96)**	**-**	**(4,585)**
NET BOOK VALUE							
At 31 December 2014	195	789	3,700	5,692	33	534	10,943
At 31 December 2015	**314**	**760**	**7,029**	**5,490**	**22**	**1,402**	**15,017**

Plant and Equipment includes the Anaconda power plant, the Cogenpower Energia power plant, the heat storage equipment and the Esseti ORC Biomass plant.

Additions to assets under construction of €868,000 in 2015 (2014: €243,000) relate principally to the Anaconda ORC and Orbassano projects and include capitalised personnel costs of €131,000 (2014: €101,000).

14. Intangible assets

Euro'000	Software Licences	Land usage Rights	Assets under development	Total
COST				
At 1 January 2014	425	-	203	628
Additions	7	-	77	84
Disposals	-	-	-	-
At 31 December 2014	**432**	**-**	**280**	**712**
Additions:	14	110		124
Transferred to software licences	280	-	(280)	-
Less: impairment	(139)	-		(139)
At 31 December 2015	**587**	**110**	**0**	**697**
AMORTISATION				
At 1 January 2014	(324)	-	-	(324)
Charge for year	(51)	-	-	(51)
On disposals	-	-	-	-
At 31 December 2014	**(375)**	**-**	**-**	**(375)**
Charge for year	(74)	-		(74)

On disposals	-	-		-
At 31 December 2015	**(449)**	**-**	**-**	**(449)**
NET BOOK VALUE				
At 31 December 2014	**57**	**-**	**280**	**337**
At 31 December 2015	**138**	**110**	**0**	**248**

Net additions of €124,000 in 2015 (2014: €84,000) include the land usage rights that Esseti Energia s.r.l., acquired for its biomass plant and development costs of €14,000(2014: €77,000), consisting primarily of the cost of completing a commodities pricing forecasting model in collaboration with the Ecole Politechnique of Paris, that will be used as a basis for a commodities trading software focused on energy markets. Costs of €139,000 which had previously been capitalised, have been assessed as unrecoverable following the impairment review and have been expensed.

15. Subsidiaries

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, were all owned 100% at 31 December 2015 and are as follows:

Name	Principal activity	Ownership
Cogenpower s.r.l.	CHPDH	**Cogenpower Plc**
Cogenpower Energia s.r.l.	Energy Services	**Cogenpower s.r.l.**
Cogenpower Gas &Power s.r.l.	Supply of natural gas and electricity	**Cogenpower s.r.l.**
Esseti Energia s.r.l.*	Power generation using biomass	**Cogenpower s.r.l.**

*Esseti Energia s.r.l. was sold in the post-reporting period (see note 30)

16. Group reorganization and impact on reserves

As part of the Group reorganisation as described in the basis of preparation in Note 1, the Company became the ultimate parent entity of the Group. By doing so, it also indirectly acquired all of the shareholdings previously held by Cogenpower s.r.l. in each of its 100% owned subsidiaries.

The imposition of Cogenpower Plc as a new holding company of Cogenpower s.r.l. does not meet the definition of a business combination under IFRS 3 "Business Combinations", and, as a consequence, the acquired assets and liabilities of Cogenpower s.r.l. and its subsidiaries continue to be carried in the consolidated financial statements at their respective carrying values as at the date of the reorganisation. The consolidated financial statements of Cogenpower Plc are prepared on the basis that Cogenpower Plc is a continuation of the previous group, reflecting the substance of the arrangement. As a result the difference between the nominal value of the shares issued in the company and the carrying value of the share capital and premium in Cogenpower s.r.l. is accounted for as a merger reserve of €3,035,000.

17. Inventories

Euro'000	**As at 31 December 2015**	**As at 31 December 2014**
Biomass (unchipped)	533	N.A.
Finished goods and goods for resale	205	212
	738	**212**

The Biomass stock relates to Esseti Energia s.r.l. Included in finished goods inventory is a chiller unit acquired for €220,000. Its use within the business was re-evaluated and it was held within inventory at the year-end to be used in future operations. Management has assessed its net realisable value to be €180,000. A write down of €40,000 was taken in cost of goods sold in 2014.

18. Trade and other receivables

Euro'000	**As at 31 December 2015**	**As at 31 December 2014**

Trade receivables	1,935	2,205
Green Certificates: accrued income	886	813
CO_2 credits	391	380
Excise duties and other indirect taxes receivable	341	138
Advances to suppliers	90	38
Other receivables	462	159
Prepayments	380	53
	4,485	**3,786**

Trade receivables are shown net of provisions for doubtful debts of €317,000 (2014: €154,000).

Ageing analysis of trade receivables (Euro'000)	**As at 31 December 2015**	**As at 31 December 2014**
Current and not past due	1,968	1,576
1 to 2 months	138	574
2 to 3 months	142	170
Over 3 months	4	39
	2,252	2,359
Less: provision for doubtful debts	(317)	(154)
Trade receivables before incentives	1,935	2,205
CV-TLR (Green Certificates)	886	813

CO2 Credits	391	380
Total trade receivables	3,212	3,398
Other receivables	1,273	388
Total trade and other receivables	4,485	3,786

19. Trade and other payables

Euro'000	**As at 31 December 2015**	**As at 31 December 2014**
Trade payables	7,693	4,083
Payments received on account	164	46
Employment costs	154	155
Other payables	817	292
	8,828	**4,576**

Trade payables include €794,000 of creditors who had agreed before the year-end to convert their debt to equity in the Company on flotation (February 2016) and €1,272,000 of debts owed to creditors of Esseti Energia s.r.l., a subsidiary that was sold back to the original vendor in May 2016. Other payables include €511,000 due to the same original vendor and which also fall away in May 2016.

Employment costs include the Italian employee severance indemnity (TFR) obligation amounting to €130,000 at 31 December 2015 (2014: €112,000). TFR is an employee severance indemnity regulated by article 2120 of the Italian Civil code, payable when the employee leaves employment or retires. The provision is based on the employees' payroll cost. Management has concluded that that the impact of inflating and discounting this provision is immaterial. Current long term inflation rates in Italy are between 1-2% and yields on 10 year government bonds (1.5%-2%). The service cost charged to the profit and loss in the year was €31,000, of which €13,000 were benefits paid to an employee who left the Group.

20. Provisions

€'000	Tax risks	legal proceedings	CGP Engineering reserve	Financial Guarantees Provision	Total
As at 1 January 2014	190	-	135	-	325
Movements in 2014:					
Released	(50)				(50)
Charge to income		43	33	61	137
Increase		50			50
Movement	(50)	93	33	61	137
As at 1 January 2015	140	93	168	61	462
Movements in 2015					
Released		(93)	(69)	(61)	(223)
Charge to income	60	-	-	-	60
Used			(99)		(99)
Increased	223				223
Movement	283	(93)	(168)	(61)	(39)
As at 31 December 2015	423	-	-	-	423

The tax provisions relate to penalties and interest for late payment of taxes. Legal proceedings in 2014 related to estimates of maximum exposure with respect to a litigation that was subsequently settled. The financial guarantees provision related to fees for personal guarantees provided by the Vallone family which were waived.

21. Borrowings

Cogenpower S.p.A. has both long-term borrowings funding fixed assets and short-term credit facilities for working capital. Borrowings shown in current and non-current liabilities are as follows:

In current liabilities

Euro'000	As at 31.12.2015	As at 31.12.2014
1. Finanz.Intesa SP 0I51073056563	-	150
2. Finanz.Unicredit 4070471 **	96	960
3. Finanz.Unicredit 4059671 **	321	2,718
4 .Finanz.Unicredit 3804987 **	129	1,631
5. Finanz.BCCooperativo 92139	48	-
6. Leasing Carige bank	252	-
Other short-term credit facilities	2,174	1,845
	3,020	**7,304**

Other short-term credit facilities include borrowings against factored trade receivables of €812,000 (2014 : €821,000) and short-term borrowings within Esseti Energia s.r.l. of €346,000.

In non-current liabilities

	As at 31.12.2015	As at 31.12.2014
1. Finanz.Unicredit 4070471 **	772	-

2. Finanz.Unicredit 4059671 **	2,085	-
3 .Finanz.Unicredit 3804987 **	1,394	-
4. Finanz.BCCooperativo 92139	84	179
5. Leasing Carige Bank	2,167	-
	6,502	**179**
Total of borrowings	**9,522**	**7,483**

Details of these long-term borrowings are shown below, with the exception of the leasing arrangement that Esseti Energia s.r.l.(Esseti) had with Carige bank, as ownership of Esseti by the Group was temporary (December 2015 to May 2016 - see note 30: post balance sheet events).

	Outstanding €'000 31/12/2015	**Total facilities €'000**	**Interest rate**	**Maturity Date**	**Repayment**	**Security**
1. Finanz.Unicredit 4070471 **	868	1,500	Euribor+3.25%	31 December 2023	Quarterly	Mortgage on land and lien facilities
2. Finanz.Unicredit 4059671 **	2,466	4,400	Euribor+3.00%	31 December 2022	Quarterly	Mortgage on land and lien on moveable property
3 .Finanz.Unicredit 3804987 **	1,611	2,000	Euribor+4.25%	31 December 2025	Quarterly	Vallone family guarantees
4. Finanz. BC Cooperativo 92139	132	400	Euribor+1.25%	12 July 2017	Quarterly	None

Credit Agreements with Unicredit Bank stipulate a number of commonly used covenants, including the maintenance of a minimum ratio of "NFP"(Net debt) to "EBITDA" and "NFP" to "Equity" (as defined in the Credit Agreement). At 31.12.2015, there were no breaches of covenants.

At the end of 2014, however, the Group was in default with respect to these covenants and although a waiver from the bank was received in the post-balance sheet period, prior to the publication of the Group's accounts, the loans in default (**) were technically repayable on demand at the respective balance sheet dates and were therefore shown as current rather than non-current liabilities in 2014.

22. Corporation and other taxes

Corporation Tax	As at 31 Dec 2015	As at 31 Dec 2014
Opening Balance	620	499
Tax paid	(194)	(60)
Current Tax	141	181
Closing balance	**567**	**620**

Other tax liabilities

Other taxes	As at 31 Dec 2015	As at 31 Dec 2014
Excises	221	574
Net VAT	1,753	1,285
Employee taxes	355	355
Other	486	75
Total	**2,815**	**2,289**

Included in Excises are rescheduled amounts payable after 12 months of €57,000 (2014: nil)
Included in Net VAT are rescheduled amounts payable after 12 months of €524,000 (2014: nil)

23. Deferred Tax

The movements and analysis of balances on the deferred tax assets (DTA) account are as shown below:

Euro'000

	As at	As at

	31-Dec 2015	31-Dec 2014
Opening balance	609	514
Movements:		
Tax effect of eliminated inter-company margins	(3)	20
Tax effect of interest cost not deductible due to cap	30	55
Tax losses in Cogenpower Energia	21	14
Other	47	6
Alignment of new IRES rate (24% from 27.5%)	(66)	-
Recognised in income statement: Tax expense	29	95
Other recognized in retained earnings	(3)	-
Closing balance	**635**	**609**

Deferred tax asset balances	As at 31-Dec 2015	As at 31-Dec 2014
Represented by		
Tax effect of:		
Non-deductible amortisation	26	25

Provision for doubtful debts	56	12
Cap on deductible interest	433	462
Unused losses	43	25
Intercompany eliminations	80	82
Other	(3)	3
Closing balance	**635**	**609**

The movement on the deferred tax liability account is as shown below:

Euro'000

	As at 31-Dec 2015	**As at 31-Dec 2014**
Opening balance	10	14
Recognised in income statement: Tax expense		
Amortised loan costs tax-effect	(10)	(4)

Closing balance	-	**10**

24. Share capital

At 31 December, 2014, the fully paid-up share capital of Group amounted to €2,000,000, which represented the share capital of Cogenpower s.r.l.(SRL) of 2,000,000 ordinary shares of €1.

On 28 August 2015, via a share-for-share exchange, the shareholders of SRL exchanged their shares for 2,000,000 ordinary shares of £0.05 (5p) in Cogenpower Plc, giving a nominal share value of £100,000. The exchange rate on that date was £1 = €1.375, giving a Euro nominal share value of €137,500.

On 30 December 2015, by shareholder resolution, the 2,000,000 ordinary shares in Cogenpower Plc were subdivided into 40,000,000 shares of 0.25p.

Euros	**Number of Shares**	**Value €**
As at 1 January 2014	2,000,000	2,000,000
Movements during the year	-	-
As at 1 January 2015	2,000,000	2,000,000
Movements:		
Share for share exchange: taken to merger reserve	-	(1,862,500)
Subdivision of shares	38,000,000	-
As at 31 December 2015	**40,000,000**	**137,500**

25. Operating leases

As at 31.12.2015:

Amounts paid and financial commitments: €'000

Payments:

Leased Asset	Current period	Within 12 months	1-2 years	2-5 years
Vehicles	32	23	23	12
Office equipment	20	20	20	10
Offices	51	47	34	60
Total commitments	**103**	**90**	**77**	**82**
Other non-recurring	52			
Totals	**155**			

As at 31.12.2014:

Amounts paid and financial commitments: €'000
Payments:

Leased Asset	Current period	Within 12 months	1-2 years	2-5 years
Vehicles	25	23	23	23
Office equipment	31	20	20	20
Offices	35	51	47	60
Total commitments	**91**	**94**	**90**	**103**
Other non-recurring	37			
Totals	**128**			

With the exception of a rented property in Cambridge where the lease expired in August 2015, all operating leases have break clauses allowing exit in 1-3 months, some with penalties payable.

The aggregate contractual commitments up to the various break points were: €41,500
The aggregate of penalties payable under the various break clauses totaled €52,000

26. Related party transactions

	Year ended 31 December 2015	Year ended 31 December 2014
Invoiced transactions: Revenues		

	Year ended 31 December 2015	Year ended 31 December 2014
Vallone Francesco (charge for work done by company personnel)	0	1
Jelmini Ugo* (former shareholder - sales of gas)	0	4
Brillada* SNC (Owner is former shareholder - sales of gas)	0	3
	0	**8**

Trade and Other Receivables	**Year ended 31 December 2015**	**Year ended 31 December 2014**
RSI S.p.A. (F.Vallone's company - prepaid guarantee fees)	0	77
	0	**77**

* Messrs Jelmini and Brillada were shareholders until 2014 and their respective sons were directors of Cogenpower s.r.l. (formerly S.p.A.) until 2014.

Invoiced services by Directors of Cogenpower Plc to Cogenpower s.r.l.(SRL)

During the year, David Pickering, Richard Day and Martin Groak were engaged as consultants to SRL to assist in listing the Group on the AIM stock exchange. They became directors of Cogenpower Plc in August 2015, but their terms of engagement as directors would only be confirmed if the Company's shares were admitted to trade on AIM, which occurred in February 2016,therefore no fees were payable with respect to their directorships during the year.

At the time of the IPO, each of the directors exchanged part of what they were owed into equity in the Company.

Amounts invoiced and accrued in respect of these services (provided through their management service companies) and the amounts subsequently converted to equity were as follows

Name (role post IPO)	**Service Company**	**Amounts invoiced and accrued**	**Amounts converted to equity**
David Pickering (Chairman)	Esprit Partners	€ 72,000	€19,000

Richard Day (Non-Executive)	RJD	€ 35,700	€19,000
Martin Groak (CFO)	Marker Management Services	€ 61,500	€37,750
Total		**€169,200**	**€75,750**

The total of the amounts invoiced and accrued were outstanding as at 31.12.2015 and are included in accounts payable

Guarantees

The Vallone family has provided personal bank guarantees to Unicredit S.p.A. and other banks over a number of years. In March 2010 these personal guarantees were increased in value especially by Unicredit and a pledge on about 72% of the shares held by the family through its controlled companies Re Sipar Investments S.p.A. and Golem s.r.l. (both fully owned by Francesco Vallone) has been added by Unicredit.

At the Board meeting of 30 September 2010, the Board voted to recognise an interest or a fee to *any* shareholders willing to underwrite the business with personal guarantees in favour of the banks. The substance of these guarantees was to cover and repay the loans received from Unicredit and other banks in case the other security was insufficient to cover the amounts due.

Only the Vallone family accepted - and in particular Francesco Vallone, Roberta Di Francesco (wife of Francesco), Giuseppe Vallone (father of Francesco), Maria Traina (mother of Francesco) and Sergio Vallone (brother of Francesco). The fee was set at 1.95% of the average value of underwritten loans outstanding. The amounts underwritten were:

€	**2015**	**2014**
Opening Balance	11,950,165	11,338,665
Movements	(611,500)	611,500
Closing Balance	**11,338,665**	**11,950,165**

The guarantees cover debt, interest and notional future credit lines and were adjusted to outstanding loan amounts following the IPO in February 2016.

The average amount outstanding in 2015 on which fees were based was €6,418,000

Fees €'000	2015	2014
Fees included in Finance expenses		
With respect to each year (€'000)	125	134
Fees included in Finance expenses		
In 2014 relating to prior years		132
Total	125	266

Rental agreement

The Group's sales office in Borgaro Torinese is rented by Cogenpower Gas & Power from Golem s.r.l. ("Golem"), a company controlled by Francesco Vallone, the CEO of Cogenpower group. The rental agreement is for renewable periods of 1 year from 1/10/2012. Rental for the initial period was €12,000. The rent for renewed periods thereafter are adjusted upwards in accordance with official inflation figures and is currently being charged at €12,096 for the year to 30/09/14. At the beginning of the contract, a deposit of €500 was paid to Golem.

Golem: assumption of Cogenpower Engineering liabilities in exchange for shares

Golem assumed the financial responsibility for Cogenpower Engineering s.r.l. ("Engineering"), a former subsidiary of Cogenpower s.r.l. that was in liquidation. In exchange for taking on residual liabilities of Engineering, estimated to be €86,000, Golem was issued with 326,118 new ordinary shares in the Company at IPO.

26. Control

The ultimate controlling entity at 31.12.2015 was Re Sipar Investments s.r.l., a company entirely controlled by Francesco Vallone, the CEO.

27. Acquisitions

Acquisition of Esseti Energia s.r.l.

On 1 December 2015, Cogenpower s.r.l. completed the acquisition of the entire share capital of Esseti Energia s.r.l. (Esseti). Esseti produces electricity by burning biomass.

The agreed consideration comprised of €250,000 in cash and the obligation of assuming €2.25 million of finance with respect to the biomass plant. The cash component was split as to €30,000 for the shares, paid on execution of the sale and purchase agreement and €220,000 for the assignment of a loan of €1.66 million to the vendor, to be paid at a later date.

Subsequently, due to issues that emerged after Cogenpower s.r.l. took full operational control of Esseti, this transaction was reversed on 6 May 2016. The original €30,000 for the shares was refunded and as the €220,000 for the assignment of the shareholder loan had not been paid over, it was waived and the assignment was deemed never to have happened.

The following table summarises the consideration paid for Esseti, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Fair Value
Consideration	€'000
Cash for shares	30
Deferred cash for assignment of intercompany payable	220
Total consideration	250
Less :amount waived	(220)
Total consideration	30
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	8
Plant and equipment	3,594
Intangible assets	110
Trade and other receivables	405
Inventories	533

Trade and other payables	(1,855)
Borrowings	(2,765)
Total identifiable net assets / (liabilities)	30

Fair value adjustments totalling €1,122,000 have been made to reflect the agreement signed in May 2016, whereby the shares of Esseti Energia have been re-acquired by the previous owner for €30,000 and there is no gain or loss on the transaction.

Esseti is estimated to have contributed €186,000 of revenue and other income for the period between the date of acquisition and the balance sheet date and a loss before tax of €19,000. If the acquisition of Esseti had been completed on the first day of the financial year, Group revenues would have been €2.4 million higher and group profit attributable to equity holders of the parent would have been €242,000 lower.

Acquisition costs of approximately €145,000 were expensed in connection with the acquisition.

Details of the disposal of Esseti are disclosed in Note 30 below

28. Parent Company exemption

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes. The Company's loss for the financial period 7 November 2014 to 31 December 2015 is €1,251,000.

29. Post balance sheet event: Initial public offering and Admission to AIM

On 12 February 2016, the shares of the Company were admitted to trade on AIM, a stock market operated by the London Stock Exchange. At IPO the Company raised £1,000,000 of new capital by the issue of 5,000,000 ordinary shares of 0.25p nominal value at 20p. Net proceeds of the placing receivable by the Company were approximately £400,000 (€517,000).

Conversion of trade payables into shares

In addition, certain Group liabilities towards related parties were settled by the issue of 5,166,760 new ordinary shares in the Company's shares, subject to listing on AIM.

As disclosed in note 25 above, three directors of the Company converted professional fees invoiced to Cogenpower s.r.l. amounting to €75,750 to new equity in the Company at the time of the IPO.

A further three external suppliers to Cogenpower s.r.l. agreed to convert amounts owing to them to shares in Cogenpower Plc, provided the Company became listed on AIM. The amount of debt they agreed to be settled by the issuing of shares is approximately €890,000.

The parties in question were:
ETR SPA
Elettrogas SPA
Logico s.r.l

Organisations providing professional services to the Group in relation to the IPO accepted shares for services totaling approximately €344,500.

The parties in question were:
Envent Capital Markets
Cardew Group Limited
Charles Russell Speechlys

Number of shares in issue following Admission to Aim

Following admission to AIM, there were 50,166,760 shares in issue. The table below shows the pro forma position of the Group if the IPO had occurred during 2015 (numbers as used in the Admission Document):

Effect of IPO		Placing proceeds and conversion of debt to equity	Pro forma net assets of the Group
Consolidated statement of financial position	31.12.15 As reported		

Total non-current assets	15,922	-	15,922
Total current assets	5,501	517	6,018
Total assets	**21,423**	**517**	**21,940**
Total current liabilities	15,073	(1,013)	14,060
Total non-current liabilities	7,083	-	7,083
Total Liabilities	**22,156**	**(1,013)**	**21,143**
Net Assets	**(733)**	**1,530**	**797**

30. Post balance sheet event: disposal of Esseti Energia s.r.l.

On 9 May 2016, the Company announced the disposal of Esseti Energia s.r.l. (Esseti) to the original vendor, effective 6 May 2016, reversing the transaction described in Note 27.

Over the four months following the acquisition of Esseti on 1 December 2015 Cogenpower progressively gained a full operational understanding of Esseti. Towards the end of that process certain facts that were not fully disclosed as part of the acquisition process came to the Company's attention. As a result, the underlying profitability and performance of Esseti post-acquisition was lower than expected, which impacted the Group's assumptions on the opportunities to develop Esseti and achieve the financial returns that had been anticipated. The Board therefore concluded that it would be in the best interests of shareholders for Cogenpower to sell Esseti back to its previous owner, and for Cogenpower to be reimbursed the consideration paid for Esseti and the monies invested in Esseti by Cogenpower since the acquisition (the "Disposal").

Accordingly, Cogenpower executed an agreement on 6 May 2016 with Mr Cavanna and Cavanna Legno s.r.l. (a company owned by Mr Cavanna) for Mr. Cavanna to acquire Esseti for an immediate cash consideration of €30,000 (the "Cash Consideration") and the repayment of a loan of €104,655 made by Cogenpower to Esseti (the "Loan Repayment"). The Loan Repayment is to be made by 31 December 2016 and is guaranteed by Esseti and by Cavanna Legno s.r.l. The Disposal reverses the original acquisition contract entered into on 1 December 2015 with the Cash Consideration representing the amount paid by Cogenpower to acquire Esseti and the loan of €104,655 is the total amount of funding provided by the Group to Esseti since acquisition. No other cash has been injected into Esseti by the Group.

In addition, the outstanding bank debt of €2.4 million, which was assumed by Cogenpower as part of the acquisition of Esseti, will be transferred back to the original owner as part of the Disposal. Any unfulfilled obligations of the original acquisition agreement have been cancelled and/or waived.

Effect of reversal of Esseti Acquisition

Consolidated statement of financial position	31.12.15 As reported with Esseti	31.12.15 Esseti	31.12.15 without Esseti
Total non-current assets	15,922	3,704	12,218
Total current assets	5,501	946	4,555
Total assets	**21,423**	**4,650**	**16,773**
Total current liabilities	15,073	2,453	12,620
Total non-current liabilities	7,083	2,167	4,916
Total Liabilities	**22,156**	**4,620**	**17,536**
Net Assets	**(733)**	**30**	**(763)**
Net current liabilities	(9,572)	(1,507)	(8,065)

31. Post balance sheet event: green certificate contingent liability

As described in Note 2, Green Certificates are awarded to Cogenpower s.r.l. ("SRL") for its use of the heat created as a by-product of electricity generation to provide heating and hot water to properties connected to its district heating network. The Certificates are normally issued by the Italian government agency during the month of June after the end of the production year following a review of the company's detailed submission of qualifying production. The assessment of which part of the production qualifies for Green Certificates is a well-established process and the company's submissions have been accepted for the previous six years.

The Green Certificates were awarded for eight years and it is customary for the GSE, the regulatory body, to perform a detailed inspection of the facility and a full recalculation of the qualifying production with respect to the penultimate year of the grant, which was 2015. The inspection and recalculation were performed in the first quarter of 2016. The inspection raised no issues, but recalculation presented to Cogenpower used significantly different criteria to those accepted in the previous six years. Management continues to believe that the original estimates are correct and has to the end of June 2016 to submit its counter arguments.

If SRL's counter arguments are overruled and the recalculation stands, SRL would have an exposure to refund an estimated €372,000 relating to prior years. This sum would be repayable in 5 annual instalments of approximately €74,000. SRL is not alone in this matter and will continue to work alongside the relevant trade organisation (AIRU) and other affected parties in discussions with GSE. As at the date of this report Management does not believe that the requirement to make a refund is probable and therefore this has been disclosed as a contingent liability.