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The Company and the Directors, whose names appear on page 4 of this document, accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Existing Ordinary Shares and the Placing Shares will commence on AIM on 18 July 2014. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

A copy of this document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for Admission to trading on AIM of the Ordinary Shares in issue and to be issued. This document does not comprise a prospectus for the purposes of the FSMA and the Prospectus Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

The whole of this document should be read. Your attention is particularly drawn to the Risk Factors set out in Part II of this document.

Aggregated Micro Power Holdings plc

(incorporated and registered in England and Wales with registered no. 8372177)

**PLACING OF 9,500,000 ORDINARY SHARES OF 0.5 PENCE EACH
AT A PRICE OF 100 PENCE PER ORDINARY SHARE
AND ADMISSION TO TRADING ON AIM**

Nominated Adviser & Broker



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finnCap Ltd is regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for advising any other person on the contents of this document or the Placing or Admission or otherwise. The responsibility of finnCap Ltd as nominated adviser to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by finnCap Ltd as to the contents of this document or for the omission of any material information from this document. No liability whatsoever is accepted by finnCap Ltd for the accuracy of any information or opinions contained in this document or for the omission of any information for which it is not responsible.

Copies of this document will be available during the normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge at the offices of finnCap Ltd for one month from the date of Admission. Copies of this document will also be available on the Company’s website.

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PLACING STATISTICS

| | |
|---|----------------|
| Placing Price per Placing Share | 100 pence |
| Number of Existing Ordinary Shares | 16,194,502 |
| Number of Placing Shares* | 9,500,000 |
| Number of Ordinary Shares in issue upon Admission* | 25,694,502 |
| Percentage of Enlarged Share Capital represented by the Placing Shares* | 37.0 per cent. |
| Market capitalisation of the Company at the Placing Price upon Admission* | £25.69 million |
| Gross proceeds of the Placing* | £9.50 million |
| Net proceeds of the Placing* | £8.70 million |
| ISIN code | GB00BC4F3V69 |
| SEDOL | BC4F3V6 |
| AIM symbol | AMPH |

* Assuming the maximum number of Placing Shares are issued.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|--|-----------------|
| Publication date of this document | 14 July 2014 |
| Issue of the EIS Shares | 15 July 2014 |
| Admission and commencement of dealings on AIM | 18 July 2014 |
| CREST accounts credited with Non-Eligible Shares | 18 July 2014 |
| Despatch of definitive share certificates | by 28 July 2014 |

Each of the times and dates in the above timetable is subject to change. Any change, including any consequential change in the Placing statistics above, will be notified to shareholders by an announcement on a Regulatory Information Service.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document are or may constitute “forward-looking statements”. Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the AMP Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others: general economic and business conditions, particularly in the United Kingdom, changes in technology, government policy, anticipated investments and capital expenditures of the AMP Group, and ability to attract and retain personnel. These forward-looking statements speak only as at the date of this document and are based on current expectations and are subject to risks and uncertainties which could cause actual results to differ materially from those expressed or implied by those statements. Except as required by the AIM Rules, the London Stock Exchange or by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the AMP Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DIRECTORS, SECRETARY AND ADVISERS

| | |
|---|---|
| Directors | Neil Eckert (<i>Executive Chairman</i>) Richard Burrell (<i>Chief Executive Officer</i>) Mark Tarry (<i>Chief Financial Officer</i>) Sir Laurence Magnus (<i>Senior Non-Executive Director</i>) Sir Robert Brian Williamson (<i>Non-Executive Director</i>) The Rt Hon. Sir Nicholas Soames MP (<i>Non-Executive Director</i>) |
| Company secretary | Lauren Paton |
| Registered office | 5 Clifford Street London W1S 2LG |
| Website on Admission | www.ampplc.co.uk |
| Nominated adviser & broker | finnCap Ltd 60 New Broad Street London EC2M 1JJ |
| Solicitors to the Company | Travers Smith LLP 10 Snow Hill London EC1A 2AL |
| Solicitors to the Nominated Adviser and Broker | Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG |
| Auditors and reporting accountants | BDO LLP 55 Baker Street London W1U 7EU |
| Registrars | Capita Asset Services (a trading name of Capita Registrars Limited) The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |
| Financial PR | Walbrook PR Ltd 4 Lombard Street London EC3V 9HD |

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

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|-------------------------------------|---|
| “Admission” | admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies |
| “AIM” | AIM, a market operated by the London Stock Exchange |
| “AIM Rules” | the AIM Rules for Companies and the AIM Rules for Nominated Advisers |
| “AIM Rules for Companies” | the rules for AIM companies published by the London Stock Exchange |
| “AIM Rules for Nominated Advisers” | the rules for nominated advisers to AIM companies published by the London Stock Exchange |
| “AMP Energy” | AMP Energy Services Limited, a wholly owned subsidiary of the Company |
| “AMP Energy SPA” | the share purchase agreement between the Company, AMP Limited and Neil Eckert, dated 4 July 2013 relating to the acquisition of AMP Energy by the Company from AMP Limited |
| “AMP Energy SPA Deed of Variation” | the deed of variation in relation to the AMP Energy SPA between the Company, AMP Limited and Neil Eckert, dated 25 June 2014 |
| “AMP Energy Deferred Consideration” | the obligation to issue Ordinary Shares pursuant to the AMP Energy SPA (as amended by the AMP Energy SPA Deed of Variation), as described more fully in paragraph 3 of Part IV of this document |
| “AMP Heat” | AMP Heat Limited, registered in England & Wales with registration number 07722340 |
| “AMPIL” | Aggregated Micro Power Infrastructure Limited, registered in England & Wales with registration number 08865609 and owned by Law Debenture |
| “AMPIL Loan Notes” | the 8 per cent. unsecured redeemable loan notes 2028 constituted by a loan note instrument executed by AMPIL which are admitted to the Official List of the Channel Islands Securities Exchange Authority Limited |
| “AMP Limited” | Aggregated Micro Power Limited, a wholly owned subsidiary of the Company |
| “AMP Low Plains” | AMP Low Plains Limited, a wholly owned subsidiary of the Company |
| “anaerobic digestion” | a natural process whereby bacteria break down organic matter in the absence of oxygen to produce methane |
| “Articles” | the articles of association of the Company adopted conditional on Admission, a summary of which is set out in paragraph 4 of Part IV of this document |
| “Asset Services Agreement” | the asset services and performance guarantee agreement dated 1 May 2014 (as amended and restated on 27 June 2014) between the Company, AMP Energy and AMPIL |
| “biomass” | biological material derived from living, or recently living, organisms |

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|------------------------------------|--|
| “biomass boilers” | a heating system that uses biomass as its fuel |
| “Board” or “Directors” | the directors of the Company whose names are set out on page 4 of this document |
| “CISE” | Channel Islands Stock Exchange |
| “Climate Change Levy” | a tax on UK business energy (electricity, gas, liquid petroleum gas and solid fuel) use, charged at the time of supply |
| “combined heat and power” or “CHP” | the use of a heat engine or a power station to generate both electricity and useful heat at the same time |
| “Companies Act” | the Companies Act 2006 (as amended) |
| “Company” or “AMP” | Aggregated Micro Power Holdings plc, a company registered in England & Wales with registration number 08372177 |
| “Corporate Governance Code” | the UK Corporate Governance Code published in September 2012 by the Financial Reporting Council |
| “CREST” | the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001) |
| “CSOP” | the AMP Company Share Option Plan |
| “Deferred Consideration” | the AMP Energy Deferred Consideration and the Mathieson Deferred Consideration |
| “Direct Placing” | that part of the placing relating to the Directly Placed Shares |
| “Directly Placed Shares” | those Placing Shares which are to be placed directly by the Company pursuant to the Subscription Letters |
| “EIS” | Enterprise Investment Scheme under the provisions of part 5 of the Income Tax Act 2007 |
| “EIS Placing” | that part of the Placing relating to EIS Shares |
| “EIS Shares” | the Placing Shares to be issued by the Company to EIS investors pursuant to the EIS Placing |
| “EMI Plan” | the AMP Enterprise Management Incentive Share Option Plan |
| “Employee Share Schemes” | each of the EMI Plan and the CSOP |
| “Enlarged Share Capital” | the enlarged issued share capital of the Company immediately following Admission |
| “Euroclear UK & Ireland” | Euroclear UK & Ireland Limited, the operator of CREST |
| “EU” | The European Union |
| “Existing Ordinary Shares” | the Ordinary Shares in the capital of the Company in issue at the date of this document |
| “FCA” | the Financial Conduct Authority |
| “FSMA” | the Financial Services and Markets Act 2000 |
| “finnCap Placing” | that part of the Placing relating to the finnCap Placing Shares |
| “finnCap Placing Shares” | those Placing Shares which are to be placing by finnCap pursuant (in the case of finnCap) to the Placing Agreement |

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| “gasification” | a process that converts carbonaceous materials, such as coal, petroleum, biofuel or biomass, into carbon dioxide, hydrogen and carbon monoxide by reacting the raw material at high temperatures with a controlled amount of oxygen and/or steam |
| “Group” or “AMP Group” | the Company and its subsidiaries and subsidiary undertakings from time to time (including Mathieson Biomass) |
| “HMRC” | HM Revenue & Customs |
| “JerseyCo” | AMP (Jersey) Limited, a company incorporated in Jersey with registered number 115994 |
| “kW” | kilowatt, a thousand watts |
| “kWe” | a kilowatt of electricity |
| “kWth” | a kilowatt of thermal energy |
| “Law Debenture” | The Law Debenture Intermediary Corporation plc, who act as trustee and hold, for charitable purposes, the entire issued share capital of AMPIL |
| “LECs” | electronic certificates issued to eligible CHP stations generators for each MWh of qualifying electricity produced – such certificates to be used by electricity suppliers to discharge Climate Change Levy obligations |
| “London Stock Exchange” | London Stock Exchange plc |
| “Mathieson Biomass” | Mathieson Biomass Limited, a wholly owned subsidiary of the Company |
| “Mathieson Capital” | Mathieson Capital LLP, a limited liability partnership registered in England & Wales under registration number OC354763 (of which Richard Burrell is a member) |
| “Mathieson Deferred Consideration” | the obligation to issue Ordinary Shares pursuant to the Mathieson SPA (as amended by the Mathieson SPA Deed of Variation), as described more fully in paragraph 3 of Part IV of this document |
| “Mathieson SPA” | the share acquisition agreement between Mathieson Capital, Mathieson Biomass and the Company dated 4 July 2013 |
| “Mathieson SPA Deed of Variation” | the deed of variation in relation to the Mathieson SPA between Mathieson Capital, Mathieson Biomass and the Company, dated 25 June 2014 |
| “MW” | megawatt, a million watts |
| “MWe” | a megawatt of electricity |
| “MWh” | megawatt hour |
| “Nominated Adviser” or “finnCap” | finnCap Ltd |
| “Non-Eligible Shares” | the Placing Shares other than the EIS Shares and the VCT Shares |
| “OCS Group” | O.C.S. Group Limited, a company registered in England & Wales with registration number 01298292, together with its subsidiary undertakings |
| “Official List” | the list of securities that have been admitted to the listing and which is maintained by the FCA in accordance with Part VI of the FSMA |

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|-------------------------------------|---|
| “Ofgem” | the Office of the Gas and Electricity Markets, the regulator of electricity and gas markets in Great Britain |
| “OMPeco” | Officine Meccaniche Pejrani srl, an Italian engineering company with whom the Company has a distribution agreement |
| “Ordinary Shares” | ordinary shares of 0.5 pence each in the capital of the Company |
| “Placing” | the conditional placing of the Placing Shares (i) by finnCap at the Placing Price pursuant to (in the case of finnCap) the Placing Agreement and (ii) by the Company pursuant to the Subscription Letters |
| “Placing Agreement” | the conditional agreement dated 14 July 2014 between the Company, the Directors and finnCap relating to the finnCap Placing, summary details of which are set out in paragraph 12 of Part IV of this document |
| “Placing Price” | 100 pence per Placing Share |
| “Placing Shares” | the 9,500,000 new Ordinary Shares to be issued and allotted pursuant to the Placing, comprising the EIS Shares, the VCT Shares and the Non-Eligible Shares |
| “PPA” | a contract for the sale and purchase of electricity |
| “Renewable Heat Incentive” or “RHI” | a UK policy intended to support delivery of heat from renewable sources |
| “Renewables Obligation” or “RO” | a UK regime that requires licensed electricity suppliers to source an increasing percentage of the electricity from renewable sources or pay a fixed buy-out price |
| “ROC” | a certificate issued by Ofgem to an accredited generator for eligible renewable electricity generated within the UK and supplied to customers within the UK by a licensed electricity supplier |
| “Shareholder” | a holder of Ordinary Shares |
| “Sterivert” | Sterivert Limited, a wholly owned subsidiary of the AMP Group |
| “Subscription Letters” | the subscription letters between the Company and certain investors relating to the Direct Placing, summary details of which are set out in paragraph 12 of Part IV of this document |
| “syngas” | a fuel gas mixture comprising primarily hydrogen, carbon monoxide and carbon dioxide |
| “Takeover Code” | the City Code on Takeovers and Mergers |
| “TSR” or “total shareholder return” | has the meaning given to it in paragraph 3 of Part IV of this document |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland |
| “UK Listing Authority” | the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List |
| “VCT” | Venture Capital Trust, for the purposes of Part 6 of the Income Tax Act 2007 |
| “VCT Placing” | that part of the Placing relating to the VCT Shares |
| “VCT Shares” | the Placing Shares to be issued by the Company to VCTs pursuant to the VCT Placing |

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|--------------------|---|
| Warrants | the warrants to be granted by the Company as described in paragraph 14(p) of Part IV of this document |
| Warrant Instrument | the instrument creating the Warrants described in paragraph 12(b) of Part IV of this document |

PART I

INFORMATION ON THE COMPANY

Introduction

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

The Directors are not aware of any other business in the UK with the same strategy of developing and operating small-scale commercial gasification plants and biomass boilers as the Group. The Directors believe that the time and funds invested to date in acquiring the expertise to deliver upon this strategy represents a significant first mover advantage and a potential opportunity to investors.

The AMP Group intends to raise equity capital in the Placing to develop the business through replicating its existing activities at new locations, a number of which have been identified, and to refinance its CHP gasification projects once they have been commissioned. This will enable the AMP Group to recycle cash in order to develop further projects. The AMP Group also intends to seek to optimise the return on its cash by commissioning biomass boilers which have short development timescales and then selling the developed asset for a development fee and the right to receive a future deferred payment.

Since the business commenced operations in 2010, the companies now comprising the AMP Group have raised approximately £8.0 million from management. In addition, approximately £4.8 million has been raised from third party investors. These funds have been used to develop the existing asset base and to establish a pipeline of potential future projects, in addition to meeting operating expenses.

The AMP Group's existing facilities comprise a 1MWe CHP plant located at Low Plains in Cumbria, which is operating and exporting electricity to the grid, and a heat dried wood chip sales business on the same site in Cumbria. AMP has also installed and commissioned three biomass boilers supplying heat to a school, a care home and a rural business park. Two other boiler projects are contracted with two other schools. These five projects have been sold to AMPIL (for further details, see "AMPIL" on page 15 of this document). Additionally AMP has a sixth boiler project under heads of terms with a health spa which is intended to be sold to AMPIL following financial close (being when project financing agreements have been signed and their conditions met).

The AMP Group's preferred technology for generating electricity from wood fuel involves a process of gasification, in which wood is converted into syngas by the application of heat in a low oxygen environment. The engine, as well as producing electricity, generates waste heat which can be captured and used commercially to dry the wood fuel, firstly, needed as feedstock for gasification, and secondly, for sale in the open market or into the portfolio of biomass boilers operated and managed by AMP. The AMP Group's use of excess heat to dry wood chip for onward sale provides a natural hedge to adverse movements in feedstock prices, as increases in feedstock prices can potentially be offset by increases in wood chip prices.

The pipeline of potential gasification projects, developed over the last three years and intended to reach financial close in the second half of 2014, is described on page 14 of this document, and includes two new build 1.5 MWe gasification CHP plants and 0.99 MW of new installed biomass boiler capacity. Subject to the refinancing of Low Plains and further ongoing funding arrangements, the Directors intend to develop, own and operate the gasification assets on balance sheet and recognise both trading income and unrealised valuation gains in the Company's own unconsolidated accounts using a valuation methodology acceptable to the Company's auditors. The Directors anticipate that the AMP Group will finance these projects using the net proceeds of the Placing, with any further amounts funded through existing resources, the proceeds from refinancing some or all of its existing assets, or other financing mechanisms as described on page 14 of this document.

The AMP Group also has a pipeline of potential smaller-scale biomass boiler projects, a number of which are follow-on orders or referrals from existing customers. The AMP Group currently qualifies as an EIS (Enterprise Investment Scheme) investment for UK tax purposes. In order to comply with specific

guidance from HMRC to preserve this status, AMP will develop these biomass boiler projects through to financial close and then seek to sell them to AMPIL, (subject to AMPIL having sufficient financing and compliance with AMPIL's own legal and regulatory obligations), or other third parties. Following a sale, it is intended that AMP will continue to manage the biomass boiler projects for a fee as well as being entitled to receive a deferred payment from the eventual net disposal proceeds achieved from any subsequent sale of a biomass boiler project.

Background & History

The AMP Group traces its origins to September 2010 when Neil Eckert (Executive Chairman of the AMP Group) founded AMP Limited, which through its wholly owned subsidiary AMP Low Plains, acquired the AMP Group's most significant asset, a 1MWe CHP plant located in Cumbria, in December 2010.

Neil Eckert had previously been a founder and chief executive of the AIM quoted Climate Exchange plc, which came to market in 2003 at £1.00 per share and was sold in 2010 at £7.50 per share. Prior to starting Climate Exchange plc, Neil Eckert had founded BRIT Insurance Holdings plc and was its chief executive from 1995 until 2005. His experience of the commercial impact of environmental factors on the insurance industry led to his interest in, and development of, business models designed to create value from solutions to environmental problems. His insurance expertise in risk management of a range of assets has direct application to the AMP Group. At Climate Exchange plc, Neil Eckert accumulated up to seven years' experience in the energy sector and the policy instruments and regulations surrounding the production and consumption of renewable energy, which led to the development of the commercial strategy now being deployed by the AMP Group.

In May 2010, Richard Burrell (Chief Executive of the AMP Group) founded Mathieson Capital to invest in sustainable energy businesses and, in 2011, Mathieson Capital established Mathieson Biomass, which has since put together a pipeline of potential renewable energy opportunities, primarily in biomass boiler projects. Richard Burrell had previously been a founder of two quoted companies, Westbury Property Fund Limited (which was acquired by Stobart Group Limited in 2007) of which he was Chairman of the Investment Committee, and the Medical Property Investment Fund Limited (now Assura Group Limited, of which he was Chief Executive). His extensive experience in the rapid deployment of capital into a large number of small projects involving planning issues, project management and facilities management are particularly relevant to the roll-out of the AMP Group's business plan.

In June 2012, Neil Eckert and Richard Burrell concluded that their respective business prospects would be significantly enhanced by combining their businesses. As a result, Mathieson Biomass began to market AMP as its financing partner for its pipeline of renewable energy opportunities and in November 2012 Richard Burrell became AMP's Chief Executive. In June 2013, AMP acquired Mathieson Biomass from Mathieson Capital.

Business Strategy

The AMP Group is engaged in the development of renewable energy projects, with a near term focus on biomass fuelled installations (that is, using wood chip, wood pellet or similar fuel sources) both to generate electricity and to make commercial use of the available heat arising from the electricity generation and biomass combustion process.

The pipeline of potential renewable energy projects, which has been developed over the last three years, includes a number of wood to energy projects and an additional pipeline of small-scale biomass boiler projects which the Group intends to develop. These developments are planned to commence in the second half of 2014.

The Directors intend that the Group's revenues will arise principally from the sale of energy in the form of electricity, heat and fuel and from the receipt of the connected renewable energy subsidies which are expected to make up a significant proportion of the revenues of each facility.

As an owner and operator of gasification projects, AMP will seek to recognise the value of its projects held directly at fair value in accordance with IAS 39.9. Changes in fair value will be booked as an unrealised profit or loss in the Company's own unconsolidated accounts. Quarterly valuations are expected to be based on a discounted cash flow analysis of each project's future cash flow, and will be validated at the time of a project's commissioning and at year end by an independent third party acceptable to the Company's auditors. Prior to commissioning, projects will be valued at cost. The first valuations are expected to happen during 2015.

In addition, the Directors anticipate that the AMP Group will sell its biomass boiler projects following financial close, to AMPIL or other third parties and aim to earn development fees, a margin on the management of the plant, the supply of fuel to the relevant project and a carried interest in the eventual disposal proceeds of the relevant project.

AMP will look to work with service providers, project developers and equipment providers where such relationships can assist in the execution of the AMP Group's strategy. One such existing relationship is with the OCS Group (an existing shareholder in the Company), an international facilities management services group which has over 75,000 employees, and their subsidiary Cannon Hygiene Ltd. The AMP Group has also engaged WS Atkins plc as its consulting engineer at Low Plains.

Gasification CHP

The Directors intend that AMP Group's gasification CHP plants will be designed to generate both heat and power using clean wood biomass. It is intended that these projects will create value both from the sale of electricity and the use of surplus heat generated by the plant.

The gasification technology to be used by the AMP Group involves the heating of fuel in a low oxygen environment to produce a syngas, which largely comprises hydrogen and carbon monoxide. The syngas is then cleaned, cooled and carburetted into a reciprocating gas engine which drives a generator to produce electricity. This technology can achieve an electricity conversion efficiency of approximately 35 per cent. Moreover, the gas cooling system and the gas engine produce large amounts of recoverable, and therefore locally useable, heat energy. Harnessing this energy can increase the conversion efficiency significantly to approximately 80 per cent. Some of this extra heat is used to dry the fuel for the CHP plant, which means that the AMP Group will be able to use cheaper, lower grade, wet wood. The remainder of the excess heat can be used to dry further wet wood chip or saw mill co-product for resale as a premium priced fuel to local customers (including biomass boilers operated and managed by AMP).

The Directors anticipate that the AMP Group will typically earn greater margins than generators of electricity by traditional means, as a result of the lower cost of biomass fuel relative to fossil fuel and the enhanced efficiency of the conversion process, particularly as some of the generated heat may be used productively. The Directors expect that the AMP Group will benefit from the available UK Government incentives for this type of technology, including the current 2 ROCs per MWh banding, which AMP currently believe will equate to revenue per ROC of £43, and the RHI (see Appendix to this document). The buy-out price per ROC has been set by Ofgem at £43.30 for the period from 1 April 2014 to 31 March 2015. The Directors have also assumed revenue from the sale of electricity of £51.75/MWh.

On an illustrative basis, the Directors expect approximately 50 per cent. of revenues from a typical 1.5MW CHP plant to be derived from power (in the form of electricity sales and ROCs) and approximately 50 per cent. of revenues from heat (in the form of wood chip sales and RHI).

The Directors intend that the AMP Group will seek to utilise the knowhow developed at Low Plains in order to replicate and enhance the Low Plains business model at various other sites throughout the UK and will locate new plants close to sources of feedstock supply to improve access to such fuel and to minimise transportation costs.

Biomass Boiler Projects

Biomass boilers are used to provide space heating and hot water using wood chip or wood pellets in place of fossil fuel.

AMP's business model is to develop biomass boiler projects which supply renewable heat from the combustion of biomass (chip or pellet) to customers under a long term heat supply agreement. Target customers have high heat loads and tend to be off the gas grid, generating heat from oil or liquefied petroleum gas which is typically more expensive than biomass. The project special purpose vehicles (SPVs) own and operate the boiler installation providing the customer with a fully financed and managed heating solution. Additionally, the project SPVs aim to deliver the customer savings in excess of 15 per cent. on their current costs of heating. In return the project SPVs are paid by the customer for the heat it supplies and receive the Renewable Heat Incentive over a 20 year term.

Biomass boiler projects are not EIS or VCT eligible, and therefore the Directors intend to sell developed projects to AMPIL (subject to AMPIL having sufficient funding and compliance with AMPIL's own legal and regulatory obligations) or to other third parties in return for an upfront development fee and have an entitlement to receive a deferred payment from the eventual net disposal proceeds of the relevant projects. AMP will retain the responsibility for the management of the projects including the supply of wood fuel.

The Directors intend that the AMP Group will, in accordance with a "hub" and "spoke" business model seek to locate new biomass boilers ("spokes") close to its gasification CHP plants ("hubs") providing a ready-made market for dried wood chip.

Feedstock

AMP sources its biomass from local sustainable sources where possible. The AMP Group does not currently foresee requiring a significant proportion of any UK regional market's supply of wood.

Fuel for its gasification plant is provided in the form of round wood chip logs. Chip logs come from the top section of a tree and are typically too small or too irregular in size and shape for use in sawmills. The chip logs are chipped on site at the gasification plant before being loaded onto a walking floor. The wood chip is then dried to a target moisture content of between 15 per cent. and 20 per cent. before being transferred into the gasifiers.

Separately AMP sources smaller wood chip, typically with a length and width of between 30mm–50mm, from saw mills to dry for use as fuel in the biomass boiler market. The wood chip constitutes waste from the saw mill process and is often referred to as co-product. It is formed from chipping the wetter outer sections of the saw log which cannot be made into sawn timber.

Fuel for biomass boiler projects managed by AMP is provided either in the form of wood pellet or wood chip. Wood pellet is procured separately from third party suppliers and needs to be certified to the EN plus quality standard. Wood chip is procured either from third parties or where possible from AMP's own wood drying facilities and gasification plant. AMP is very focused on sourcing and providing high quality chip to optimise the performance of its customer's boilers.

At a national level the supply of round wood logs used by all, primarily domestic, consumers of wood is forecast by the Forestry Commission to increase on average from approximately 10 million tonnes per year in 2012 to circa 13.2 million tonnes per year over the next 20 years.

According to data from the Forestry Commission, the price of round wood logs has been volatile for the past 20 years but as of September 2013 remains below 1994 levels.

Use of proceeds and project pipeline

The net proceeds of the Placing of approximately £8.7 million will be deployed principally to finance the expected capital cost of developing the Group's pipeline of renewable energy projects.

The AMP Group currently has a pipeline of projects, which are set out in the table below, with a capital investment requirement in excess of £30 million. From this pipeline, the Directors expect to reach financial close on two gasification projects by the end of 2014 and to commission these projects by the end of 2015. These projects include a new 1.5MW plant in Exeter and a new 1.5MW plant at Low Plains, in addition to the existing 1MW facility at Low Plains. The two new gasification plants are expected to have a capital expenditure requirement of approximately £12.4m. In addition, the Group has a number of biomass boiler installations which it expects to have completed by the end of 2014 and the capital investment made into these assets is intended to be recycled via the sale of these assets to AMPIL (or another third party).

| <i>Project type</i> | <i>Location</i> | <i>Development type</i> | <i>MW</i> | <i>Capex (£m)</i> | <i>Status</i> |
|---------------------|---------------------------------|---------------------------------------|-----------|-------------------|--|
| Gasification CHP | Exeter | New build | 1.5 | £6.2 | Option to lease agreed, existing grid connection, in planning |
| Gasification CHP | Low Plains | New build | 1.5 | £6.2 | Grid connection offer, planning consent required |
| Gasification CHP | Kent | New build | 1.5 | £6.2 | Option to lease in negotiation, grid connection offer, planning consent required |
| Gasification CHP | Cheshire | New build | 1.5 | £6.2 | Grid connection offer, planning consent required |
| Gasification CHP | Merthyr | Acquisition, refurbishment, extension | | £5.4 | Existing plant & grid connection, planning variation required for extension |
| Biomass boiler | Champneys health spa, Hampshire | New installation | 0.99 | £0.5 | Heads of terms signed, planning consent obtained |
| Total | | | | <u>£30.7</u> | |

In order to deliver upon the near-term work programme set out above, the AMP Group expects to seek to supplement its cash resources (including any remaining net proceeds of the Placing) with additional new funding during the course of 2014 or 2015 from one or a combination of: the refinancing of the existing 1MW plant at Low Plains (currently forecast to occur by the end of 2014), raising project finance from third party providers, asset financing of core items of equipment such as gas engines, the issue of new Ordinary Shares for cash, or any other compelling financing mechanism where the Directors consider doing so to be in the best interests of the Company and the Shareholders. Should these additional funding arrangements not be available to the Company on a timely basis, the Directors will consider alternative operational strategies which may include a restructuring of or deferral of one or more of the Company's existing or intended projects.

The Company may pursue and prioritise other opportunities before those set out in the table above where it is commercially advantageous to do so. For example, the Group is currently in discussions to acquire a gasification project in Derby, which is under construction, though discussions are not sufficiently advanced for this project to be included in the Company's near term pipeline. In line with the Group's broader financing and acquisition strategy, it is possible that such an acquisition, if completed in due course, could be financed through the issue of new Ordinary Shares to the vendors.

The Directors specifically intend to invest approximately £2.4 million of the net proceeds of the Placing immediately after Admission as follows:

- approximately £0.9 million in commissioning modifications to improve the operational and wood drying capacity of the Group's existing plant at Low Plains;
- approximately £0.5 million to install and commission 0.99 MW of biomass boiler capacity at Champneys health spa in Hampshire;
- approximately £0.3 million to complete the detailed design for two new 1.5MW gasification CHP plants: one at Exeter and a second, separate and larger plant at Low Plains (further details of which are set out in the table above);
- approximately £0.1 million to fund the planning application costs for the new build plants at Kent and Cheshire; and
- £0.25 million to repay in part the loan made to the Group by Neil Eckert (as described in paragraph 7(c) of Part IV of this document) and approximately £0.3 million to repay the whole of the loan (plus accrued interest) made to the Group by Mathieson Capital (which is controlled by Richard Burrell) (as described in paragraph 7(d) of Part IV of this document).

Future re-financing

The AMP Group intends to develop and retain ownership of its gasification CHP projects. These projects will generally be partially or wholly equity funded through to commissioning and then AMP will seek to refinance commissioned projects at a lower cost of capital in order to leverage shareholder returns and recycle capital. AMP may look to refinance these commissioned assets, by receiving loans against commissioned assets from AMPIL or third parties, by the issue of listed loan notes by AMP to investors (paying 8 per cent. per annum), or otherwise. It is intended that investors in the Placing will be given an opportunity (subject to no onerous regulatory requirements) to participate in any future issue of listed loan notes by AMP. Investors in the Placing will not, however, have a right to be offered loan notes that may be issued by AMPIL from time to time.

On 10 July 2014 AMPIL made a loan with a term of three years in an amount of £250,000 to AMP which has been fully drawn down. AMP is using this to part fund the commissioning expenses at the Low Plains CHP plant as detailed above. An annual interest rate of 10 per cent. is payable in respect of the drawn down amount, such interest payable quarterly in arrears. AMP are entitled to repay this loan at any time prior to maturity.

AMPIL

AMP has sold its initial portfolio of five biomass boiler projects (see table below) to AMPIL.

AMPIL is a special purpose vehicle which is wholly owned by Law Debenture plc as trustee for general charitable purposes. As such, AMPIL is not part of the AMP Group for UK company law purposes. AMPIL's directors are provided by Law Debenture and there are no common directors between AMP and AMPIL.

The Directors understand that AMPIL intends to issue loan notes on a regular basis to fund an increasing portfolio of renewable energy projects which it will seek to acquire from AMP. AMPIL aims to provide its loan note holders with a long term, fixed rate of interest of 8 per cent. per annum, to be paid quarterly with a final repayment date of the loan notes at par on 31 December 2028. AMPIL has initially been funded by the issue of AMPIL Loan Notes to Neil Eckert having a principal amount of £1.15 million. The AMPIL Loan Notes are listed on the Official List of the Channel Island Securities Exchange Authority. AMPIL is able, under the terms of the loan note instrument, to issue up to £10 million of principal amount AMPIL Loan Notes. There can be no guarantees that AMPIL will be able to issue loan notes or that it will from time to time have sufficient funds in place to acquire assets from AMP on a timely basis.

The AMP Group, through its subsidiary AMP Energy, has contracted with AMPIL to provide fuel for the assets acquired from AMP as well as provide operation and maintenance services under a long term contract. The AMP Group is also entitled to receive a deferred payment equal to the disposal proceeds of the projects acquired by AMPIL from AMP, once all creditors have been repaid in full. On the disposal of a renewable energy project by AMPIL, AMPIL will either use the proceeds of such disposal to acquire further renewable energy projects or it will redeem such number of AMPIL Loan Notes (having first paid any accrued interest on those loan notes) in order that its remaining assets are, in AMPIL and AMP Energy's reasonable belief, sufficient to meet AMPIL's obligation to pay interest to holders of the remaining AMPIL Loan Notes following the redemption in accordance with the terms of the loan note instrument. In circumstances where the disposal proceeds are used to redeem AMPIL Loan Notes, AMPIL has agreed to pay any surplus disposal proceeds, in the form of a deferred payment, to AMP Energy.

As part of the structure with AMPIL, the Company and AMP Energy have agreed to provide several performance guarantees to AMPIL in relation to AMPIL's obligation to pay interest in respect of the AMPIL Loan Notes. Further information in respect of this agreement is set out in paragraph 14(k) of Part IV of this document.

The AMP Group has sold the following portfolio of five biomass boiler projects to AMPIL:

| <i>Project</i> | <i>Boiler Size (kW)</i> | <i>Fuel Type</i> | <i>AMP Capex to date (£m)</i> | <i>Status</i> | <i>Planning</i> |
|--------------------------------|-------------------------|------------------|-------------------------------|------------------------|-----------------|
| Upton High School | 350 | Pellet | 0.226 | Commissioned | Yes |
| Barchester Cherry Trees | | | | | |
| Care Home | 199 | Pellet | 0.037 | Commissioned | Yes |
| Bolesworth Estate | | | | | |
| Business Park | 199 | Pellet | 0.144 | Commissioned | Yes |
| Whitby High School | 500 | Chip | 0.022 | Construction under way | Yes |
| Sandbach High School | 800 | Pellet | 0.00 | Contracted | Yes |

In total, AMP has been paid £428,804 by AMPIL to reimburse it for capital costs paid to date and £79,654 as a development fee making the total cash consideration £508,458. Future capital costs with respect to these projects will be paid for directly by AMPIL.

Target returns

The Directors will typically only commit the AMP Group to invest in a project where they believe that a minimum post-tax internal rate of return of 12 per cent. per annum can be achieved on an ungeared basis. In many instances the Directors would expect to exceed this minimum threshold. In due course, the Directors intend to increase the return from the AMP Group's investments by refinancing the AMP Group's operating assets.

In developing its range of operating facilities, the Board will strive to achieve a good balance between enhancing profitability and mitigating risk.

Specific policies which the Directors intend to implement in order to enhance profitability include:

- aggregating individual smaller scale units to achieve capital cost economies of scale;
- operating, where practicable, on a distributed basis, where the AMP Group produces and delivers the energy close to the point of consumption, in order to increase the realisable selling price;
- seeking customers with multiple sites requiring renewable energy, so as to reduce the procurement costs per project, and leveraging the AMP Group's strategic relationship with the OCS Group, a large international facilities management business and a shareholder in AMP;
- selling wood fuels to existing biomass boiler customers and to other customers located within a 50 mile radius of AMP's wood chip drying facilities; and

- providing operations and maintenance services directly or through a network of sub-contractors to AMP projects and for other customers.

Specific policies which the Directors intend to implement in order to mitigate risk include:

- using financially robust contractors with a strong track record;
- using small scale facilities with reduced lead times for planning and construction and therefore reduced exposure to Government incentive change; and
- focusing on small scale facilities and dispersed locations to reduce feedstock risk.

The Directors intend that the AMP Group's business will initially be primarily focused on the UK. However the AMP Group may also develop facilities overseas as opportunities arise.

Power technology and waste to energy

In addition to the development of wood to energy projects, the AMP Group has researched and invested time and resources in other power technologies, including various waste to energy initiatives over which it has optionality, but currently does not have plans to develop any projects in this segment of the market. The Directors will review this policy from time to time and pay close attention to any commercial opportunities which may arise.

Waste converters

The AMP Group has entered into an agreement with OMPeco, an Italian engineering company, to distribute its range of waste converters in the UK. Under this agreement, the AMP Group is entitled to receive a commission on any waste converter sales which it generates. The converter is currently located on a clinical waste site in Lancashire, operated under Cannon Hygiene Limited's waste permit and, is undergoing bacterial efficacy testing in line with Environment Agency guidelines.

Anaerobic digestion systems

The AMP Group has the requisite knowledge and capabilities to generate electricity and heat from biogas by developing projects using small-scale anaerobic digestion plants. The current Government renewable energy incentive structures do not make such projects commercially attractive. The Directors will continue to monitor this market segment should compelling and viable opportunities arise which are consistent in terms of location and expertise with AMP's biomass business.

The UK energy market

UK Government renewable energy policy and energy market

Under the EU's Renewable Energy Directive, the UK was set a legally binding target of procuring 15 per cent. of its energy consumption from renewable sources by 2020. In 2012 renewable energy accounted for only 4.1 per cent. of total energy consumption. In the Directors' opinion this target should underpin political support and financial incentives (summarised in the Appendix) for the renewable energy sector in the near term.

The UK's drive to decarbonise (the Government has a legally binding target of reducing the UK's greenhouse gas emissions by 80 per cent. by 2050 against 1990 levels), is expected to require significant structural changes to the power market, with 8 GW of coal fired generating capacity scheduled to be decommissioned by 2015 due to the Large Combustion Plant Directive. This represents 10.2 per cent. of current power generation; a reduction in supply, which in the Directors' opinion will help support the wholesale price of electricity in the near term.

The inception of the RHI in November 2011 has driven a rapid uptake of biomass boilers fuelled by wood chip. Biomass boilers account for 99 per cent. of the capacity of accredited RHI installations (as of April 2014). From January 2013 to January 2014 the installed capacity of biomass boilers grew from 175MW to 618MW, an increase of 353 per cent., which in the Directors' opinion will have generated a similar increase in wood chip demand.

The UK Bioenergy Strategy (2012) highlighted the importance of bioenergy in meeting the UK's low carbon objectives and its analysis indicates that sustainably-sourced bioenergy could contribute around 8 to 11 per cent. of the UK's total primary energy demand by 2020.

UK renewable energy incentives

The UK currently has a number of support measures and incentives for renewable energy. Those measures and incentives which are likely, in the opinion of the Directors, to have an impact on the AMP Group are summarised in the Appendix to this document.

Retail and wholesale energy pricing

There is typically a substantial price difference between the wholesale and retail prices for the main forms of energy. This price differential reflects, in part, the costs of transporting energy from its source and supplying it at its point of consumption. It also underlies the commercial opportunity for distributed energy, a significant factor in the AMP Group's strategy, in which energy is generated close to its point of consumption and accordingly may in the Directors' opinion achieve a higher price than energy supplied to the wholesale markets as well as offering energy security advantages.

Energy delivery

The markets for electricity, heat and fuels each have distinct characteristics that reflect how they are delivered to their point of consumption.

Electricity is relatively easily transported via a transmission network coupled to a distribution network, the "grid". The high capital costs of this network underpin the differential between the wholesale and retail price of electricity which can amount to approximately 70 per cent. While the AMP Group currently sells its electricity at the wholesale price, the AMP Group intends to enter into PPAs with creditworthy counterparties, at a greater price per MWh than those currently achieved. The Directors believe that there are attractive opportunities to increase profitability through direct supply arrangements with local customers.

Natural gas fuel in the UK is also transported via a gas grid, although there are significant parts of the UK that are not linked to this grid. The Directors therefore believe that there are attractive opportunities to supply commercial sized biomass boilers to provide heat to businesses located off the gas grid.

Other fuels require transporting in batches, typically by road or rail, to their point of consumption and the economics of doing so depends in part on the energy density of the fuel being transported. Biomass fuels, such as wood chip and pellet, are typically of low energy density compared with fossil fuels. Transport costs for these feedstocks can be significant and consequently they may best be commercialised in small scale facilities using local feedstock.

Heat is very hard to transport over substantial distances in an economically viable way and consequently heat is generally produced locally. AMP's strategy is therefore to install boilers on sites with high heat loads and to dry wood chip at its gasification plants where spare heat is available.

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

Attractions of the renewable energy market for the AMP Group

The Directors believe that there are a number of features of the renewable energy market which, in light of its business model, are highly beneficial for the AMP Group:

- the UK's lack of energy security means that domestic energy production, especially renewable energy production, has a high value even in the absence of environmental factors;
- EU and UK environmental and planning legislation and policy are expected by the Directors to impose demanding, and in some instances mandatory, levels of renewable energy supply over the next few years;

- in light of the gap between the UK's current and proposed energy supply mix, public policy support measures, including incentives, are generally expected by the Directors to endure;
- demand for renewable energy is therefore expected by the Directors to experience strong growth for the foreseeable future;
- current and proposed support measures specifically favour the smaller scale decentralised generation that the AMP Group is targeting; and
- by operating smaller scale facilities in close proximity to customers, the AMP Group is able to reduce energy delivery costs and exploit the price premium between retail and wholesale energy pricing.

Competition

The Directors are not aware of any other business in the UK with the same strategy of developing and operating small-scale commercial gasification plants and biomass boilers as the Group. The Directors believe that the time and funds invested to date in acquiring the expertise to deliver upon this strategy represents a significant barrier to entry into the market, and are confident that its core strengths, relationships and first-mover advantage, will allow it to compete successfully should there be other entrants into its target markets.

Current trading and prospects

In the period since 31 December 2013, the AMP Group has continued to trade in line with the Directors' expectations.

The AMP Group has continued to progress its pipeline of biomass gasification projects, particularly the refurbishment and enhancement program of the CHP plant at Low Plains, at which the Group expects to spend £0.5 million on enhancing and increasing the capacity of wood drying operations and £0.4 million on upgrading existing fly ash filters. The Company expects Low Plains to be operating at full operational capacity by the end of the current financial year.

On 1 May 2014, the Company sold AMP Heat, containing its portfolio of five biomass boiler projects, to AMPIL for a total consideration of £0.51 million, calculated as the book value of biomass boiler assets at that date and a development fee of 10 per cent. of the total forecast costs for the development of these assets. Separately, AMP expects soon to have agreed commercial terms for the development of a sixth biomass boiler project which is expected to be sold to AMPIL (or another third party) in due course.

During the financial year to date, the Company has raised a total of £0.66 million (not including the loan of £0.25 million provided to AMP by AMPIL as described on page 14) in further financing from existing investors to support its working capital and investment requirements.

The Directors believe that the AMP Group is well placed to deploy the net proceeds of the Placing to finance projects within its pipeline of renewable energy opportunities and thereby generate an attractive return to Shareholders.

Dividend policy

The Company has never declared or paid a dividend on its issued share capital. The Board intends that the Company will pay dividends out of distributable reserves from 2015 and implement a progressive dividend policy thereafter.

Directors and employees

Board of Directors

The Board comprises the following Directors:

Neil Eckert (*Executive Chairman*)

Mr Eckert (aged 52) was the co-founder and Chief Executive Officer of Climate Exchange plc until the sale of the company to InterContinental Exchange, Inc. in July 2010 for approximately £400 million. Climate Exchange plc owned the Chicago Climate Exchange and the European Climate Exchange which traded in excess of 80 per cent. of tradable carbon credits in the EU.

Mr Eckert founded Brit Insurance Limited in 1995 and remained its CEO until March 2005. He then served as a non-executive director of Brit Insurance Limited from April 2005 until May 2008.

Mr Eckert has interests in various property companies and is the Chairman of Design Technology and Innovation Limited, a patenting and intellectual property company whose principal activity is in the field of irrigating plants with salty or brackish water.

Richard Burrell (*Chief Executive Officer*)

Mr Burrell (aged 48) began working with AMP Limited in June 2012 when AMP Limited started working with Mathieson Capital. Mr Burrell had founded Mathieson Capital in 2010, in order to invest in renewable energy and related businesses. Mathieson Capital established Mathieson Biomass in 2011 to establish a pipeline of renewable energy opportunities, primarily biomass boiler and waste converter projects.

In 2002, Mr Burrell founded the London Stock Exchange listed Westbury Property Fund Limited (now part of the Stobart Group Ltd) and was chairman of its investment committee from 2002 until August 2007. In 2003, he launched the Medical Property Investment Fund Limited (now Assura Group Limited) and served as its Chief Executive between 2003 and March 2010. Prior to this, Mr Burrell worked in investment banking at UBS AG and ING Group. He has been the non-executive chairman of First Care Limited since November 2010.

Mark Tarry (*Chief Financial Officer*)

Mark Tarry (aged 35) joined AMP in 2011 to originate and develop project opportunities, before taking on the role of CFO in May 2014. Prior to AMP, Mr Tarry worked at Canopy Capital Limited, a private equity firm investing in rainforest conservation, where he remains a Director. From 2004 to 2008 Mr Tarry was a manager at Barclays Capital (now Barclays Investment Bank) where he focused on the syndication of primary bond transactions. Mr Tarry has an MSC (Distinction) in Environmental Technology from Imperial College London and a BSC in Economics from University College London.

Sir Laurence Magnus (*Senior Non-Executive Director*)

Sir Laurence Magnus (aged 58) is Deputy Chairman (Europe) of Evercore Partners Inc, the Nasdaq listed corporate finance advisory business. He has over 35 years' of investment banking experience, successively with Samuel Montagu (later HSBC Investment Bank), Phoenix Securities, Donaldson Lufkin & Jenrette, Credit Suisse First Boston and Lexicon Partners Ltd. (latterly as Chairman prior to its merger with Evercore in 2011). Sir Laurence Magnus is non-executive Chairman of The JP Morgan Income & Capital Trust plc and a non-executive director of The Cayenne Trust plc, Pantheon International Participations plc and Fidelity Japanese Values plc.

In the not-for-profit sector, he is Chairman of English Heritage and was previously Deputy Chairman of The National Trust and an elected member of its Council. He also is Deputy Chairman of the Windsor Leadership Trust and a Trustee of the Landmark Trust and the Allchurches Trust.

The Rt Hon. Sir Nicholas Soames (*Non-Executive Director*)

The Rt Hon. Sir Nicholas Soames (aged 66) has been a Conservative Member of Parliament since 1983. He was an Agriculture Minister from 1992–1994 and Minister of State for the Armed Forces from 1994–1997. From November 2003 to May 2005 he served as Shadow Secretary of State for Defence and as a member of the Shadow Cabinet.

After working in financial services in the City of London he was on the staff of a United States Senator in Washington D.C. for nearly two and a half years. He is a member of the 1922 Executive Committee and President of the Conservative Middle East Council.

The Rt Hon. Sir Nicholas Soames is a Senior Adviser to Marsh Ltd, Chairman of Aegis Defence Services Limited, a Trustee of the Amber Foundation and he sits on the Council of the Royal United Services Institute and the Court of the University of Sussex. He is a Trustee of the Game and Wildlife Conservation Trust and Chairman of the All-Party Parliamentary Game & Wildlife Conservation Group. He is Honorary Colonel of the Bristol University Officers Training Corps.

Sir Robert Brian Williamson (*Non-Executive Director*)

Sir Robert Brian Williamson (aged 69) is a Director of NYSE Euronext and of Waverton Investment Management Limited.

Amongst numerous other roles, Sir Robert Brian Williamson was a director of Electra Private Equity plc from 1992 until 2010 and chairman thereof from 2000 until 2010, a director of London International Financial Futures and Options Exchange from 1985 until 1988 and chairman thereof from 1985 until 1988, a director of the Financial Services Authority from 1986 until 1998 and a director of HSBC Holdings plc from 2002 until 2012.

Employees

The AMP Group currently has 29 employees, of whom four are engineers, nine are involved in corporate and development roles and 16 are involved in engineering or operational roles.

Employee Share Schemes

The Company established the EMI Plan in July 2013.

EMI Options to subscribe for 225,000 Ordinary Shares each with an exercise price of £1 per share are outstanding under the EMI Plan. These options are subject to performance conditions based on TSR over the three and a half years post Admission. Details of the options granted to Directors which remain outstanding are shown in paragraph 7(b) of Part IV of this document.

The Company may cease to qualify for EMI relief following the fundraising on Admission and, if it does not cease to qualify on Admission, it expects to do so in the future as the Group grows. The Directors have therefore established the CSOP, a new share option plan under which the remuneration committee may grant share options that qualify for relief from income tax and unapproved options. Up to 10 per cent. of the Company's share capital may be issued pursuant to share options granted to employees and directors over a 10 year period following Admission. A summary of the CSOP is set out in paragraph 5 of Part IV of this document. No options have been granted under the CSOP.

Neil Eckert and Richard Burrell (through Mathieson Capital which he controls) are entitled to receive up to 2,666,666 and 1,333,333 Ordinary Shares respectively as AMP Energy Deferred Consideration and the Mathieson Deferred Consideration respectively, described in more detail in paragraph 3 of Part IV of this document.

Corporate governance

The Directors support high standards of corporate governance and confirm that they intend that the Company will comply with the Corporate Governance Code insofar as practicable given its size and nature. To this end, the Board has an audit committee, a remuneration committee and a nomination committee. Each committee is chaired by Sir Laurence Magnus and consists of each of the Non-Executive Directors.

The audit committee will meet at least twice each year and whenever there is business to discuss. The audit committee is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. It will also meet the auditors without executive Board members being present and review reports from the auditors relating to accounts and internal control systems.

The remuneration committee will meet at least twice each year and whenever there is business to discuss. The remuneration committee reviews the performance of executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of executive Directors, the remuneration committee seeks to enable the Company to attract and retain executives of the highest calibre. The remuneration committee also makes recommendations to the full Board concerning the allocation of share options to employees. No Director is permitted to participate in discussions or decisions concerning his own remuneration.

The nomination committee will meet at least twice each year and whenever there is business to discuss. The nomination committee considers appointments to the Board and is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition.

Reasons for Admission

AMP has applied for its Ordinary Shares to be admitted to trading on AIM to:

- provide it with capital to finance its pipeline of renewable energy projects;
- provide it with access to additional capital to finance further projects in due course;
- enhance its public and corporate profile; and
- attribute a value to its Ordinary Shares so as to increase the benefits of the Employee Share Schemes in attracting, retaining and incentivising employees.

Lock-ins and orderly market provisions

The Directors have undertaken to the Company and finnCap that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Ordinary Shares held by them and their connected persons at any time during the period of 12 months following Admission. In addition, certain orderly market provisions will apply for a further period of 12 months after expiry of the 12 month lock-in period.

Employee lock-in and leaver agreement

Each employee shareholder of the AMP Group (excluding Neil Eckert and Richard Burrell) has entered into an agreement with the Company (the “Employee Lock-in and Leaver Agreement”) relating to the transfer of their respective interests in Ordinary Shares for the period ending on 15 November 2015 (the “Restricted Period”). During the Restricted Period, each such employee has undertaken to the Company that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Ordinary Shares held by them (other than Ordinary Shares which the Board may designate as being excluded from the restrictions of the Employee Lock-in and Leaver Agreement).

Further, if any employee shareholder (excluding Neil Eckert and Richard Burrell) leaves his or her employment with the AMP Group before the end of the Restricted Period, the Company may before the end of the Restricted Period serve a sale notice on such employee requiring him or her to transfer all or any of his or her Ordinary Shares to either the Company or any other person specified in the sale notice. The consideration for the sale of the employee’s Ordinary Shares will: (i) in the case of a Good Leaver (as defined below), be the higher of the issue (or purchase) price of the relevant shares and the volume weighted average price per share of an Ordinary Share for the five trading days prior to the service of the sale notice; and (ii) in the case of a Bad Leaver (as defined below), be the lower of the issue (or purchase) price of the relevant shares and the volume weighted average price per share of an Ordinary Share for the five trading days prior to service of the sale notice. A leaver is a “Good Leaver” if their employment is terminated: (a) because they die or because of physical or mental illness; (b) on notice by the relevant AMP Group company (but excluding termination on grounds for summary dismissal or on a TUPE transfer); or (c) because they resign in response to a material breach of their employment contract by their employer; or (d) where the Board designates the leaver to be a Good Leaver. In all other circumstances, a leaver is a Bad Leaver.

Whitewash under the Takeover Code

Under Rule 9 of the Takeover Code (“Rule 9”), if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months. Rule 9 also provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company which is subject to the Takeover Code but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code.

Neil Eckert will immediately following Admission hold 7,704,000 Ordinary Shares (including 250,000 Ordinary Shares which he intends to acquire under the Placing) representing 30.0 per cent. of the Company’s voting rights subsequent to Admission and the Placing becoming effective. As set out in paragraph 3 of Part IV of this document, it is possible that Neil Eckert may, by virtue of any Ordinary Shares issued to settle the AMP Deferred Consideration as described in paragraph 3 of Part IV of this document, in due course become interested in up to 36.6 per cent. of the Company’s Ordinary Shares in issue carrying voting rights (assuming no other Ordinary Shares are issued after Admission).

As set out in paragraph 2(a)(iii) of Part IV of this document, the Company’s shareholders have authorised the Directors, subject to certain limitations, to make market purchases of its own Ordinary Shares. Accordingly, should this authority be fully utilised prior to its expiry at the next annual general meeting of the Company and no other Ordinary Shares have been issued (in respect of the AMP Deferred Consideration or otherwise), Neil Eckert would become interested in up to 33.3 per cent. of the Ordinary Shares in issue carrying voting rights. It is the current intention of the Board to renew this authority upon expiry subject to having secured all requisite approvals.

It is possible that, should new Ordinary Shares be issued to settle the AMP Deferred Consideration prior to the expiry of the Company’s authority to make market purchases, and this authority is then be utilised in full and no Ordinary Shares be purchased from Neil Eckert, and no new Ordinary Shares are issued for any other reason, Neil Eckert would become interested in 40.2 per cent. of the Ordinary Shares in issue carrying voting rights.

Under Note 1 on the Notes on the Dispensations from Rule 9, the UK Panel on Takeovers and Mergers (the “Panel”) will normally waive the requirement for a general offer to be made in accordance with Rule 9 if, inter alia, those Shareholders of the Company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with it and do not have any interest in the proposed transaction which may compromise their independence (the “Independent Shareholders”) pass an ordinary resolution on a poll at a general meeting (a “Whitewash Resolution”) approving such a waiver. The Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Takeover Code) if Independent Shareholders holding more than 50 per cent. of the Company’s Ordinary Shares capable of being voted on such a resolution (i.e. more than 50 per cent. of the Shares held by Independent Shareholders) confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the Shareholders of the Company at a general meeting.

Certain Independent Shareholders who:

- are, in aggregate, beneficial owners of 4,973,476 Ordinary Shares of the Company, representing approximately 56.9 per cent. of the Company's issued share capital carrying voting rights excluding the holding of Neil Eckert (and therefore hold more than 50 per cent. of the Company's Ordinary Shares capable of being voted on a Whitewash Resolution) and have absolute discretion over the manner in which these Ordinary Shares are voted;
- have no connection with Neil Eckert (save for the fact that they are Shareholders, Directors or employees of the Company); and
- do not have any interest or potential interest, whether commercial, financial or personal, in the execution of the AMP Energy SPA Deed of Variation or the AMP Energy Deferred Consideration; and
- consider themselves to be shareholders of the company who are independent of Neil Eckert and any person acting in concert with him and do not have any interest in the proposed transaction which may compromise their independence,

have confirmed in writing to the Panel that they would vote in favour of the Whitewash Resolution were one to be put to the Shareholders of the Company at a general meeting.

Consequently, based on the written confirmation provided by these Independent Shareholders to the Panel and the fact that the details of any potential increase in Neil Eckert's shareholding as a result of the issue of new Ordinary Shares pursuant to the AMP Deferred Consideration and/or the Company's authority to make market purchases has been fully disclosed in this document, the Panel has agreed, on an *ex parte* basis, to waive the requirement for a Whitewash Resolution to be considered at a general meeting and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Takeover Code in connection with the potential issue of Ordinary Shares in due course to Neil Eckert pursuant to the AMP Deferred Consideration and/or the authority to make market purchases.

Share dealing code

The Company has adopted a share dealing code for the Directors and key employees which the Directors believe appropriate for an AIM quoted company. The Company will comply with Rule 21 of the AIM Rules relating to dealings by Directors and applicable employees.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company will apply for the Ordinary Shares to be admitted to CREST on the date of Admission.

Details of the Placing and Admission

Subject to the Placing becoming unconditional, the Placing is expected to raise approximately £9.5 million before expenses for the Company (approximately £8.7 million net of expenses). The Placing is not being underwritten.

For technical reasons, the Company will issue the finnCap Placing Shares in consideration for the transfer to it by finnCap of the issued ordinary redeemable preference shares of JerseyCo held by finnCap which will result in the Company owning the entire issued share capital of JerseyCo, the only assets of which will be its cash resources. These resources will represent the net proceeds of the Placing of the finnCap Placing Shares. The Company will be able to utilise this amount by redeeming the redeemable preference shares it will then hold in JerseyCo and, during any interim period prior to redemption, by procuring that JerseyCo lends the amount to the Company or another member of the AMP Group. This structure is because it is expected to have the effect of creating distributable reserves for the Company equal to the

net proceeds of the placing of the finnCap Placing Shares less the par value of such shares. The Directors may elect to implement all or part of the placing of the finnCap Placing Shares in the Placing without using the structure described above if it deems it to be in the Company's interests to do so.

The EIS Shares, the VCT Shares and the Directly Placed Shares will be issued for cash in the Placing.

The Placing of the Placing Shares will be conducted in two separate tranches to assist investors in the EIS Placing and the VCT Placing to claim certain tax reliefs available to EIS investors and VCT investors, respectively.

EIS Shares will be offered to those investors seeking to claim EIS relief in relation to their subscription, VCT Shares will be offered to VCTs and the remaining Placing Shares will be offered to those investors who are neither seeking EIS relief nor are VCTs.

The EIS Placing is conditional, among other things, upon the Placing Agreement becoming unconditional in respect of the matters that fall to be performed prior to the issue of the EIS Shares and not having been terminated in accordance with its terms. The VCT Placing is conditional, among other things, upon the Placing Agreement becoming unconditional in respect of the matters that fall to be performed prior to the issue of the VCT Shares and not having been terminated in accordance with its terms. **EIS and VCT investors should note that it is intended that the Company will issue the EIS Shares and the VCT Shares at 11.59 p.m. on 15 July 2014 and that Admission is expected to occur at 8.00 a.m. on 18 July 2014 and, accordingly, completion of each of the EIS Placing and the VCT Placing is not conditional upon Admission.**

The Placing of the Non-Eligible Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place on 18 July 2014 (or such later time and/or date as finnCap and the Company may agree, not being later 31 July 2014)) and not having been terminated in accordance with its terms prior to Admission.

The Placing Shares will represent approximately 37 per cent. of the Enlarged Share Capital. The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares, save that they will rank in full for all dividends and other distributions declared, made or paid after the date of issue. At Admission, approximately 45.5 per cent. of the issued Ordinary Shares are expected to be in public hands. Neil Eckert has agreed to subscribe for 250,000 Ordinary Shares at the Placing Price prior to the Placing.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. The Placing Shares have not been marketed in whole or in part to the public in conjunction with the applications for Admission.

Further details of the Placing Agreement can be found in paragraph 12 of Part IV of this document.

VCT

The Company has applied for and obtained advance assurance from HMRC that the VCT Shares will be eligible for the purposes of section 285(3A) of the Income Tax Act 2007 and that the VCT Shares will be "qualifying holdings" for the purposes of Chapter 4, Part 6, Income Tax Act 2007. The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs should consult their own tax advisers regarding this.

Neither the Company nor the Directors is/are giving any warranty, representation or undertaking that the Company or the VCT Shares will meet or continue to meet any conditions relating to the VCT regime. Should the law regarding VCTs change then any reliefs or qualifying status previously obtained may be lost. Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way which preserves any VCT-related status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. VCTs considering subscribing for

VCT Shares are recommended to seek their own professional advice in order that they may fully understand how the legislation may apply in their circumstances. Investors are also referred to the risk factors set out in Part II of this document.

EIS

Advance assurance has been sought and obtained from HMRC that the Company should be a qualifying company and the EIS Shares are eligible shares for the purposes of EIS provisions. However, EIS investors should be aware that, whilst advance assurance has been obtained from HMRC, the Directors cannot guarantee that the EIS Shares will satisfy, and will continue to satisfy, the requirements for tax relief under EIS or that the Company will, or will continue to be, a qualifying company for EIS purposes.

The continuing status of the EIS Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS Shares will be or will continue to be a qualifying investment for EIS purposes. EIS eligibility is also dependent on a Shareholder's own position and not just that of the AMP Group. Accordingly, investors should take their own advice in this regard.

Taxation

General information relating to UK taxation with regard to Admission and Placing is summarised in paragraph 13 of Part IV of this document. Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of the UK, should consult his or her professional advisers.

Additional information

Prospective investors should read the whole of this document, which provides additional information on the Company and the Placing and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part II which contains a summary of the risk factors relating to an investment in the Company.

PART II

RISK FACTORS

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive.

An investment in the Ordinary Shares is speculative and involves a high degree of risk. Accordingly, before investing in the Ordinary Shares, prospective investors should carefully consider and evaluate, amongst other things, the risks and uncertainties described below, and all other information contained in this document, and reach their own views before making an investment decision. If any of the following risks or uncertainties relating to the AMP Group were to materialise, such an occurrence could have a material adverse effect on the Group's proposed business and the anticipated financial condition, performance or results of operations of the Group. In such case, an investor could lose all or part of its investment.

The Directors consider the following risks and uncertainties to be the most significant for potential investors, but the risks and uncertainties listed below do not necessarily comprise all those associated with an investment in AMP and are not set out in any order of priority. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently believe are immaterial, may also have an adverse effect upon the AMP Group. The information set out below does not purport to be an exhaustive summary of the risks affecting, or which may affect, the AMP Group.

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, and who have sufficient resources to be able to bear the potential loss of any investment in AMP. Investors should consider carefully whether investment in AMP is suitable for them in the light of the information in this document and their particular circumstances. Prospective investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser who specialises in advising on the acquisition of such shares and other securities before investing.

1 Risks relating to the business of the AMP Group

1. *AMP intends to grow its operations rapidly and growth may be restricted by the inability of AMP to raise new capital or refinance its assets*

AMP's business plan involves a rapid growth in operations over the next several years and the ability to be able to complete a number of pipeline projects on the terms currently envisaged is subject to AMP being able to raise new capital and refinance its assets. In particular, the AMP Group expects to seek to supplement its cash resources (including any remaining net proceeds of the Placing) with additional new funding during the course of 2014 or 2015 from one or a combination of: the refinancing of the existing 1MW plant at Low Plains (currently forecast to occur by the end of 2014), raising project finance from third party providers, asset financing of core items of equipment such as gas engines, the issue of new Ordinary Shares for cash, or any other compelling financing mechanism where the Directors consider doing so to be in the best interests of the Company and the Shareholders.

A failure to access new capital or refinance on acceptable terms could result in the consideration of alternative financing or operational strategies, or a restructuring or deferral of one or more of the Group's existing or intended projects, limiting the expansion of AMP's business and have a material adverse effect on its ability to achieve targeted growth rates.

2. ***Reliance on purchasers***

The Group will rely on its ability to sell power and wood chip to third party purchasers. If there is not sufficient demand for the Group's products from existing purchasers, the Group is unable to obtain new purchasers, or the Group is unable to sell such products at an acceptable price or on acceptable terms, then the Group's revenues and margins could be materially adversely affected. Increased competition in the biomass chip market, which is currently growing rapidly, may also impact AMP's ability to sell wood chip in sufficient quantities to maximise the use of spare heat.

3. ***AMP may be unable to acquire plant, feedstock and equipment on terms that provide an attractive return in the future***

AMP may be unable to acquire plant, feedstock and equipment on terms that provide an attractive return in the future. Certain technologies have shown a price evolution over time that reflects a sharing of the overall returns available from renewable energy production more in favour of the technology provider than the developer. As a result, plant may only be available at prices that allow for only a comparatively small rate of return for the owner or operator of the plant.

4. ***Reductions in demand for energy in the markets AMP is targeting may reduce the requirement, and therefore the price, for its products***

Reductions in demand for energy in the markets AMP is targeting (for example through successful implementation of energy efficiency measures) may reduce the level of demand for, and therefore, potentially, the price of energy, either in the form of heat or power. Studies have shown that the most cost effective ways of addressing the level of energy consumption and its consequences such as climate change, are very often through more efficient use of energy resources rather than through changes to more sustainable sourcing of the energy we need. This may reduce the price AMP can achieve for its energy output as well as the level and structure of public policy support measures that contribute to the returns AMP hopes to achieve. While AMP fully supports the deployment of more efficient energy systems (and believes that distributed energy generation, which forms a core feature of its strategy, is a good example of this) the Directors believe that the structural challenges faced by the UK's energy market and in particular the expected removal of a significant proportion of the UK's generating capacity (notably nuclear and coal fired capacity) over the next few years should counteract any improvements in the efficiency of use in the medium term.

5. ***Financial or political constraints may limit the extent to which AMP can achieve subsidies or incentives for its renewable energy output in the future***

Financial or political constraints may limit the extent to which AMP can obtain subsidies or incentives for and achieve its renewable energy output in the future. While current legislation provides a reasonably certain framework that will apply to projects developed in the short term, there can be no guarantee that this framework will continue beyond 2014, and this may ultimately restrict its ability to grow profitably beyond this date. Additionally, if future changes to this framework were to withdraw, or to reduce or change the value of, the subsidies or incentives applicable to existing projects, this may have a material adverse effect on the profitability of those projects. Nevertheless, AMP's business strategy is rooted in the Directors' conviction that today's energy markets do not accurately take into account the costs of certain economic externalities (such as energy security and the consequences of climate change) in the prices charged to consumers. Public policy measures may change and AMP would welcome alternatives to direct subsidy, but the underlying requirement to address these externalities will, in the Directors' view, require measures to enforce price differentials between renewable and fossil-fuel based energy sources which will support AMP's business model for the longer term.

6. ***AMP may acquire equipment or develop projects that fail to deliver targeted returns as a consequence of the use of new or non-standard technologies***

Certain technologies under consideration for investment have a limited track record of operation at commercial scale or are otherwise new or non standard. Where possible AMP will generally seek to make use of technologies that are proven on a commercial scale.

The Group has spent significant resources refurbishing its Low Plains plant in Cumbria. The plant is now operational but requires further optimisation with respect to the fly ash filters and ash removal system. This optimisation programme has been developed with appropriate care and third party consultation and is already underway. Following, the programme's completion, the plant is expected to be run at full capacity however there can be no assurance that there will be no unforeseen technical complications.

7. ***As more competitors enter the market, AMP may be unable to maintain its margins in its chosen lines of business and there may be fewer investment opportunities***

If AMP is successful in its business strategy the Directors would expect the level of competition AMP faces to increase. As more competitors, potentially with greater financial or other resources, enter the market, AMP may be unable to maintain its margins in its chosen lines of business and there may be fewer investment opportunities and more competition for those opportunities. In particular, competition for fuel feedstocks may increase the market prices for material. The Directors believe that this risk can be mitigated by being able to pass on higher biomass fuel prices in the form of higher onward wood chip sales prices.

8. ***AMP may be unable to build a portfolio of assets of sufficient scale***

AMP may be unable to build a portfolio of assets of sufficient scale or robustness to appeal to large energy suppliers or other potential acquirers as a future acquisition opportunity.

9. ***There are risks associated with companies in their early stage with untested business models***

As AMP has a limited trading record, its prospects should be considered in the light of the risks associated with companies in their early stage. Any investment in AMP carries with it the normal risks associated with investing in a new business. AMP has limited operating history upon which an evaluation of its future success or failure can be made and its ability to run multiple fully-functioning commercial products remains to be seen. To achieve and maintain profitability and positive cash flow AMP is dependent upon its ability to convert its pipeline of opportunities to assets which generate revenues. If AMP is unable to raise sufficient capital to fund its plans and/or unable to develop and operate new facilities it may have to reduce or curtail operations. No assurance can be given that AMP will ever operate profitably.

10. ***AMP's efforts to grow its business will require it to incur significant costs in business development with no guarantee of success***

AMP's efforts to grow its business will depend on how successful it is in developing new projects. The development period for each project may occur over several years, during which AMP may incur substantial expenses relating to site procurement and planning, design, permitting, community relations, financing and professional fees associated with all of the foregoing. Not all of AMP's projects will be successful, and AMP may decide to cease developing a project for a variety of reasons. If the cessation of a project or projects was to occur at an advanced stage of development, AMP may have incurred a material amount of expenses for which it will realise no return.

11. ***Compliance with environmental, planning and health and safety laws ("EHS") could adversely affect AMP's results of operations***

Costs of compliance with EHS regulations, existing and future, could adversely affect AMP's cash flow and profitability. AMP's projects will be subject to EHS regulation by regulatory authorities and AMP will be required to comply with EHS laws and regulations. In some instances, AMP will be required to obtain government permits, consents, approvals, allowances, licences and permissions and/or exemptions to operate its facilities. AMP's facilities may incur additional costs to comply with these requirements. If AMP's facilities fail to comply with these requirements, AMP could be subject to civil or criminal liabilities, damages, injunction and/or fines. Additionally, failure to obtain and/or maintain the necessary government permits, consents, approvals, allowances, licences and permissions and/or exemptions for its projects, including with respect to the Environment Agency's approval of its waste converter projects, could have a material adverse effect on the viability of those projects. In addition, certain environmental laws may make AMP

potentially liable for the remediation of contamination at or emanating from properties or facilities it owns or operates. Such liability may not be limited to the clean-up of contamination actually caused by it.

12. ***AMP is dependent on key employees and the loss of any of these employees, or its inability to retain and attract other key personnel, could adversely affect its business***

AMP's success depends upon its ability to attract and retain qualified employees and upon the ability of its senior management and other key employees to implement its business strategy. Although AMP is not aware of any planned departures, AMP relies substantially upon the services of its current management team. The loss of any of their services or the services of other members of its management team or the inability to attract and retain other talented personnel could have a material adverse effect on its business, especially since it will need to continue to attract qualified employees to execute its growth plans.

13. ***Contracts with public sector bodies may be subject to the public procurement regime***

To the extent that the award of any of AMP's future contracts with a public sector body is subject to a requirement on the public sector body to follow a public procurement tender process, such processes can be complex, lengthy and costly which will result in greater costs to AMP as it bids for such contracts and may limit AMP's chances of success in such public tenders, which could have a material adverse effect on AMP's business. To the extent that any of AMP's contracts have been awarded, or are awarded in the future, by a public sector body without a tender process complying with the public procurement regime, where such a process should have been followed by the public sector body, any such contract award may be challenged by a third party which could result, depending upon the timing of the challenge, in a change to the terms of the procurement/contract or withdrawal.

14. ***There is no guarantee that the pipeline of renewable energy projects will come to fruition***

AMP has not entered into unconditional and legally binding agreements in respect of the pipeline of renewable energy projects described in Part I of this document and there is no guarantee that they will come to fruition or that these projects will complete on terms currently envisaged or at all.

15. ***Connecting to transmission and distribution networks***

To distribute generated electricity and gas output to third parties, AMP may need to enter into contractual agreements and be granted certain public and private permissions and consents in order to access and transmit on regional and/or national distribution networks. Failure to secure the necessary agreements, permissions and consents on commercially acceptable terms may lead to unforeseen costs and/or delays for some projects and, in extreme cases, prevent distribution. In addition to securing the necessary agreements, permissions and consents, depending on the location of the projects, potentially significant capital expenditure and time delays may be incurred in developing the necessary infrastructure to connect the project to the most appropriate network access point.

16. ***Risks associated with key suppliers***

The Group relies and expects to continue to rely on certain third party suppliers. If such contracted parties are not able or refuse to fulfil their obligations to the Group, the Group may be forced to seek recourse against such parties, provide additional resources to obtain the relevant supplies or engage other companies to provide the relevant supplies. Any such legal action, breach of contract or delay in supply by these third parties could have a material adverse effect on the Group's business and financial condition.

2 General risk factors

1. *Market value of Ordinary Shares*

Following Admission, it is likely that the Company's share price will fluctuate and may not always accurately reflect the underlying value of the business. The value of Ordinary Shares may go down as well as up and investors may lose some or all of the original sum invested. The price that investors may realise for their holdings of Ordinary Shares, when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are

extraneous. Such factors may include the possibility that the market for the Ordinary Shares will be less liquid than for other equity securities and that the price of the Ordinary Shares will be relatively volatile.

2. ***Investment in AIM-listed securities***

Application has been made for the Ordinary Shares to be admitted to AIM, a market designated primarily for emerging or smaller companies. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority. Further, neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document. Investment in shares on AIM is perceived to involve a higher degree of risk and therefore may be less liquid than an investment in shares quoted on the Official List of the UK Listing Authority. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

3. ***No assurance that an active trading market will develop***

Although an application has been made for the Ordinary Shares to be admitted to AIM, as there has been no public trading market for the Ordinary Shares, there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. Shareholders representing approximately 42.8 per cent. of the Company's expected issued share capital immediately following Admission have undertaken, save in limited circumstances, not to dispose of any of their Ordinary Shares for a period of at least one year following Admission. This may affect the liquidity of the Ordinary Shares. Shareholders who need to dispose of their Ordinary Shares may be forced to do so at prices that do not fully reflect the value of the Company per Ordinary Share.

4. ***EIS Placing and VCT Placing not conditional on Admission***

In order to protect the Company's EIS and VCT status, the Placing will be effected in two tranches so that the completion of each of the EIS Placing and the VCT Placing is intended to occur at 11.59 p.m. on 15 July 2014. Admission is expected to occur at 8.00 a.m. on 18 July 2014. Accordingly, under the terms of the Placing Agreement, the issue and allotment of the EIS Shares and the VCT Shares is not conditional upon Admission. Therefore, were the Placing Agreement to be terminated after allotment of the EIS Shares and the VCT Shares but prior to Admission, investors who had subscribed for EIS Shares or VCT Shares pursuant to the Placing would hold shares in a company that was not admitted to trading on AIM.

5. ***The interests of significant Shareholders may conflict with those of other Shareholders***

Upon Admission, Messrs Eckert and Burrell and their connected persons will own in aggregate approximately 40.6 per cent. of the expected issued share capital of the Company immediately following Admission. In addition Messrs Eckert and Burrell may receive further Ordinary Shares as detailed in paragraph 3 of part IV. It is also possible that, in the future, other investors may have significant holdings of Ordinary Shares. Accordingly, they will possess sufficient voting power to have significant influence on matters requiring Shareholder approval. The interests of such significant Shareholders may conflict with those of other holders of Ordinary Shares.

6. ***Future issues of shares will result in immediate dilution***

The Company may issue additional Ordinary Shares in subsequent public offerings or private placements to fund future projects. Statutory pre-emption rights prevent the issue of shares for cash consideration without such shares being offered to Shareholders first, subject to the disapplication of such pre-emption rights by a special resolution of the Shareholders. Therefore, existing Shareholders may not be offered the right or opportunity to participate in such future share issues (if such a special resolution is approved by Shareholders or to the extent that the existing disapplication referred to in paragraph 2(c) of Part IV of this document can be used), which may dilute the existing Shareholders' interests in the Company. Furthermore, the issue of additional

Ordinary Shares may be on more favourable terms than the Placing. In addition, the issue of additional Shares by the Company may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.

7. ***Sales of Ordinary Shares by certain Directors, or the possibility of such sales, may affect the market price of the Ordinary Shares***

The Directors have agreed for a one year lock-in period after Admission, subject to certain exceptions. Although there is no present intention or arrangement to do so, those Directors, following the expiry of the initial one year lock-in period, may sell their Ordinary Shares without restriction, subject to customary orderly market provisions which last for a further twelve months. A substantial amount of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares.

8. ***Dividends***

All dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividend or distribution will depend upon a number of factors, including the Company's ability to execute its business plan, its operating results, financial condition, current and anticipated cash needs and legal and other regulatory restrictions. Dividend growth in the Ordinary Shares will rely on underlying growth in the Company's businesses and, in particular, the dividend policy mentioned in Part I of this document should not be construed as a dividend forecast. Any change in the tax treatment of dividends or interest received by the Company may reduce the level of yield received by shareholders. The market value of the Ordinary Shares can fluctuate and may not always reflect their underlying asset value. There can be no guarantee that the Company's objectives will be achieved.

9. ***Future performance***

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions, by conditions within the UK energy markets generally or by the particular financial condition of other parties doing business with the Group.

10. ***General economic climate***

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Company's operations, business and profitability can be affected by these factors, which are beyond the control of the Company.

11. ***Catastrophic events, terrorist acts or other acts of war can adversely affect the Company***

Catastrophic events, terrorist acts or other acts of war may lead to an abrupt interruption of activities and such disruptions may lead to losses for the Group's business. If the business continuity plans are not available or adequate, losses may increase further. In addition, such events and the responses to those events may create economic and political uncertainties which could have an unanticipated adverse impact on the market in which the Company operates, or on the operations of the Group.

3 Risk factors relating to tax

1. ***Adverse changes in the tax position of the Company and its subsidiaries***

Any change in the Company's or any other member of the Group's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the Company's ability to pay dividends, dividend growth and/or the market value of the Ordinary Shares.

2. ***Levels of and reliefs from taxation may change***

The levels of, and reliefs from, taxation may change, and any particular tax regimes or tax incentives for particular sectors relevant to the Company (for example renewable energy) may be subject to change or be removed. Investors should not rely on general guidance and should seek their own advice. There can be no guarantee that the rates or basis of taxation envisaged by the Directors will be the ongoing rates or basis of taxation paid by or applicable to the Company.

3. ***EIS***

Advance assurance has been sought and obtained from HMRC that the Company should be a qualifying company and the EIS Shares are eligible shares for the purposes of EIS provisions. The actual availability of relief under the EIS provisions will be contingent, *inter alia*, upon certain conditions being met by both the Company and the relevant investors. Neither the Company nor the Company's advisers give any warranties, representations or undertakings that EIS relief will be available or that, if initially available, such relief or status will not be withdrawn. Should the law regarding EIS change then any reliefs or qualifying status previously obtained may be lost. Additional information on the EIS is included in paragraph 13 of Part IV of this document.

In order to comply with specific guidance from HMRC to preserve this status, AMP will develop biomass boiler projects through to commissioning and then seek to sell them to AMPIL or another third party. If unable to do so on a continuing basis, AMP may lose its EIS status.

Circumstances may arise (which may include sale of the Company) where the Directors believe that the interests of the Company are not best served by acting in a way that preserves EIS tax relief (including capital gains tax reliefs). In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. If the Company does not employ the proceeds of an EIS share issue for qualifying purposes within two years of issue, the EIS Shares would cease to be eligible shares and all of the EIS tax reliefs of investors in respect of the EIS Shares would be withdrawn.

If the Company or any qualifying subsidiary ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Company's activities and which is a non-qualifying trade for EIS purposes, this could prejudice the qualifying status of the Company (as referred to above) under the EIS if this occurred during the three year period from the last issue of shares to EIS investors.

4. ***VCT***

The Company has applied for and obtained advanced assurance from HMRC that the VCT Shares will be eligible for the purposes of section 285(3A) of the Income Tax Act 2007 and that the VCT Shares will be "qualifying holdings" for the purposes of Chapter 4, Part 6, Income Tax Act 2007. In order for the VCT Shares to be "qualifying holdings" for VCT purposes, *inter alia*, the Company must satisfy and continue to satisfy the relevant requirements.

The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs who believe that they may qualify for VCT relief should consult their own tax advisers regarding this.

Neither the Company nor the Directors is/are giving any warranty, representation or undertaking that the Company will meet or continue to meet any conditions relating to VCT relief. Should the law regarding VCTs change then any reliefs or qualifying status previously obtained may be lost. Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way which preserves any VCT-related status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. Investors considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company.

The information in this document is based upon current tax law and practice and other legislation and assumes that the Finance Bill 2014 will be enacted as drafted as at the date hereof, and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

PART III
FINANCIAL INFORMATION

Section A – Accountant’s report on the AMP Group



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Aggregated Micro Power Holdings plc
5 Clifford Street
London
W1S 2LG

14 July 2014

finnCap Ltd
60 New Broad Street
London
EC2M 1JJ

Dear Sirs

Aggregated Micro Power Holdings plc (“AMP”) and its subsidiary undertakings (together, the “AMP Group”)

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 14 July 2014 of Aggregated Micro Power Holdings plc (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the AMP Group as at 31 December 2011, 2012 and 2013 and of its results, cash flows and changes in equity for the three years ended 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

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

Section B – Financial information on the AMP Group

Consolidated statement of comprehensive income

| | | <i>Year ended 31 December</i> | | |
|---|-------------|-------------------------------|--------------------|--------------------|
| | <i>Note</i> | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | | £ | £ | £ |
| Continuing operations | | | | |
| Revenue | 6 | 72,810 | 354,434 | 142,665 |
| Cost of sales | 8 | (1,583) | (182,721) | (12,776) |
| Gross Profit | | 71,227 | 171,713 | 129,889 |
| Administrative expenses | 8 | (1,962,811) | (2,262,095) | (2,615,039) |
| Loss from operations | | | | |
| Continuing operations | | (1,891,584) | (2,090,382) | (2,485,150) |
| Finance expense | 9 | (125,420) | (343,981) | (98,449) |
| Loss before tax | | (2,017,004) | (2,434,363) | (2,583,599) |
| Tax expense | 10 | — | — | — |
| Loss from continuing operations | | (2,017,004) | (2,434,363) | (2,583,599) |
| Loss on discontinued operations, net of tax | 19 | (251,203) | (40,945) | — |
| Loss for the period | | (2,268,207) | (2,475,308) | (2,583,599) |
| Other comprehensive income | | | | |
| Exchange losses arising on translation of foreign operations | | (6,817) | 6,817 | — |
| Total comprehensive loss attributable to: Owners of the parent | | <u>(2,275,024)</u> | <u>(2,468,491)</u> | <u>(2,583,599)</u> |
| Loss per share attributable to the ordinary equity holders of the parent | | | | |
| Continuing and discontinued operations basic (Pound Sterling) | 20 | (11,375) | (6) | (0.22) |
| Continuing and discontinued operations diluted (Pound Sterling) | 20 | (11,375) | (6) | (0.22) |
| Continuing operations basic and diluted (Pound Sterling) | | (10,119) | (6) | — |

Consolidated statement of financial position

| | | <i>As at 31 December</i> | | |
|---|-------------|--------------------------|------------------|------------------|
| | <i>Note</i> | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | | £ | £ | £ |
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 3,434,951 | 4,580,628 | 6,011,108 |
| Total non-current assets | | <u>3,434,951</u> | <u>4,580,628</u> | <u>6,011,108</u> |
| Current assets | | | | |
| Inventories | 12 | 8,749 | 26,988 | 12,303 |
| Trade and other receivables | 13 | 203,765 | 171,298 | 126,510 |
| Cash and cash equivalents | 14 | 72,555 | 213,529 | 342,103 |
| Total current assets | | <u>285,069</u> | <u>411,815</u> | <u>480,916</u> |
| Total assets | | <u>3,720,020</u> | <u>4,992,443</u> | <u>6,492,024</u> |
| Current liabilities | | | | |
| Trade and other payables | 15 | 687,212 | 259,508 | 429,108 |
| Loans and borrowings | 16 | — | 305,649 | — |
| Total current liabilities | | <u>687,212</u> | <u>565,157</u> | <u>429,108</u> |
| Non-current liabilities | | | | |
| Loans and borrowings | 16 | 5,470,520 | 1,404,327 | 1,075,673 |
| Total non-current liabilities | | <u>5,470,520</u> | <u>1,404,327</u> | <u>1,075,673</u> |
| Total liabilities | | <u>6,157,732</u> | <u>1,969,484</u> | <u>1,504,781</u> |
| Net assets/(liabilities) | | <u>(2,437,712)</u> | <u>3,022,959</u> | <u>4,987,243</u> |
| Equity attributable to equity holders of the company | | | | |
| Share capital | 17 | 1 | 54,078 | 77,687 |
| Share premium account | 17 | — | 6,167,447 | 4,496,412 |
| Capital contribution | 18 | — | 1,702,024 | — |
| Merger reserve | | — | — | 7,897,333 |
| Retained earnings | | (2,430,896) | (4,900,590) | (7,484,189) |
| Foreign exchange reserve | | (6,817) | — | — |
| Total equity | | <u>(2,437,712)</u> | <u>3,022,959</u> | <u>4,987,243</u> |

Consolidated statement of changes in equity

| | Share capital £ | Share premium £ | Foreign exchange reserve £ | Capital contribution £ | Share based payment reserve £ | Retained deficit £ | Merger reserve £ | Total £ |
|---|--------------------|--------------------|-------------------------------|---------------------------|----------------------------------|-----------------------|---------------------|-------------|
| Equity as at | | | | | | | | |
| 31 December 2010 | 1 | — | — | — | — | (162,689) | — | (162,688) |
| Loss for the year | — | — | — | — | — | (2,268,207) | — | (2,268,207) |
| Other comprehensive income | — | — | (6,817) | — | — | — | — | (6,817) |
| Equity as at | | | | | | | | |
| 31 December 2011 | 1 | — | (6,817) | — | — | (2,430,896) | — | (2,437,712) |
| Issue of share capital | 54,077 | 6,167,447 | — | — | — | — | — | 6,221,524 |
| Capital contribution | — | — | — | 1,702,024 | — | — | — | 1,702,024 |
| Share based payment expense | — | — | — | — | 5,614 | — | — | 5,614 |
| Transfer of share based payment reserve | — | — | — | — | (5,614) | 5,614 | — | — |
| Loss for the year | — | — | — | — | — | (2,475,308) | — | (2,475,308) |
| Other comprehensive income | — | — | 6,817 | — | — | — | — | 6,817 |
| Equity as at | | | | | | | | |
| 31 December 2012 | 54,078 | 6,167,447 | — | 1,702,024 | — | (4,900,590) | — | 3,022,959 |
| Issues of share capital | 23,609 | 4,496,412 | — | — | — | — | — | 4,520,021 |
| Loss for the year | — | — | — | — | — | (2,583,599) | — | (2,583,599) |
| Capital contribution | — | — | — | — | — | — | 27,862 | 27,862 |
| Merger reserve | — | (6,167,447) | — | (1,702,024) | — | — | 7,869,471 | — |
| Equity as at | | | | | | | | |
| 31 December 2013 | 77,687 | 4,496,412 | — | — | — | (7,484,189) | 7,897,333 | 4,987,243 |

Share premium: Amount subscribed for share capital in excess of the nominal value.

Foreign exchange reserve: Gains/losses arising on retranslating the net assets of overseas operations into sterling.

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Capital contribution: Relates to funding from the shareholders for which no equity was issued.

Share based payment reserve: Related to an expense recognised on the share options issued.

Merger reserve: Merger relief reserve represents the share premium and capital contribution of AMP Limited as included under the merger accounting principles.

Consolidated statement of cash flows

| | Note | Year ended 31 December | | |
|--|------|------------------------|--------------------|--------------------|
| | | 2011 £ | 2012 £ | 2013 £ |
| Operating activities | | | | |
| Loss for the period | | (2,268,207) | (2,475,308) | (2,583,599) |
| Adjustments for: | | | | |
| Interest paid | | 125,420 | 343,981 | 98,449 |
| Depreciation of property, plant and equipment | | 3,149 | 12,831 | 17,461 |
| Share based payment | | — | 5,614 | — |
| | | <u>(2,139,638)</u> | <u>(2,112,882)</u> | <u>(2,467,689)</u> |
| Movement in foreign exchange | | — | 7,826 | 2,022 |
| (Increase)/decrease in trade and other receivables | | (136,489) | 25,742 | 44,788 |
| (Increase)/decrease in inventories | | (8,749) | (18,239) | 14,685 |
| (Decrease)/increase in trade and other payables | 28 | (6,052) | 124,464 | 56,679 |
| | | <u>(151,290)</u> | <u>139,793</u> | <u>118,174</u> |
| Cash generated from operations | | <u>(2,290,928)</u> | <u>(1,973,089)</u> | <u>(2,349,515)</u> |
| Income taxes paid | | — | — | — |
| Net cash flows from operating activities | | <u>(2,290,928)</u> | <u>(1,973,089)</u> | <u>(2,349,515)</u> |
| Investing activities | | | | |
| Purchase of property, plant and equipment | | (221,936) | (645,882) | (1,421,761) |
| Net cash used in investing activities | | <u>(221,936)</u> | <u>(645,882)</u> | <u>(1,421,761)</u> |
| Financing activities | | | | |
| Proceeds from issue of shares | | — | 17,762 | 3,899,850 |
| Proceeds from borrowings | 28 | 2,245,520 | 2,735,366 | — |
| Net cash used in financing activities | | <u>2,245,520</u> | <u>2,753,128</u> | <u>3,899,850</u> |
| Net increase in cash and cash equivalents | | (267,344) | 134,157 | 128,574 |
| Cash and cash equivalents at beginning of period | | 346,716 | 72,555 | 213,529 |
| Foreign exchange fluctuation | | (6,817) | 6,817 | — |
| Cash and cash equivalents at end of period | | <u>72,555</u> | <u>213,529</u> | <u>342,103</u> |

Notes to the financial information

1. Operations

AMP Limited was incorporated on 1 September 2010 in England and Wales as a private limited company. Aggregated Micro Power Holdings plc (“AMP”, “the Company”) was incorporated on 23 January 2013 in England and Wales as a public limited company. AMP Limited became a wholly owned subsidiary of Aggregated Micro Power Holdings plc on 20 May 2013.

The consolidated financial information comprises the results of the Company and its subsidiaries (together referred to as the “AMP Group”).

The Group has been established to develop, own and operate renewable energy generating facilities. The Group’s strategy is to use small scale, established technologies to convert either wood to energy or waste to energy. The Group’s revenues will arise principally from the sale of energy in the form of electricity, heat and fuel.

As at 31 December 2013 the AMP Group had 23 employees (2012: 16; 2011: 16).

2. Accounting policies

Accounting convention

The financial information has been prepared using the historical cost convention. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

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

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”).

The preparation of financial information in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the AMP Group’s accounting policies. The areas where significant judgements and estimates have been made in preparing the financial information and their effect are disclosed in note 3.

Corporate restructuring

To rationalise the corporate structure and streamline the operations, a restructuring exercise was carried out as described below.

a) *Incorporation of Aggregated Micro Power Limited*

Aggregated Micro Power Limited (“AMP Limited”) was incorporated on 1 September 2010 with 1 ordinary share with a par value of £1. The company was set up for purpose of owning renewable energy generating facilities. Neil Eckert, director, was the sole shareholder on the date of incorporation.

b) *Incorporation of Sterivert Limited and Environova Consulting Limited (subsequently renamed AMP Energy Services Limited)*

Sterivert Limited and Environova Consulting Limited (AMP Energy Services Limited) were incorporated on 5 July 2010 and 11 August 2010 respectively prior to the incorporation of AMP Limited. They were incorporated with initial, issued and paid up share capital of 1 ordinary share of £1. Neil Eckert, director, held the shares in both of these companies before the shareholdings were transferred to AMP Limited on 24 October 2012 and 15 November 2012 respectively.

c) *Incorporation of AMP Low Plains Limited*

On 17 November 2010, AMP Low Plains Limited (“AMP LP”) was incorporated with initial, issued and paid share capital of 1 ordinary share of £1. This share capital was purchased from Neil Eckert by AMP Limited on 22 November 2010. There was no deferred consideration payable on this purchase.

d) *Incorporation of Aggregated Micro Power LLC*

On 4 January 2011 Aggregated Micro Power LLC (‘AMP LLC’) was incorporated in the United States of America (‘US’) as a direct subsidiary of Environova Consulting Limited (AMP Energy Services Limited), which held its issued and paid share capital of 1 share of £1. The company was established to look at opportunities in the US.

e) *Acquisition of Sterivert Limited by AMP Limited*

On 24 October 2012 AMP Limited purchased, in a share for share exchange, the entire share capital of Sterivert Limited from Neil Eckert. 1 ordinary share in AMP Limited, worth £1, was issued to Neil Eckert for the purchase of the entire £1 ordinary share capital of Sterivert Limited. There was no other consideration involved.

Shareholder loans outstanding at the acquisition date in Sterivert Limited amounted to £50,000 and accrued interest of £15,511 for which there was a debt for debt exchange through the issue of debt in AMP Limited to Neil Eckert to the value of the debt in Sterivert Limited.

f) *Acquisition of Environova Consulting Limited (AMP Energy Services Limited) by AMP Limited*

On 15 November 2012 AMP Limited purchased, through a share for share exchange, the entire share capital of Environova Consulting Limited (AMP Energy Services Limited) from Neil Eckert. 1 ordinary share in AMP, worth £1, was issued to Neil Eckert for the purchase of the entire £1 ordinary share capital of Environova Consulting Limited (AMP Energy Services Limited). The deferred consideration payable on the transaction has been valued at £nil for 2012 and 2013.

Shareholder loans outstanding at the acquisition date in Environova Consulting Limited (AMP Energy Services Limited) amounted to £2,776,517 and accrued interest of £383,204 for which there was a debt for debt exchange through the issue of debt in AMP Limited to Neil Eckert to the value of the debt (including accrued interest) in Environova Consulting Limited (AMP Energy Services Limited).

g) *Liquidation of AMP LLC*

On 17 December 2012, AMP LLC was liquidated, shareholder loans of £292,148 were waived and treated as a capital contribution in the books of AMP, and a loss from discontinued operations of £40,945 was recognised.

h) On 23 January 2013 AMP was incorporated with the intention of buying the entire issued share capital of AMP Limited.

i) On 29 January 2013, AMP Limited redesignated 36,318 of the £1 ordinary shares held by Neil Eckert to A ordinary shares. These A ordinary shares rank *pari passu* with the ordinary shares. However, these allow the holder two votes rather than one.

j) On 29 January 2013, AMP Limited issued 925 additional A ordinary shares of £1 each, increasing the total A ordinary shares in issue to 37,243. Of the shares issued, 250 were issued to The Rt Hon. Sir Nicholas Soames, 375 to Sir Laurence Magnus and 250 to Sir Robert Williamson.

k) On 29 January 2013, AMP acquired the entire 37,243 £1 A ordinary shares in AMP Limited in a share for share exchange, at which point the AMP shares were subdivided from £1 shares to £0.005 shares, increasing the number of A ordinary shares in AMP Limited from 37,243 to 7,448,600 shares. The remaining 17,760 ordinary shares of £1 each in AMP Limited were also redesignated to £0.005 shares, increasing the number of shares to 3,552,000.

- l) On 29 January 2013, AMP issued 12,755 A ordinary shares of £1 each to Neil Eckert. These were never paid and were subsequently cancelled on 24 May 2013.
- m) On 20 May 2013, AMP purchased the remaining 3,552,000 ordinary shares in a share for share exchange, at which point AMP Limited became a wholly owned subsidiary of AMP.
- n) Additional shares were issued post this reorganisation and are documented within Note 17.

The acquisition by AMP Limited of the 100 per cent. interests in Sterivert Limited and Environova Consulting Limited (AMP Energy Services Limited) and the acquisition by AMP of the 100 per cent. share capital of AMP Limited are deemed to be a restructuring under common control. While the transactions by AMP occurred in a series of steps, the overall substance of the transaction was to ensure the shareholdings in AMP Limited were transferred into shareholdings in AMP. These transactions did not represent a business combination as defined in IFRS 3 'Business Combinations', and there is no precise guidance elsewhere in IFRS which covers the accounting for such transactions.

In the absence of an international standard or interpretation that specifically applies to such a transaction, paragraphs 10 to 12 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' set out the approach to be followed.

This requires, *inter alia*, that where IFRS does not include guidance for a particular issue, the directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards. In that regard, it is noted that UK GAAP uses a similar conceptual framework to IFRS.

In contrast to IFRS 3, the UK GAAP accounting standard FRS 6 'Acquisitions and mergers' includes guidance for transactions that meet the definition of a group reconstruction. The transactions involving AMP, Sterivert Limited and Environova Consulting Limited (AMP Energy Services Limited) meet that definition. Accordingly, these transactions have been accounted for as contemplated by FRS 6, and merger accounting has been followed. In consequence, no goodwill arises in respect of these transactions.

The comparative consolidated net assets, results and cash flows represent those of AMP, AMP Low Plains Limited, AMP Heat Limited, Environova Consulting Limited (AMP Energy Services Limited) and Sterivert Limited. It is noted that, in this case, the application of merger accounting results in the amounts reported in the Group's consolidated income statement, consolidated balance sheet and consolidated cash flow statement being the same as if the principles of reverse acquisition accounting, as set out in IFRS 3, were followed.

Basis of consolidation

Where AMP has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial information presents the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances are eliminated in full.

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

Composition of the financial information

The financial information is drawn up in Pound Sterling, the functional currency of the AMP Group, and in accordance with IFRS accounting presentation, other than as noted under basis of preparation above. The level of rounding for the financial information is to the nearest pound.

Changes in accounting policies

(a) *New standards, interpretations and amendments effective in the year ended 31 December 2013*

- IFRS 13 'Fair Value Measurement'

IFRS 13, effective for accounting periods beginning on or after 1 January 2013, sets out the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other IFRSs.

IFRS 13 did not materially affect any fair value measurements of the Group's assets or liabilities, with changes being limited to presentation and disclosure, and therefore has no effect on the AMP Group's financial position or performance.

- Amendments to IAS 1: This amendment requires companies to group together items within Other Comprehensive Income that may be classified to the profit or loss section of the income statement. The adoption of which has no material impact on the group accounts.

Management has concluded that to date there has been no impact on the results or net assets of the AMP Group as a result of these amendments.

(b) *New standards, interpretations and amendments not yet effective*

The following new standards, interpretations and amendments, which have not been applied in this financial information, will or may have an effect on the AMP Group's future financial information:

- IFRS 9 is the first phase of the replacement of IAS 39 and covers the requirements for classification, measurement, derecognition and disclosure of financial assets and liabilities. It is effective for accounting periods beginning on or after 1 January 2015.
- IFRS 10 'Consolidated financial statements' was published in May 2012 and will come into effect for accounting periods ending on or after 1 January 2014. It introduces new requirements for determining which investee companies to consolidate and provides a single model to determine control aspects of investments.
- IFRS 12 'Disclosure of interests in other entities' covers disclosure requirements of entities that have interests in subsidiaries, joint ventures and associates. It was published in May 2012 and is effective for accounting periods beginning on or after 1 January 2014.
- IAS 27 'Separate financial statements' contains disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This is effective for accounting periods beginning on or after 1 January 2014.
- Annual improvements to IFRS's 2011-2013 do not have a material effect on the Group and have not been included.

Revenue recognition

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

Consultancy fees are recognised in the period in which the service is rendered.

Sales of goods are recognised upon delivery.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Retirement benefits: Defined contribution schemes

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

Property, plant and equipment

All property, plant and equipment are stated at cost less depreciation. Such costs include costs directly attributable to making the asset capable of operating as intended. Costs attributable to assets under construction are included within the capitalised costs of those assets. In particular, any interest on loans relating directly to the construction of the biomass gasification power station are capitalised until it is ready for commercial production.

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

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

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

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

Debt to equity transactions

Debt to equity transactions occurring with shareholders are accounted for in line with IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, and treated as equity rather than as remuneration under IFRS 2 Share Based Payments.

Financial assets

The AMP Group classifies its financial assets as loans and receivables, 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 transaction 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 AMP Group will be unable to collect all of the amounts due under the terms of the 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 AMP Group's loans and receivables comprise trade and other receivables and cash and cash equivalents included within the consolidated statement of financial position.

Cash and cash equivalents include cash in hand (including deposits).

Financial liabilities

The AMP Group classifies its financial liabilities as other financial liabilities which include the following:

- Loans, which 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 AMP Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The AMP Group's ordinary shares are classified as equity instruments.

Leased assets

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

Deferred taxation

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

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the AMP Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when the AMP Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Operating segments

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

The Board considers that the AMP Group's project activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the AMP Group by reference to total results against budget.

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 AMP Group financial information.

Foreign currency

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

On consolidation, the results of overseas operations are translated into Pound Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Share-based payments

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

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

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

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

Discontinued operations

A discontinued operation is a component of the AMP Group’s business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of the cost and net realisable value. Cost comprises all costs incurred in bringing the inventories to their present locations and condition. Raw materials and consumables are used on a first in, first out basis.

3. Critical accounting estimates and judgements

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

Judgements and accounting estimates and assumptions

(a) *Property, plant and equipment*

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

(b) *Share-based payments*

The equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period and details are provided in Note 23 of the financial information.

(c) *Merger accounting vs. acquisition accounting*

The use of merger accounting for the preparation of the AMP Group financial information is a significant assumption. The value of the assets and liabilities acquired under the merger accounting principles have not been fair valued, which is in line with accounting policy. Further details on this treatment are included within Note 2.

(d) *Fair value of contingent consideration*

The fair value of the consideration has been valued as immaterial under the performance criteria of the purchase agreement. Management will assess this each year to consider the fair value until the measurement period has ceased.

4. Financial instruments – Risk management

The Board has overall responsibility for the determination of the AMP 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 AMP Group's competitiveness and flexibility. The AMP Group reports in Pound Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The AMP Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The AMP Group does not issue or use financial instruments of a speculative nature.

The AMP Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Interest rate risk

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

- Trade and other receivables

- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

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

Cash and cash equivalents are held in Pound Sterling and placed on deposit in UK banks.

Trade and other payables are measured at fair value and amortised cost.

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 December 2011, 2012 and 2013.

Credit risk

Credit risk is the risk of financial loss to the AMP Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The AMP Group is mainly exposed to credit risk from credit sales. At 31 December 2013 the AMP Group had trade receivables of £32,300 (2012: £68,977; 2011: £65,255).

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

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 December 2011, 2012 or 2013 and consequently no further provisions have been made for bad and doubtful debts.

Liquidity risk

Liquidity risk arises from the AMP Group's management of working capital. It is the risk that the AMP Group will encounter difficulty in meeting its financial obligations as they fall due. The AMP 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.

Foreign exchange risk

Foreign exchange risk is the risk of financial loss arising from unanticipated movements in foreign currency exchange rates. The AMP Group has minimal foreign exchange risk as the majority of the AMP Group's transactions are denominated in Pound Sterling. The AMP Group will actively monitor transactions and take appropriate action to minimise foreign exchange risk if necessary. Sensitivity analysis has not been provided as it is not deemed material to the AMP Group.

Interest rate risk

The AMP Group is exposed to interest rate risk through its cash and loans and borrowings balances. Sensitivity analysis has not been provided as it is not considered material to the AMP Group.

Return on the bank balances is linked to short-term deposit rates, and is therefore linked closely to bank base rate changes. All bank balances mature within one month.

All loans and borrowings are fixed rate loans (see note 16). The AMP Group has not entered into any cash flow interest rate hedging contracts or any other derivative financial instruments for hedging purposes. However, management closely monitors its exposure to future cash flows as a result of changes in market rates, and will consider hedging should the need arise.

Capital management

The AMP Group's capital is made up of share capital, share premium, capital contribution, as noted in the statement of changes in equity, cash, as described in note 14, and loans, as described in note 16.

The AMP 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 AMP Group consists of shareholders equity as set out in the Consolidated Statement of Changes in Equity. All working capital requirements are financed from existing cash resources.

5. Segmental information

The AMP Group operates in one business and geographic segment, being renewable energy projects in the United Kingdom only.

6. Revenue

| | <i>Year ended 31 December</i> | | |
|---------------------|-------------------------------|----------------|----------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Consultancy fees | 70,405 | 246,083 | 3,000 |
| Electricity charges | 822 | 2,701 | 2,762 |
| Wood sales | 1,583 | 105,650 | 136,903 |
| Total | <u>72,810</u> | <u>354,434</u> | <u>142,665</u> |

7. Operating loss

| | <i>Year ended 31 December</i> | | |
|---|-------------------------------|----------------|---------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Operating loss is stated after charging: | | | |
| Depreciation | 3,149 | 12,831 | 17,461 |
| Auditors' remuneration | | | |
| – Audit of group financial statements | — | 50,000 | 30,000 |
| – Tax advisory and compliance services | 26,087 | 33,600 | 3,000 |
| – Corporate finance fee for potential IPO | — | 56,900 | — |
| | <u>29,236</u> | <u>153,331</u> | <u>50,461</u> |

8. Expenses by nature

| | <i>Year ended 31 December</i> | | |
|--|-------------------------------|------------------|------------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Raw materials and inventory | 1,583 | 182,721 | 12,776 |
| Personnel | 1,050,199 | 1,113,507 | 1,142,492 |
| Operating lease expense (note 25) | 289,315 | 331,843 | 81,880 |
| Audit fees | — | 40,000 | 30,000 |
| Depreciation | 3,149 | 12,831 | 17,461 |
| Other administrative expenses | 620,148 | 763,914 | 1,343,206 |
| Total cost of sales and administrative expenses | <u>1,964,394</u> | <u>2,444,816</u> | <u>2,627,815</u> |

Personnel cost

| | Year ended 31 December | | |
|--|------------------------|------------------|------------------|
| | 2011 | 2012 | 2013 |
| | £ | £ | £ |
| <i>Staff costs (including directors) comprise:</i> | | | |
| Wages and salaries | 843,550 | 886,729 | 842,510 |
| Social security contributions and similar taxes | 93,710 | 108,133 | 100,367 |
| Defined contribution pension cost | 112,939 | 113,031 | 103,469 |
| Share based payment | — | 5,614 | — |
| Other personnel related costs | — | — | 96,146 |
| Total | <u>1,050,199</u> | <u>1,113,507</u> | <u>1,142,492</u> |
| Average number of staff | <u>16</u> | <u>16</u> | <u>16</u> |

Directors' salaries

| | Year ended 31 December | | |
|---|------------------------|----------------|----------------|
| | 2011 | 2012 | 2013 |
| | £ | £ | £ |
| Short term employee benefits | 199,503 | 201,363 | 161,250 |
| Social security contributions and similar taxes | 6,303 | 9,521 | 21,198 |
| Total pension and other post-employment benefit costs | 24,188 | 24,188 | 27,866 |
| Share based payment expense | — | 1,089 | — |
| Total | <u>229,994</u> | <u>236,161</u> | <u>210,314</u> |

The above Directors' salaries relate to the highest paid Director.

Key management personnel for the year ended 31 December 2013, listed below, are those persons having authority and responsibility for planning, directing and controlling the activities of AMP.

1. Neil D Eckert
2. Richard Burrell

9. Finance expense

| | Year ended 31 December | | |
|-----------------------|------------------------|----------------|---------------|
| | 2011 | 2012 | 2013 |
| | £ | £ | £ |
| Total interest | 540,904 | 849,881 | 98,449 |
| Less: capitalised | (415,484) | (512,626) | — |
| Interest expense | 125,420 | 337,255 | 98,449 |
| Foreign exchange loss | — | 6,726 | — |
| Total | <u>125,420</u> | <u>343,981</u> | <u>98,449</u> |

Interest is capitalised on the basis that it relates to the refurbishment of the gasification asset.

10. Taxation

| | Year ended 31 December | | |
|---|------------------------|----------|----------|
| | 2011 | 2012 | 2013 |
| | £ | £ | £ |
| Current tax expense | — | — | — |
| Deferred tax expense | — | — | — |
| Income tax expense from continuing operations | — | — | — |
| Income tax expense from discontinued operations | — | — | — |
| Total tax expense | <u>—</u> | <u>—</u> | <u>—</u> |

The reason for the differences between the actual tax charges for the periods and the standard rate of corporation tax in the United Kingdom applied to losses for the periods are as follows:

| | <i>Year ended 31 December</i> | | |
|--|-------------------------------|-------------|-------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Loss for the year | (2,268,207) | (2,475,308) | (2,583,599) |
| Income tax expense (including income tax on discontinued operations) | — | — | — |
| Loss before income taxes | (2,268,207) | (2,475,308) | (2,583,599) |
| Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 23.25% (2012: 24.5%; 2011: 26.5%) | (601,075) | (606,450) | (600,687) |
| Expenses not deductible for tax purposes | | | |
| – Interest waiver subject to tax | 834 | 345,419 | 6,478 |
| – Depreciation | — | 3,144 | 4,060 |
| – Professional and legal fees | — | — | 135,342 |
| – Entertainment | — | — | 10,264 |
| Losses brought forward utilised | — | (76,530) | — |
| Unprovided losses carried forward | 508,536 | 345,446 | 444,543 |
| Losses unavailable to carry forward | 91,705 | (11,029) | — |
| Total charge | <u>—</u> | <u>—</u> | <u>—</u> |

Changes in tax rates and factors affecting the future tax charge

The Finance Act 2012, enacted on 17 July 2012, included provision for the main rate of corporation tax to reduce from 24 per cent. to 23 per cent. from 1 April 2013. Accordingly, deferred tax balances have been restated to reflect the lower rate at which timing differences are expected to reverse. It was also announced in the 2012 Autumn Statement that the main rate of corporation tax will reduce to 21 per cent. from 1 April 2014. In addition, the March 2013 Budget announced that the rate will further reduce to 20 per cent. in 2015. This will reduce the Company's future tax charge accordingly.

A deferred tax asset has not been recognised on the basis that there is no certainty over the profits for the 12 month period following the year end. Losses carried forward to be utilised against future profits amount to £5,249,000 (2012: £4,097,740, 2011: £2,052,844). Deferred tax unrecognised at the end of the year amounts to £1,102,374 (2012: £1,003,946, 2011: £513,211). The deferred tax rate for 31 December 2013 is 21 per cent. (2012: 23 per cent., 2011: 25 per cent.) and has been substantively enacted.

During the year, AMP applied for Research and Development Tax Relief in relation to the technical development in the gasification plant. No tax asset has been recognized as a decision on the technical advancement from HMRC is pending.

11. Property, plant and equipment

| | <i>Assets under construction</i> £ | <i>Plant and machinery</i> £ | <i>Fixtures and fittings</i> £ | <i>Computer equipment</i> £ | <i>Motor cars</i> £ | <i>Total</i> £ |
|-------------------------------------|---|-------------------------------------|---|------------------------------------|----------------------------|-------------------|
| Cost | | | | | | |
| At 31 December 2010 | 2,800,680 | — | — | — | — | 2,800,680 |
| Additions for 2011 | 201,360 | 11,150 | 8,000 | 1,426 | — | 221,936 |
| Capitalised borrowing costs 2011 | 415,484 | — | — | — | — | 415,484 |
| At 31 December 2011 | 3,417,524 | 11,150 | 8,000 | 1,426 | — | 3,438,100 |
| Additions for 2012 | 481,983 | 124,058 | — | — | 39,841 | 645,882 |
| Capitalised borrowing costs 2012 | 512,626 | — | — | — | — | 512,626 |
| At 31 December 2012 | 4,412,133 | 135,208 | 8,000 | 1,426 | 39,841 | 4,596,608 |
| Additions for 2013 | 1,255,616 | 199,534 | — | 791 | — | 1,455,941 |
| Disposals for 2013 | — | — | (8,000) | — | — | (8,000) |
| As at 31 December 2013 | 5,667,749 | 334,742 | — | 2,217 | 39,841 | 6,044,549 |
| Depreciation | | | | | | |
| As at 31 December 2010 | — | — | — | — | — | — |
| Charge for the year 2011 | — | 531 | 2,222 | 396 | — | 3,149 |
| At 31 December 2011 | — | 531 | 2,222 | 396 | — | 3,149 |
| Charge for the year 2012 | — | 6,273 | 2,667 | 475 | 3,416 | 12,831 |
| At 31 December 2012 | — | 6,804 | 4,889 | 871 | 3,416 | 15,980 |
| Charge for the year 2013 | — | 13,753 | (4,889) | 629 | 7,968 | 17,461 |
| As at 31 December 2013 | — | 20,557 | — | 1,500 | 11,384 | 33,441 |
| Net book value | | | | | | |
| At 31 December 2011 | 3,417,524 | 10,619 | 5,778 | 1,030 | — | 3,434,951 |
| At 31 December 2012 | 4,412,133 | 128,404 | 3,111 | 555 | 36,425 | 4,580,628 |
| At 31 December 2013 | 5,667,749 | 314,185 | — | 717 | 28,457 | 6,011,108 |

12. Inventories

| | <i>As at 31 December</i> | | |
|-------------------------------|--------------------------|------------------|------------------|
| | <i>2011</i> £ | <i>2012</i> £ | <i>2013</i> £ |
| Raw materials and consumables | 8,749 | 26,988 | 12,303 |
| Total | <u>8,749</u> | <u>26,988</u> | <u>12,303</u> |

The cost of inventories recognised as an expense and included in cost of sales amounted to £12,303 (2012: £26,898; 2011: £8,749)

13. Trade and other receivables

| | <i>As at 31 December</i> | | |
|--|--------------------------|-----------------|----------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Trade receivables | 75,800 | 86,977 | 32,300 |
| Less: provision for bad and doubtful receivables | <u>(10,545)</u> | <u>(18,000)</u> | <u>—</u> |
| Trade receivables net | 65,255 | 68,977 | 32,300 |
| Other receivables | 123,921 | 67,928 | 62,404 |
| Prepayments | 14,589 | 19,809 | 28,456 |
| Accrued income | — | 14,584 | 3,350 |
| Total | <u>203,765</u> | <u>171,298</u> | <u>126,510</u> |

The fair value of trade and other receivables is not materially different from their carrying value.

14. Cash and cash equivalents

| | <i>As at 31 December</i> | | |
|--------------|--------------------------|----------------|----------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Cash at bank | <u>72,555</u> | <u>213,529</u> | <u>342,103</u> |
| Total | <u>72,555</u> | <u>213,529</u> | <u>342,103</u> |

15. Trade and other payables

| | <i>As at 31 December</i> | | |
|------------------------------------|--------------------------|----------------|----------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | £ | £ | £ |
| Trade payables | 25,697 | 110,400 | 338,331 |
| Accruals | 597,708 | 124,534 | 51,723 |
| Employment tax and social security | 33,866 | 24,574 | 39,054 |
| Other payables | <u>29,941</u> | <u>—</u> | <u>—</u> |
| Total | <u>687,212</u> | <u>259,508</u> | <u>429,108</u> |

The fair value of trade and other payables is not materially different from their carrying value.

16. Loans and borrowings

31 December 2011

| <i>Financial liabilities</i> | <i>0-3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Over 5 years</i> | <i>Total</i> |
|------------------------------|-----------------------|-------------------------------|-------------------------|-------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Shareholders' loan | — | — | — | 5,434,520 | 5,434,520 |
| Other loan | — | — | — | 36,000 | 36,000 |
| Total | <u>—</u> | <u>—</u> | <u>—</u> | <u>5,470,520</u> | <u>5,470,520</u> |

31 December 2012

| <i>Financial liabilities</i> | <i>0-3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Over 5 years</i> | <i>Total</i> |
|------------------------------|-----------------------|-------------------------------|-------------------------|-------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Shareholders' loan | — | — | — | 1,018,327 | 1,018,327 |
| Directors' loan | — | — | 350,000 | — | 350,000 |
| Other loan | — | 305,649 | — | 36,000 | 341,649 |
| Total | <u>—</u> | <u>305,649</u> | <u>350,000</u> | <u>1,054,327</u> | <u>1,709,976</u> |

31 December 2013

| <i>Financial liabilities</i> | <i>0-3 months £</i> | <i>3 months to 1 year £</i> | <i>1 to 5 years £</i> | <i>Over 5 years £</i> | <i>Total £</i> |
|------------------------------|-----------------------------|-------------------------------------|-------------------------------|-------------------------------|--------------------|
| Shareholders' loan | — | — | — | 1,075,673 | 1,075,673 |
| Other loan | — | — | — | — | — |
| Total | — | — | — | 1,075,673 | 1,075,673 |

The fair value of non-current liabilities are not materially different to their carrying value.

17. Share capital

| | <i>No of Shares Nos.</i> | <i>2011 Issued Capital £</i> | <i>Share Premium £</i> |
|---------------------------------|----------------------------------|--|--------------------------------|
| Issued and fully paid | | | |
| Ordinary shares of £1 each | | | |
| As at 1 January and 31 December | <u>1</u> | <u>1</u> | <u>—</u> |
| Issued and fully paid | | | |
| Ordinary shares of £1 each | | | |
| As at 1 January | 1 | 1 | — |
| Issued for cash during the year | 17,760 | 17,760 | — |
| Consideration shares (note 2) | 2 | 2 | — |
| Debt for equity swap | <u>36,315</u> | <u>36,315</u> | <u>6,167,447</u> |
| At 31 December | <u>54,078</u> | <u>54,078</u> | <u>6,167,447</u> |
| Issued and fully paid | | | |
| Ordinary shares of £0.005 each | | | |
| As at 1 January | 54,078 | 54,078 | 6,167,447 |
| Shares issued 29 January 2013 | <u>925</u> | <u>925</u> | <u>—</u> |
| Shares split from £1 to £0.005 | 11,000,600 | 55,003 | 6,167,447 |
| Transfer to merger reserve | — | — | (6,167,447) |
| Shares issued | 4,137,826 | 20,702 | 4,102,067 |
| Debt to equity swap | <u>396,327</u> | <u>1,982</u> | <u>394,345</u> |
| At 31 December | <u>15,534,753</u> | <u>77,687</u> | <u>4,496,412</u> |

On 29 January 2013, AMP issued 37,243 A ordinary shares in a share for share exchange to purchase the entire A ordinary share capital of AMP Limited, representing 67 per cent. of the share capital in AMP Limited. Both AMP Limited and AMP's share capital was split into shares of £0.005, increasing the shares issued in AMP to 7,448,600 shares.

On 20 May 2013, the Company issued 3,552,000 Ordinary shares to purchase the remaining Ordinary shares in AMP Limited in a share for share exchange (for further details see Note 2)

In 2013, the Company issued a further 4,322,826 shares of which 396,327 were issued to directors in exchange for loan notes with a total value of £396,327. The balance of 4,322,826 shares were issued to third party investors through private placement.

Prior year share capital relates to the share capital and share premium of AMP Limited. Under the merger accounting rules, as noted in note 2, the results have been recognised as though the Group had been in existence in 2012 and 2011.

In 2012, AMP Limited issued 54,077 shares, of which 36,315 were issued to Neil Eckert in an exchange of debt for equity. 17,760 shares were issued to staff under an Enterprise Management Incentive scheme. The remaining 2 shares were issued in line with the corporate restructuring (note 2).

18. Capital contribution

In January 2011, Environova Consulting Limited (AMP Energy Services Limited) established Aggregated Micro Power LLC to pursue a business strategy in the USA. On 15 November 2012, Environova Consulting Limited (AMP Energy Services Limited) transferred to Neil Eckert, sole shareholder of the Group at this date, the debt owed by Aggregated Micro Power LLC to Environova Consulting Limited (AMP Energy Services Limited), amounting to £292,148. On liquidation, this loan was waived, forming a capital contribution of £292,148 to the Group.

In addition, Neil Eckert waived interest of £1,409,876 on his loan balance with AMP Limited on 15 November 2012. This has been accounted for as a capital contribution to the Group.

In July 2013, Richard Burrell and Matthew Whittell waived interest of £17,120 and £10,742 respectively on loan balances with AMP Limited. This has been accounted for as a capital contribution to the Group.

19. Discontinued operations

In December 2012, AMP LLC went into liquidation and has been listed as a discontinued operation, due to the operations of the subsidiary being in a different geographical location.

The details of this are as follows:

There were no balances on the balance sheet at liquidation and all items have been impaired.

Result of discontinued operations

| | <i>Year ended 31 December</i> | | |
|--------------------------------------|-------------------------------|-------------|-------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Revenue | — | 7,336 | — |
| Foreign exchange reserve written off | — | (1,101) | — |
| Administration expenses | (251,203) | (47,180) | — |
| Loss before tax | (251,203) | (40,945) | — |
| Taxation | — | — | — |
| Loss after tax | (251,203) | (40,945) | — |

Cash flow from discontinued operations

| | <i>Year ended 31 December</i> | | |
|---|-------------------------------|------------------|-------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| Operating activities | | | |
| Loss after tax | (251,203) | (40,945) | — |
| Foreign exchange loss | — | 1,101 | — |
| Increase/(decrease) in trade and other payables | 96,969 | (96,969) | — |
| Cash generated from operations | <u>(154,234)</u> | <u>(136,813)</u> | <u>—</u> |
| Net cash flows from operating activities | (154,234) | (136,813) | — |
| Proceeds from borrowings | 180,156 | 111,993 | — |
| Net cash used in financing activities | 180,156 | 111,993 | — |
| Net increase in cash and cash equivalents | 25,922 | (24,820) | — |
| Exchange fluctuation | (9,658) | 8,556 | — |
| Cash and cash equivalents at beginning of period | — | 16,264 | — |
| Cash and cash equivalents at end of period | <u>16,264</u> | <u>—</u> | <u>—</u> |

20. Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the AMP Group by the weighted average number of ordinary shares in issue during the year:

| | <i>Year ended 31 December</i> | | |
|--|-------------------------------|---------------|---------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Loss attributable to equity holders of the parent | (2,275,024) | (2,468,491) | (2,853,599) |
| Weighted average number of ordinary shares in issue* | 200 | 385,400 | 12,865,880 |
| Basic and fully diluted loss per share | | | |
| (GBP per share) | <u>(11,375.12)</u> | <u>(6.41)</u> | <u>(0.22)</u> |
| Loss per share for discontinued operations | | | |
| (GBP per share) | <u>(1,256.02)</u> | <u>(0.11)</u> | <u>—</u> |

* The loss per share calculations have been adjusted retrospectively to reflect the number of ordinary shares subsequent to the subdivision on 29 January 2013, as disclosed in note 27.

* There is no difference between the basic and diluted loss per share for the year.

21. Subsidiaries

As at 31 December 2013, AMP had the following principal subsidiaries:

| | <i>Country of incorporation</i> | <i>Percentage of shares held</i> |
|--------------------------------|---------------------------------|----------------------------------|
| Aggregated Micro Power Limited | England and Wales | 100% |
| Mathieson Biomass Limited | England and Wales | 100% |
| AMP Low Plains Limited* | England and Wales | 100% |
| Environova Consulting Limited* | England and Wales | 100% |
| Sterivert Limited* | England and Wales | 100% |
| AMP Heat Limited* | England and Wales | 100% |
| AMP Newport AD Limited* | England and Wales | 100% |

* Held indirectly

22. Financial instruments

The board of the AMP Group has set out below the financial implication of the financial risks discussed and identified in note 4.

31 December 2011

| <i>Financial liabilities</i> | <i>0-3 months £</i> | <i>3 months to 1 year £</i> | <i>1-5 years £</i> | <i>Over 5 years £</i> |
|------------------------------|-----------------------------|-------------------------------------|----------------------------|-------------------------------|
| Trade and other payables | 687,212 | — | — | — |
| Loans and borrowings | — | — | — | 5,470,520 |
| | <u>687,212</u> | <u>—</u> | <u>—</u> | <u>5,470,520</u> |

31 December 2012

| <i>Financial liabilities</i> | <i>0-3 months £</i> | <i>3 months to 1 year £</i> | <i>1-5 years £</i> | <i>Over 5 years £</i> |
|------------------------------|-----------------------------|-------------------------------------|----------------------------|-------------------------------|
| Trade and other payables | 259,508 | — | — | — |
| Loans and borrowings | — | 305,649 | 350,000 | 1,054,327 |
| | <u>259,508</u> | <u>305,649</u> | <u>350,000</u> | <u>1,054,327</u> |

31 December 2013

| <i>Financial liabilities</i> | <i>0-3 months £</i> | <i>3 months to 1 year £</i> | <i>1-5 years £</i> | <i>Over 5 years £</i> |
|------------------------------|-----------------------------|-------------------------------------|----------------------------|-------------------------------|
| Trade and other payables | 429,108 | — | — | — |
| Loans and borrowings | — | — | — | 1,075,673 |
| | <u>429,108</u> | <u>—</u> | <u>—</u> | <u>1,075,673</u> |

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment it has entered into with the AMP Group.

Management monitors the trade receivables balances outstanding regularly and at the reporting date does not expect any losses from non-performance by counterparties, except for the balances provided for of £nil (2012: £18,000, 2011: £10,545). Credit risk also arises from cash and cash equivalents with amounts held by banks. At the reporting date the AMP Group's financial assets exposed to credit risk are as follows:

| | <i>Year ended 31 December</i> | | |
|-----------------------------|-------------------------------|-------------------|-------------------|
| | <i>2011 £</i> | <i>2012 £</i> | <i>2013 £</i> |
| Cash balances | 72,555 | 213,529 | 342,103 |
| Trade and other receivables | 203,765 | 171,298 | 126,510 |
| Total | <u>276,320</u> | <u>384,827</u> | <u>468,613</u> |

Liquidity risk

Liquidity risk arises from the management of working capital and the finance charges and principal repayments on the AMP Group's debt instruments.

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

Foreign exchange risk

Foreign exchange risk has been discussed in note 4 and has minimal impact on the AMP Group.

Interest rate risk

The AMP Group is exposed to interest rate risk through its cash balances. Sensitivity analysis has not been provided as it is not considered material to the AMP Group.

The return on the bank balances is linked to short-term deposit rates and is therefore linked closely to bank base rate changes. All bank balances mature within one month.

All loans are fixed rate loans at 12 per cent. per annum except for Neil Eckert's and Richard Burrell's loans which were fixed at 12 per cent. per annum moving to 8 per cent. per annum from 15 November 2012 (2011: 12 per cent. per annum).

Fair value

All assets and liabilities are considered to be stated at fair value. The AMP Group is not exposed to any significant market price risk.

23. Share based payment expense

Purpose

AMP Limited granted 17,760 Enterprise Management Incentive (EMI) options to staff in 2012 which were exercised shortly following the date of grant. We are required, nevertheless, to account in our financial information for the value of the options granted.

Methodology

The value per share (in the absence of a market for our shares) was determined by the Board as £1 per share of £1 nominal value at close to the date of grant, and this value was accepted by HMRC in the context of our application for EMI status of these options. The exercise price of the options was also £1, so the options were granted "at the money".

| | <i>Weighted average exercise price 2011 (£)</i> | <i>Number of options 2011</i> |
|-----------------------------|---|-----------------------------------|
| As at 1 January | — | — |
| Granted during the period | — | — |
| Exercised during the period | — | — |
| Outstanding at 31 December | | — |
| Exercisable at 31 December | | — |
| | | <hr/> |
| | <i>Weighted average exercise price 2012 (£)</i> | <i>Number of options 2012</i> |
| As at 1 January | — | — |
| Granted during the period | 1 | 17,760 |
| Exercised during the period | 1 | (17,760) |
| Outstanding at 31 December | | — |
| Exercisable at 31 December | | — |
| | | <hr/> |

| | <i>Weighted average exercise price 2013 (£)</i> | <i>Number of options 2013</i> |
|-----------------------------|---|-----------------------------------|
| As at 1 January | — | — |
| Granted during the period | 1 | 511,326 |
| Exercised during the period | 1 | <u>(286,326)</u> |
| Outstanding at 31 December | | 225,000 |
| Exercisable at 31 December | | <u>—</u> |

The total expense recognised on the share based payments during 2013 amounted to nil (2012: £5,614, 2011: nil). The fair value of the 2013 share option charge is nil based on the number of shares likely to meet the vesting conditions.

24. Directors' interests

The following directors held shares in the Group:

| <i>No. of ordinary shares</i> | <i>2011</i> | <i>2012</i> | <i>2013</i> |
|-------------------------------|-------------|-------------|-------------|
| Neil Eckert | 1 | 36,318 | 7,454,000 |
| Matthew Whittell | — | 3,300 | 706,326 |
| Laurence Magnus | — | — | 175,000 |
| Richard Burrell | — | — | 2,040,000 |
| Nicholas Soames | — | — | 50,000 |
| Robert Williamson | — | — | 100,000 |

25. Financial commitments

Operating leases

The AMP Group has a 25-year operating lease for property and land in Cumbria.

The total future value of minimum lease payments is due as follows:

| | <i>As at 31 December</i> | | |
|---|--------------------------|----------------|------------------|
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Not later than one year | 230,993 | 38,000 | 59,000 |
| Later than one year and not later than five years | 152,000 | 152,000 | 236,000 |
| Later than five years | 722,000 | 684,000 | 1,003,000 |
| | <u>1,104,993</u> | <u>874,000</u> | <u>1,298,000</u> |

26. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

The directors and senior management of AMP and the subsidiaries within the AMP Group who meet the definition of "Key Management personnel" under IAS 24 are considered to be related parties.

Fees to and other transactions with key management personnel of the Company during the period are disclosed in note 8, note 23 and note 24.

Neil Eckert was a director throughout the period. He is also a director of Boutique Modern Limited from whom Environova Consulting Limited, a subsidiary of AMP Limited, received consultancy fees of nil (2012: £15,000, 2011: £15,000). The outstanding debtor balance with Boutique Modern Limited at the year end was £nil (2012: £38,781, 2011: £28,281) and the AMP Group had accrued income of £nil (2012: £6,250, 2011: £nil). There was no outstanding loan receivable with Boutique Modern Limited at the year end of £nil (2012: £1,992, 2011: £70). Neil Eckert also had an outstanding loan to AMP Limited of

£990,231 (2012: £1,008,000, 2011: £5,441,740) and accrued interest of £85,441 (2012: £3,319, 2011: £572,490) as at 31 December 2013. In 2012, Neil Eckert undertook various debt for equity swaps, pursuant to which he acquired 36,315 ordinary shares of £1.00 each in AMP Limited (now 7,263,000 shares of 0.05p each following the stock split on 29 January 2013) in consideration for the discharge of an amount of £6,203,764 of the debt owed by AMP Limited. The net result was a debt of £1,008,000. This was reduced by a further £8,000 when Neil acquired a painting from Environova Consulting Limited (AMP Energy Services Limited), the value of which was £8,000.

The AMP Group acquired Environova Consulting Limited (AMP Energy Services Limited) from Neil Eckert on 15 November 2012. The consideration was a share for share exchange plus deferred consideration up to a maximum of 4,000,000 shares of a nominal value of 0.5 pence, contingent upon the AMP Group achieving future EBITDA and ROI targets. The contingent consideration meets the criteria of a financial liability and no liability has been recognised in 2012 or 2013 as the fair value of the contingent consideration is nil.

Richard Burrell, Chief Executive Officer of the AMP Group, has a significant interest in Mathieson Capital LLP to which AMP Heat Limited, a subsidiary of Environova Consulting Limited (AMP Energy Services Limited), paid consultancy fees of £245,500 (2012: £232,906, 2011: £nil). Mathieson Capital LLP also had an outstanding loan to AMP Limited of £nil (2012: £350,500, 2011: £nil) and accrued interest of £nil (2012: £3,081, 2011: £nil) as at 31 December 2013 having exchanged the entire principal amount of the loan for ordinary shares in AMP at a price of £1 per share and having waived the entire accrued interest balance (note 18). AMP acquired Mathieson Biomass Limited from Richard Burrell on 1 August 2013. The consideration was a share for share exchange plus deferred consideration up to a maximum of 2,000,000 shares of a nominal value of 0.5 pence, contingent upon the Group achieving future EBITDA and ROI targets. The contingent consideration meets the criteria of a financial liability and no liability has been recognised in 2013 as the fair value of the contingent consideration is nil.

Matthew Whittell was a director throughout the period. Matthew Whittell had an outstanding loan balance from AMP Limited of £nil (2012: £46,327, 2011: £36,000) and accrued interest of £nil (2012: £8,885, 2011: £2,914) as at 31 December 2012.

27. Subsequent events

As of April 2014, the Group has raised an additional £609,349 in private placement funding and has secured planning permission for a further three biomass boilers.

28. Statement of cash flows – significant non-cash movements

Included within trade and other payables 2012 is accrued interest totalling £1,432,988 for the three years. In 2012, accrued interest of £1,409,876 was waived, forming part of the capital contribution as disclosed in note 18.

Non-cash movements included within loans and borrowings relate to the debt for equity swap as disclosed in note 17. In addition, the debt owed by AMP LLC to Neil Eckert, sole shareholder of the AMP Group at this date, of £292,148 was waived, forming part of the capital contribution as disclosed in note 18.

Section C – Accountant’s report on Mathieson Biomass



BDO LLP
55 Baker Street
London
W1U 7EU

14 July 2014

The Directors
Aggregated Micro Power Holdings plc
5 Clifford Street
London
W1S 2LG

finnCap Ltd
60 New Broad Street
London
EC2M 1JJ

Dear Sirs

Mathieson Biomass Limited (“Mathieson Biomass”)

Introduction

We report on the financial information set out in Section D of Part III. This financial information has been prepared for inclusion in the admission document dated 14 July 2014 of Aggregated Micro Power Holdings plc (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Aggregated Micro Power Holdings plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Mathieson Biomass as at 31 March 2013 and of its results, cash flows and changes in equity for the period from the incorporation of Mathieson Biomass on 10 October 2011 to 31 March 2013 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

DRAFT

BDO LLP
Chartered Accountants

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

Section D – Financial information on Mathieson Biomass

Statement of comprehensive income

| | <i>Note</i> | <i>Period ended 31 March 2013 £</i> |
|-----------------------------------|-------------|---|
| Revenue | 6 | 298,500 |
| Cost of sales | 7 | — |
| Gross profit | | <u>298,500</u> |
| Administrative expenses | 7 | (281,937) |
| Profit from operations | | <u>16,563</u> |
| Finance expense | 8 | (3) |
| Profit before tax | | <u>16,560</u> |
| Tax expense | 9 | (3,120) |
| Total comprehensive income | | <u><u>13,440</u></u> |

Earnings per share attributable to the ordinary equity holders of the company

| | | |
|--------------------------|----|-------|
| Basic (Pound Sterling) | 15 | 1,344 |
| Diluted (Pound Sterling) | 15 | 1,344 |

Statement of financial position

| | <i>Note</i> | <i>As at 31 March 2013 £</i> |
|---|-------------|--------------------------------------|
| Non-current assets | | |
| Property, plant and equipment | 10 | <u>960</u> |
| Total non-current assets | | <u>960</u> |
| Current assets | | |
| Trade and other receivables | 11 | 35,598 |
| Cash and cash equivalents | | <u>4,214</u> |
| Total current assets | | <u>39,812</u> |
| Total assets | | <u><u>40,772</u></u> |
| Current liabilities | | |
| Trade and other payables | 12 | 10,135 |
| Corporation tax payable | | 3,120 |
| Loans and borrowings | 13 | <u>14,067</u> |
| Total current liabilities | | <u>27,322</u> |
| Net assets | | <u><u>13,450</u></u> |
| Equity attributable to equity holders of the company | | |
| Share capital | 14 | 10 |
| Retained earnings | | <u>13,440</u> |
| Total equity | | <u><u>13,450</u></u> |

Statement of changes in equity

| | <i>Share capital</i> £ | <i>Retained earnings</i> £ | <i>Total</i> £ |
|-----------------------------------|-------------------------------|-----------------------------------|-------------------|
| At 10 October 2011 | — | — | — |
| Issue of share capital | 10 | — | 10 |
| Profit for the period | — | 13,440 | 13,440 |
| Equity as at 31 March 2013 | <u>10</u> | <u>13,440</u> | <u>13,450</u> |

Retained Earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Statement of cash flows

| | <i>Period ended 31 March 2013</i> £ |
|--|--|
| Operating activities | |
| Profit before tax | 16,560 |
| Adjustments for: | |
| Interest paid | 3 |
| Depreciation of property, plant and equipment | 240 |
| | <u>16,803</u> |
| (Increase) in trade and other receivables | (2,808) |
| Increase/in trade and other payables | 10,135 |
| | <u>7,327</u> |
| Net cash flows used in operating activities | <u>24,130</u> |
| Investing activities | |
| Purchase of property, plant and equipment | (1,200) |
| Net cash used in investing activities | <u>(1,200)</u> |
| Financing activities | |
| Proceeds from issue of shares | 10 |
| Proceeds from borrowings | (18,723) |
| Interest paid | (3) |
| Net cash from financing activities | <u>(18,716)</u> |
| Net increase in cash and cash equivalents | 4,214 |
| Cash and cash equivalents at start of period | — |
| Cash and cash equivalents at end of period | <u>4,214</u> |

Notes to the financial information

1. Operations

The company was incorporated on 10 October 2011 in England and Wales as a private limited company. The company has been established to develop and create long term sustainable energy solutions.

2. Accounting policies

Accounting convention

The financial information has been prepared using the historical cost convention. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below.

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”).

The preparation of financial information in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Composition of the financial information

The financial information is drawn up in Pound Sterling, the functional currency of the company and in accordance with IFRS accounting presentation, other than as noted under basis of preparation above. The level of rounding for the financial information is to the nearest pound.

Changes in accounting policies

(a) *New standards, interpretations and amendments effective in the period ended 31 March 2013:*

- IAS 24 ‘Related Party Disclosures’. The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive. This is a disclosure amendment and has no impact on the results or net assets of the company.

Management has concluded that to date there has been no impact on the results or net assets of the company as a result of these amendments.

(b) *New standards, interpretations and amendments not yet effective*

The following new standards, interpretations and amendments, which have not been applied in this financial information, will or may have an effect on the company’s future financial information:

- Amendments to IAS 1. This amendment requires companies to group together items within other comprehensive income that may be classified to the profit or loss section of the income statement. Management is currently assessing the impact of this amendment.
- IFRS 9 is the first phase of the replacement of IAS 39 and covers the requirements for classification, measurement, derecognition and disclosure of financial assets and liabilities. It is effective for accounting periods beginning on or after 1 January 2015.
- IFRS 10 ‘Consolidated financial statements’ was published in May 2012 and will come into effect for accounting periods ending on or after 1 January 2014. It introduces new requirements for determining which investee companies to consolidate and provides a single model to determine control aspects of investments.

- IFRS 12 ‘Disclosure of interests in other entities’ covers disclosure requirements of entities that have interests in subsidiaries, joint ventures and associates. It was published in May 2012 and is effective for accounting periods beginning on or after 1 January 2014.
- IFRS 13 ‘Fair value measurement’ sets out in a single IFRS the framework for measuring fair value and the disclosure requirements of fair value measurements. It is effective for accounting periods beginning on or after 1 January 2013.
- IAS 27 ‘Separate financial statements’ contains disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This is effective for accounting periods beginning on or after 1 January 2014.

Revenue recognition

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

Consultancy fees are recognised in the period that the service is rendered.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Subsequently, all fixed assets are stated at cost less depreciation.

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

Fixtures and fittings – 20% on reducing balance.

Financial assets

The company classifies its financial assets as loans and receivables, discussed below, due to the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

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 transaction 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 company 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 company’s loans and receivables comprise trade and other receivables and cash and cash equivalents included within the statement of financial position.

Cash and cash equivalents include cash in hand including deposits.

Financial liabilities

The company classifies its financial liabilities as other financial liabilities which include the following:

- Loans which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of borrowings 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 company are classified as equity only to the extent that they do not meet the definition of a financial liability. The company's ordinary shares are classified as equity instruments.

Deferred taxation

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

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team consisting of the directors of the company.

The Board considers that the company's project activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the company by reference to total results against budget.

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

3. Critical accounting estimates and judgements

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

Judgements and accounting estimates and assumptions

(a) *Property, plant and equipment*

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

4. Financial instruments – Risk management

The Board has overall responsibility for the determination of the company'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 company's competitiveness and flexibility. The company reports in Pound Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The company does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The company does not issue or use financial instruments of a speculative nature.

The company is exposed to the following financial risks:

- Credit risk
- Liquidity risk

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

Credit risk

Credit risk is the risk of financial loss to the company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. At 31 March 2013 the company has net trade receivables of £2,700.

The company 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 company's financial results. The company attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 March 2013 and consequently no further provisions have been made for bad and doubtful debts.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company'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.

Capital management

The company's capital is made up of share capital, as noted in the statement of changes in equity, and cash.

The company'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.

All working capital requirements are financed from existing cash resources.

5. Segmental information

The company operates in one business and geographic segment, being renewable energy projects in the United Kingdom only.

6. Revenue

| | <i>Period ended 31 March 2013 £</i> |
|------------------|---|
| Consultancy fees | 298,500 |
| Total | 298,500 |

7. Expenses by nature

| | <i>Period ended 31 March 2013 £</i> |
|--|---|
| Legal and professional fees | 161,897 |
| Recharged personnel costs | 84,479 |
| Depreciation | 240 |
| Other administrative expenses | 35,321 |
| Total cost of sales and administrative expenses | 281,937 |

The company had no employees during the period. All costs are recharged.

No director was remunerated through the company in the period to 31 March 2013.

Key management personnel, listed below, are those persons having authority and responsibility for planning, directing and controlling the activities of the company.

1. Richard Burrell
2. Cliff Nicholls (resigned 3 June 2013)

8. Finance expense

| | <i>Period ended</i> 31 March 2013 £ |
|------------------|---|
| Interest expense | 3 |
| Total | <u>3</u> |

9. Taxation

| | <i>Period ended</i> 31 March 2013 £ |
|--------------------------|---|
| Current tax expense | 3,120 |
| Deferred tax expense | — |
| Total tax expense | <u>3,120</u> |

The reason for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

| | <i>Period ended</i> 31 March 2013 £ |
|--|---|
| Profit for the period | 13,440 |
| Income tax expense | 3,120 |
| Profit before income taxes | <u>16,560</u> |
| Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 24% | 3,974 |
| Capital allowances greater than depreciation | (192) |
| Small companies relief | (662) |
| Total charge | <u>3,120</u> |

Changes in tax rates and factors affecting the future tax charge

Finance Act 2012, enacted on 17 July 2012, included provision for the main rate of corporation tax to reduce from 24 per cent. to 23 per cent. from 1 April 2013. It was also announced in the 2012 Autumn Statement that the main rate of corporation tax will reduce to 21 per cent. from 1 April 2014. In addition, the March 2013 Budget announced that the rate will further reduce to 20 per cent. in 2015. This will reduce Mathieson Biomass' future tax charge accordingly.

10. Property, plant and equipment

| | <i>Fixtures and fittings</i> £ | <i>Total</i> £ |
|---|-----------------------------------|-------------------|
| Cost | | |
| At 10 October 2011 | — | — |
| Additions for period ended 31 March 2013 | 1,200 | 1,200 |
| At 31 March 2013 | <u>1,200</u> | <u>1,200</u> |
| Depreciation | | |
| At 10 October 2011 | — | — |
| Charge for the period ended 31 March 2013 | 240 | 240 |
| At 31 March 2013 | <u>240</u> | <u>240</u> |
| Net book value | | |
| At 31 March 2013 | <u>960</u> | <u>960</u> |

11. Trade and other receivables

| | <i>As at</i> 31 March 2013 £ |
|--|------------------------------------|
| Trade receivables | 16,200 |
| Less: provision for bad and doubtful receivables | <u>(13,500)</u> |
| Trade receivables net | 2,700 |
| Amounts owed by related parties (note 18) | 32,790 |
| Other receivables | <u>108</u> |
| Total | <u><u>35,598</u></u> |

The fair value of trade and other receivables is not materially different to their carrying value.

12. Trade and other payables

| | <i>As at</i> 31 March 2013 £ |
|------------------|------------------------------------|
| Trade payables | 9,210 |
| Accrued expenses | <u>925</u> |
| Total | <u><u>10,135</u></u> |

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

13. Loans and borrowings

31 March 2013

| <i>Financial liabilities</i> | <i>0–3 months £</i> | <i>3 months to 1 year £</i> | <i>1–5 years £</i> | <i>Over 5 years £</i> |
|---|-----------------------------|-------------------------------------|----------------------------|-------------------------------|
| Amounts owed to related parties (note 18) | 7,577 | — | — | — |
| Director loan (note 18) | 6,490 | — | — | — |
| | <u>14,067</u> | <u>—</u> | <u>—</u> | <u>—</u> |

All loans are fixed rate loans at 12 per cent. per annum. The loans are not secured.

14. Share capital

| | <i>As at 2013</i> | |
|-----------------------------------|------------------------------|-----------------------------|
| | <i>No of shares Nos.</i> | <i>Issued capital £</i> |
| Issued and fully paid | | |
| Ordinary A shares of £1 each | | |
| Issues for cash during the period | 6 | 6 |
| Ordinary B shares of £1 each | | |
| Issues for cash during the period | <u>4</u> | <u>4</u> |
| As at 31 March 2013 | <u><u>10</u></u> | <u><u>10</u></u> |

15. Basic and diluted earning per share

Basic and diluted earning per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period:

| | <i>Period ended</i> 31 March 2013 £ |
|--|---|
| Profit attributable to equity holders of the company | 13,440 |
| Weighted average number of ordinary shares in issue | 10 |
| Basic and fully diluted earning per share (GBP per share) | <u>1,344</u> |

There is no difference between the basic and diluted earning per share for the period.

16. Financial instruments

The Board has set out below the financial implications of the financial risks discussed and identified in note 4.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment it has entered into with the company.

Management monitors the trade receivables balances outstanding regularly and at the reporting date does not expect any losses from non-performance by counterparties, except for the balances provided for of £13,500. Credit risk also arises from cash and cash equivalents with amounts held by banks. At the reporting date the company's financial assets exposed to credit risk are as follows:

| | <i>As at</i> 31 March 2013 £ |
|---|------------------------------------|
| Cash balances | 4,214 |
| Trade and other receivables | 2,808 |
| Amounts owed by related parties (note 18) | 32,790 |
| Total | <u>39,812</u> |

Liquidity risk

Liquidity risk arises from the management of working capital.

Management's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

31 March 2013

| <i>Financial liabilities</i> | <i>0-3 months</i> £ | <i>3 months to 1 year</i> £ | <i>1-5 years</i> £ | <i>Over 5 years</i> £ |
|------------------------------|----------------------------|------------------------------------|---------------------------|------------------------------|
| Trade and other payables | 10,135 | — | — | — |
| Loans and borrowings | 14,067 | — | — | — |
| | <u>24,202</u> | <u>—</u> | <u>—</u> | <u>—</u> |

Fair value

All assets and liabilities are considered to be stated at fair value. The company is not exposed to any significant market price risk.

17. Directors' interests

The following directors held shares in the company as at 31 March 2013

| | <i>2013</i> |
|---|-------------|
| No. of ordinary A shares | |
| Richard Burrell (held by Mathieson Capital LLP) | 6 |
| No. of ordinary B shares | |
| Cliff Nicholls | 4 |

18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

The directors and senior management of the company who meet the definition of "Key Management personnel" under IAS 24 are considered to be related parties.

Directors' fees and other transactions with the directors of the company during the period are disclosed in note 7.

Richard Burrell was a director throughout the period. Richard Burrell is also a director and majority shareholder of Mathieson Capital Investment Management Limited, who paid £7,577 in costs on behalf of Mathieson Biomass during the period. At the period end, an amount of £7,577 was due to Mathieson Capital Investment Management Limited by Mathieson Biomass. Richard Burrell is also a designated member in Mathieson Capital LLP for whom Mathieson Biomass incurred costs of £252,210 and invoiced for income of £285,000 during the period, giving a net receivable balance of £32,790 all of which was due from Mathieson Capital LLP at the period end. Richard Burrell had an outstanding loan balance due from the company of £6,490 at the period end.

19. Subsequent events

On 3 June 2013, Cliff Nicholls sold his 4 ordinary B shares in Mathieson Biomass to Mathieson Capital LLP for £1 per share.

On 1 August 2013, the company was acquired by AMP via a share for share exchange.

PART IV

ADDITIONAL INFORMATION ON THE COMPANY

1. Incorporation and status of the Company

- (a) The Company was incorporated and registered in England and Wales under the Companies Act on 23 January 2013 with registered number 8372177 as a public company limited by shares with the name De Facto 2011 plc. On 29 January 2013 the Company changed its name to Aggregated Micro Power Holdings plc. On 31 January 2013, the Company was issued with a certificate under section 761 of the Companies Act, enabling it to do business.
- (b) The principal legislation under which the Company operates and under which the Ordinary Shares will be issued is the Companies Act and the regulations made thereunder.
- (c) The registered office of the Company is at 5 Clifford Street, London W1S 2LG and its telephone number is 020 7382 7800.
- (d) The liability of the members of the Company is limited.
- (e) The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is www.ampplc.co.uk.

2. Share capital of the Company

- (a) In keeping with the Companies Act, the articles of association of the Company do not place any limit on the number of shares which the Company may issue.
- (b) Changes in the amount of the issued share capital of the Company since incorporation are as follows:

| <i>Date</i> | <i>Number of ordinary shares issued⁽¹⁾</i> | <i>Issue price (£)</i> | <i>Nature of issue</i> |
|-----------------|---|------------------------|--|
| 23 January 2013 | 2 ordinary shares of £1 each | 2.00 | Subscription on incorporation |
| 29 January 2013 | 37,243 ordinary shares of £1 each | Not applicable | Share exchange for A ordinary shares of £1 each in AMP Limited |
| 29 January 2013 | 12,755 ordinary shares of £1 each | 1.00 | Subscription |
| 29 January 2013 | <i>200 for 1 share subdivision</i> | | |
| 20 May 2013 | 3,552,000 Ordinary Shares | Not applicable | Share exchange for ordinary shares of £1 each in AMP Limited |
| 24 May 2013 | <i>Cancellation of 2,551,000 Ordinary Shares</i> | | |
| 29 May 2013 | 1,700,718 Ordinary Shares | 1.00 | Subscription |
| 28 June 2013 | 200,000 Ordinary Shares | 1.00 | Subscription |
| 3 July 2013 | 110,000 Ordinary Shares | 1.00 | Capitalisation of part of a loan to AMP Limited from Mathieson Capital |

| <i>Date</i> | <i>Number of ordinary shares issued⁽¹⁾</i> | <i>Issue price (£)</i> | <i>Nature of issue</i> |
|------------------|---|------------------------|--|
| 3 July 2013 | 240,000 Ordinary Shares | 1.00 | Exercise of options under the Company's EMI Plan by Richard Burrell |
| 3 July 2013 | 46,326 Ordinary Shares | 1.00 | Exercise of options under the Company's EMI Plan by Matthew Whittell |
| 9 July 2013 | 300,000 Ordinary Shares | 1.00 | Subscription |
| 26 July 2013 | 250,000 Ordinary Shares | 1.00 | Subscription |
| 1 October 2013 | 1,000,000 Ordinary Shares | 1.00 | Subscription |
| 11 October 2013 | 624,922 Ordinary Shares | 1.00 | Subscription |
| 16 October 2013 | 1 Ordinary Share | 1.00 | Issued pursuant to the terms of the Mathieson SPA |
| 21 October 2013 | 50,000 Ordinary Shares | 1.00 | Subscription |
| 19 November 2013 | 12,186 Ordinary Shares | 1.00 | Subscription |
| 24 February 2014 | 50,000 Ordinary Shares | 1.00 | Subscription |
| 13 March 2014 | 418,554 Ordinary Shares | 1.00 | Subscription |
| 3 April 2014 | 140,795 Ordinary Shares | 1.00 | Subscription |
| 12 May 2014 | 50,000 Ordinary Shares | 1.00 | Subscription |

(1) The figures in this column represent the aggregate number of Ordinary Shares issued on the relevant date to different Shareholders.

(c) On 29 January 2013, the following resolutions were passed by written resolution of the sole shareholder of the Company:

- (i) an ordinary resolution generally and unconditionally authorising the Directors in accordance with section 551 of the Companies Act to allot up to a maximum of number of 72,400,000 Ordinary Shares of 0.5 pence each in the capital of the Company to such persons and at such times and on such terms as they think proper, such authority to expire on 29 January 2018; and
- (ii) a special resolution, authorising the Directors to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authorities conferred on them to allot such shares by the resolution referred to in paragraph 2 (c)(i) above as if section 561 of the Companies Act did not apply to any such allotment, provided that the power so conferred is limited to the allotment of equity securities up to an aggregate nominal value of £72,400,000 and to expires on 29 January 2018.

(d) On 27 May 2014 the following resolutions were passed (conditionally on Admission) at the Company's 2014 annual general meeting:

- (i) an ordinary resolution generally and unconditionally authorising the Directors in accordance with section 551 of the Companies Act to allot: (a) up to a maximum nominal amount of £3,750,000 in connection with the Placing to such persons and at such times and on such terms as they think proper, such authority to expire immediately following Admission, (b) up to a maximum nominal amount of £1,465,030, unless such amount is in excess of one-third of the issued share capital of the Company immediately following Admission in which case the maximum nominal amount under this paragraph 2(d)(i)(b) shall be equal to one-third of the issued share capital following Admission, to such persons and at such times and on such terms as they think proper during the period, such authority to expire at the conclusion of the next annual general meeting of the Company and (c) up to a maximum nominal amount of £1,465,030 unless such amount is in excess of one-third of the issued share capital of the Company following Admission in which case the maximum nominal amount under this

paragraph 2(d)(i)(c) shall be equal to one-third of the issued share capital following Admission, in respect of rights issues, such authority to expire at the conclusion of the next annual general meeting of the Company;

- (ii) a special resolution, authorising the Directors to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authorities conferred on them to allot such shares or grant such rights by the resolution referenced in paragraph 2(d)(i) above as if section 561(1) and sub-sections (1) to (6) of section 562 of the Companies Act did not apply to any such allotment, provided that the power so conferred is limited to: (a) the allotment of equity securities up to an aggregate nominal value of £3,750,000, such authority to expire immediately following Admission, (b) the allotment of equity securities pursuant to a rights issue or other pre-emptive offering, such authority to expire at the conclusion of the next annual general meeting of the Company and (c) in addition to paragraphs 2(d)(ii)(a) and 2(d)(ii)(b) above the allotment of equity securities up to an aggregate nominal value of £439,509, unless such aggregate nominal value is in excess of 10 per cent. of the issued share capital immediately following Admission in which case the maximum aggregate nominal value under this paragraph 2(d)(ii)(c) shall be an amount equal to 10 per cent. of the issued share capital of the Company following Admission, such authority to expire at the conclusion of the next annual general meeting of the Company; and
 - (iii) a special resolution generally and unconditionally authorising the Directors for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Act) of Ordinary Shares provided that: (a) the maximum number of Ordinary Shares that may be purchased is 87,901,800 unless such number is in excess of 10 per cent. of the issued share capital of the Company following Admission, in which case the maximum number of Ordinary Shares under this paragraph 2(d)(iii)(a) shall be the number equal to 10 per cent. of the issued share capital of the Company following Admission, (b) the minimum price that shall be paid shall be £0.005 per Ordinary Share, being the nominal value thereof and (c) the maximum price that shall be paid shall be equal to the higher of (i) 5 per cent. above the average of the middle market quotations for such Ordinary Shares taken from AIM Appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System SETS. The authority shall expire at the next annual general meeting of the Company.
- (e) The authorities described in paragraph 2(d) above are in substitution for, and, on Admission, will revoke and replace, all previous authorities of the Directors to allot equity securities pursuant to section 551 of the Companies Act and to allot equity securities as if section 561 of the Companies Act did not apply (including the authorities referred to in paragraph 2 (c)), in each case without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.
 - (f) Pursuant to the existing authorities given by the resolutions passed on 29 January 2013, the EIS Shares and VCT Shares will be allotted and issued at 11.59 p.m. on 15 July 2014. Pursuant to the authorities given by the resolutions passed on 27 May 2014, the Non-Eligible Shares will be allotted with effect from Admission, which is expected to occur at 8.00 a.m. on 18 July 2014. In total, 9,500,000 new Ordinary Shares will be allotted at the Placing Price pursuant to the Placing.
 - (g) The Company's issued share capital, at the date of this document and as it is expected to be immediately following Admission is as follows:

| | <i>At the date of this document</i> | | <i>Following Admission</i> | |
|-----------------------|-------------------------------------|----------------------------------|----------------------------|----------------------------------|
| | <i>Amount</i> | <i>Number of Ordinary Shares</i> | <i>Amount</i> | <i>Number of Ordinary Shares</i> |
| Issued and fully paid | £80,972.51 | 16,194,502 | £128,472.51 | 25,694,502 |

- (h) Save in connection with (i) the Placing, (ii) the satisfaction of the obligation to pay the Deferred Consideration (as described more fully in paragraph 3 of this Part IV), (iii) the issue of Ordinary Shares in satisfaction of options granted or to be granted under the Employee Share Schemes, and (iv) the issue of Ordinary Shares in connection with the exercise of the warrant instrument described at paragraph 14(p) of this Part IV there is no present intention to issue any share capital in the Company following Admission.
- (i) Save as set out in this document, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.
- (j) 9,500,000 Ordinary Shares are being issued pursuant to the Placing at a price of 100p per Ordinary Share which represents a premium of 99.5p over their nominal value of 0.5p each. No expenses are being charged to any subscriber or purchaser.
- (k) Application has been made for the Ordinary Shares to be admitted to trading on AIM. The Ordinary Shares are not listed or traded on and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on any other stock exchange or securities market.
- (l) All of the Ordinary Shares are in registered form and, subject to the Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will with effect from Admission be capable of being held in uncertificated form. No temporary documents of title will be issued.
- (m) Share capital reconciliation:

| | <i>At 31 December</i> | <i>At 31 December</i> |
|-----------------|-----------------------|-----------------------|
| | <i>2012</i> | <i>2013</i> |
| Ordinary Shares | — | 15,535,153 |

3. Deferred Consideration

AMP Energy

- (a) On 15 November 2012, AMP Limited entered into a share and loan acquisition agreement with Mr Neil Eckert pursuant to which, *inter alia*, AMP Limited acquired the entire issued share capital of AMP Energy in consideration for: (i) one ordinary share of £1 in the capital of AMP Limited, which was issued upon completion of the acquisition; and (ii) a number of further ordinary shares of £1 to be issued subject to criteria detailed in the agreement (the “Initial Deferred Consideration”)
- (b) On 4 July 2013, the Company entered into the AMP Energy SPA, pursuant to which it acquired the entire issued share capital of AMP Energy from AMP Limited in consideration for: (i) £1 (being the price paid by AMP Limited for AMP Energy) which was left outstanding on inter-company balance; and (ii) the assumption of the obligation to pay the Initial Deferred Consideration on amended terms (the “AMP Energy Deferred Consideration”):
- (c) On 25 June 2014, the Company, AMP Energy and Mr. Eckert entered into the AMP Energy SPA Deed of Variation, pursuant to which the AMP Energy Deferred Consideration was amended. Under these new arrangements, Neil Eckert is granted a right (by means of a nil cost call option) to be issued up to 2,666,666 Ordinary Shares, the exact number of which shall be calculated by reference to the total average shareholder return (the “TSR”).
- (d) The TSR is to be calculated as the internal rate of return where the present value is the price of an Ordinary Share at Admission, the future value is the weighted average share price of the Ordinary Shares over the 20 trading days prior to the end of each financial year and any dividends and returns of capital are taken into account. The exact number of Ordinary Shares to be issued by reference to the TSR shall be as follows:
 - (i) if the TSR for the holders of Ordinary Shares during the period from 30 June 2014 to 31 December 2017 (the “Relevant Period”) is equal to or greater than 12 per cent. per annum on a compounding basis, 2,666,666 Ordinary Shares shall be the subject of a call option;

- (ii) if the TSR is less than 8 per cent. per annum on a compounding basis during the Relevant Period, no Ordinary Shares shall be the subject of a call option and such option shall automatically lapse;
- (iii) if the TSR is between 8 per cent. per annum on a compounding basis and 12 per cent. per annum on a compounding basis during the Relevant Period, a number of Ordinary Shares (up to 2,666,666 Ordinary Shares) calculated by reference to a sliding scale of Ordinary Shares shall be the subject of a call option.

If TSR is more than 15 per cent.

- (e) If at any time prior to 31 December 2017, the TSR is equal to or greater than 15 per cent. per annum on a compounding basis, then the call option referred to in paragraph 3(c) above shall become immediately exercisable in respect of the maximum number of 2,666,666 Ordinary Shares in the aggregate.

Adjustment

- (f) The number of Ordinary Shares to be issued as AMP Energy Deferred Consideration is subject to adjustment in the event of a capitalisation of profits or reserves, a bonus issue, a subdivision or a consolidation of the Ordinary Shares.

Change of Control

- (g) Notwithstanding the above, if after Admission, but on or prior to 31 December 2017, any third party acquires more than 50 per cent. of the entire issued share capital of the Company (the "Change of Control"), 2,666,666 Ordinary Shares shall be the subject of the call option.

Option

- (h) Pursuant to the terms of the AMP Energy SPA Deed of Variation, Mr. Eckert has agreed not to exercise his option if the issue of Ordinary Shares pursuant to such exercise would require him to make an offer under Rule 9 of the Takeover Code. In such circumstances, Mr. Eckert would be entitled to exercise the options within 6 months of the date on which he becomes able to do so without requiring him to make an offer under Rule 9 of the Takeover Code. It should be noted, however, that (as set out on pages 21 and 22 of this document) the Panel has agreed to waive the requirement for a Whitewash Resolution in connection with the potential issue of Ordinary Shares in due course to Neil Eckert pursuant to the AMP Deferred Consideration.

Mathieson SPA

- (a) On 4 July 2013, the Company acquired Mathieson Biomass from Mathieson Capital in consideration for (i) one Ordinary Share, which was issued on completion of the Mathieson SPA and (ii) up to 2,000,000 Ordinary Shares, which were to be issued in accordance with the same hurdles as those for the issue of the AMP Energy Deferred Consideration (the "Mathieson Deferred Consideration").
- (b) On 25 June 2014, the Company, Mathieson Biomass and Mathieson Capital (an entity controlled by Richard Burrell) entered into the Mathieson SPA Deed of Variation, pursuant to which the terms of the issue of the Mathieson Deferred Consideration were amended. Under the new arrangements, Mathieson Capital is granted a right (by means of a nil cost call option) to be issued up to 1,333,333 Ordinary Shares. The call option may be exercised in accordance with the hurdles described in 3(d), save that references to 2,666,666 Ordinary Shares are replaced by references to 1,333,333 Ordinary Shares.
- (c) The provisions detailed in paragraphs 3(e), 3(f) and 3(g) also apply, *mutatis mutandis*, to the Mathieson Deferred Consideration.

4. Articles of association

The Articles of the Company which were adopted (conditional upon Admission) on 27 May 2014 (the “Articles”) contain provisions, *inter alia*, to the following effect:

(i) **Voting rights**

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every shareholder who (being an individual) is present in person or (being a corporation) by a duly authorised representative and every proxy (regardless of the number of members for whom he is a proxy shall have one vote on a show of hands and, on a poll, every shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice or 14 days where the shares represent 0.25 per cent. of their class), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

(ii) **General meetings**

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days’ written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days’ written notice must be given. The notice for any general meeting must state:

- (1) whether the meeting is an annual general meeting or general meeting;
- (2) the date, time and place of the meeting;
- (3) the general nature of the business of the meeting;
- (4) any intention to propose a resolution as a special resolution; and
- (5) with reasonable prominence, that a member is entitled to attend and vote and is entitled to appoint one or more proxies to attend, speak and vote instead of him and that a proxy need not also be a member.

All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting.

(iii) **Dividends**

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Companies Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 4(viii) below.

(iv) ***Return of capital***

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended), divide amongst the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

(v) ***Transfer of Shares***

The Ordinary Shares are in registered form.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as “Participating Securities”. Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate (“Certificated Shares”) the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

- (1) in the case of a Certificated Share, the instrument of transfer, duly stamped (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (2) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- (3) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 4(viii) below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

- (1) a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- (2) a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- (3) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

(vi) ***Variation of rights***

Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

(vii) ***Share capital and changes in capital***

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Companies Act, the power of the Company to offer, allot and issue shares and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

(viii) ***Disclosure of interests in shares***

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he

or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a “disenfranchisement notice”). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders’ meeting or to exercise any other right in relation to shareholders’ meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

(ix) ***Non-UK shareholders***

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

(x) ***Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a shareholder’s shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

(xi) ***Directors***

Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board’s normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (1) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (2) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;

- (3) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
- (4) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (5) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- (6) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose “insurance” means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors shall not exceed £400,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in Connection with proceedings brought by a regulatory authority.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than 2, The Company may from time to time by ordinary resolution fix a maximum number of directors and from time to time vary that maximum number.

(xii) ***Redemption***

The Ordinary Shares are not redeemable.

(xiii) ***Electronic communication***

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000 (as amended).

5. Employee Share Schemes

Paragraphs 5.1 and 5.2 below summarise the Employee Share Schemes.

5.1 *The CSOP*

(a) *Introduction*

The CSOP will meet the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”) and provides for the grant of options which qualify for relief from income tax on exercise (the “Qualifying Plan”). A schedule to the CSOP provides for the grant of unapproved options (the “Schedule”).

It is expected that the Company will cease to be a qualifying company for the purposes of the EMI Code (as defined in ITEPA) post-Admission as its assets will exceed the maximum permitted under the EMI Code. If the Company does not cease to qualify on Admission, it expects to do so in the future as the Group grows. The CSOP is therefore intended to provide an alternative means of granting tax efficient discretionary share based incentives to the EMI Plan (as described in section 5.2 of this Part IV).

The CSOP enables selected employees of the Company and its subsidiaries to be granted share options (“Options”) over Ordinary Shares in the capital of the Company. Options granted under the CSOP will not be transferable. Only the person to whom the Option is granted or his or her personal representatives may acquire Ordinary Shares pursuant to Options. Benefits under the CSOP are not pensionable benefits.

No options have yet been granted under the CSOP.

(b) *Administration*

The remuneration committee has overall responsibility for the operation and administration of the CSOP.

(c) *Eligibility*

All employees of the Group, including executive directors, are eligible to participate in the CSOP, at the discretion of the remuneration committee. Under the Qualifying Plan, only those executive directors who work 25 hours or more per week for a participating company are eligible to participate.

The remuneration committee has discretion to select the employees to whom Options are to be granted under the CSOP.

(d) *Grant of Options*

Options may be granted at any time other than when dealing is not permitted under the Model Code or when there are other restrictions on dealings in Ordinary Shares. No payment will be made for the grant of an Option.

No Options will be granted after the tenth anniversary of the date of adoption of the CSOP.

(e) *Form of Options*

Options granted under the CSOP will be granted with an exercise price equal to the market value of an Ordinary Share at the date of grant (but may not be less than its nominal value).

For the purposes of calculating the market value of a Share, it is intended that reference will be made to the closing price of an Ordinary Share on the dealing day preceding the relevant date of grant.

The Options may be granted over new issue Ordinary Shares or existing Ordinary Shares purchased in the market. An employees' trust may be used to assist in the operation of the CSOP which may include (but is not limited to) satisfying the exercise of Options by means of Ordinary Shares held in trust.

Participants will have no shareholder rights until exercise and Ordinary Shares are acquired.

(f) *Size of Option grants/plan limits*

The maximum value of Ordinary Shares (as at the relevant dates of grant) over which an individual may at any time hold qualifying options under the CSOP and any other Company Share Option Plan which meets the requirements of Schedule 4 to ITEPA may not exceed £30,000 (or such other limit as appears from time to time in the relevant legislation) ("Qualifying Options"). The Schedule provides for the grant Options in excess of this limit and which do not qualify for favourable tax treatment ("Unapproved Options").

The number of Ordinary Shares over which (or in respect of which) Options may be granted under the CSOP on any date shall be limited so that the total number of Shares issued and issuable pursuant to Options granted post Admission under the CSOP and any other share scheme operated by the Company in any rolling 10 year period is restricted to 10 per cent. of the Company's issued Ordinary Shares calculated at the relevant time.

In determining this limit, Ordinary Shares issued out of treasury or to the trustee of an employees' trust count towards this limit but no account will be taken of Ordinary Shares which an employees' trust purchases in the market or of Options which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

(g) *Vesting and performance targets*

The remuneration committee will determine at the date of grant when Options under the CSOP will vest and may be exercised.

Unless the remuneration committee determines otherwise, Options will be granted subject to the achievement of performance targets. The Committee intends to impose performance targets based on TSR (total shareholder return). To the extent that the performance targets are not met, Options will lapse, without opportunity for retesting. The remuneration committee may change the performance targets for existing Options from time to time if events happen that make it fair and reasonable to do so, but not so as to make the performance targets, in the opinion of the remuneration committee, materially easier or more difficult to satisfy than they were when the Options were first granted.

(h) *Termination of employment*

(i) *Qualifying Options*

If a participant ceases to be in office or employment with the Group due to injury, disability, redundancy, retirement or death, or for any other reason determined by the remuneration committee (in its absolute discretion), then the participant (or his personal representatives, if appropriate) may exercise his Option within a period of six months (or 12 months in the case of death) from the relevant date of cessation. If a participant leaves office or employment with the Group for any other reason, his Qualifying Options will lapse unless the remuneration committee exercises its discretion to allow exercise.

(ii) *Unapproved Options*

If a participant leaves office or employment with the Group for any reason, his Unapproved Options will generally lapse unless the remuneration committee exercises its discretion to allow exercise.

(i) *Change of control*

On a change of control of the Company or a resolution for its voluntary winding-up, performance periods (if any) relating to performance targets will immediately cease. The remuneration committee will determine the extent to which Options may be exercised. The remuneration committee will take into account the Company's performance when making such a determination.

(j) *Rights attaching to Ordinary Shares*

Ordinary Shares issued in connection with the exercise of Options will rank equally with all other Ordinary Shares then in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the allotment and issue of such Ordinary Shares). Application will be made for admission to trading on AIM of new Ordinary Shares issued.

(k) *Variation of share capital*

In the case of Options granted under the Qualifying Plan, in the event of a capitalisation issue or offer by way of rights (including an open offer), or upon any consolidation, subdivision or reduction or other variation of the Company's capital, the number of Ordinary Shares subject to an Options and/or the exercise price may, be adjusted in such manner as the remuneration committee shall, in its opinion, consider fair and reasonable and which is acceptable to HMRC.

In the case of Options granted under the Schedule, in the event of a capitalisation issue, special dividend or offer by way of rights (including an open offer), or upon any consolidation, subdivision, demerger or reduction or other variation of the Company's capital, the number of Ordinary Shares the subject of an award and/or the exercise price may be adjusted in such manner as the remuneration committee shall, in its opinion, consider fair and reasonable.

(l) *Alteration of the CSOP*

No alteration or addition to the advantage of participants may be made by the directors to the provisions of the CSOP relating eligibility, limitations on the numbers of Ordinary Shares in respect of which Options may be granted, or the basis for determining a participant's entitlement to acquire Ordinary Shares and the adjustments to such rights in the event of a variation of share capital, without the prior approval of shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the CSOP or to take account of any change in legislation or to obtain or maintain favourable tax or regulatory treatment for participants in the CSOP, the Company or any associated company. Changes made to a key feature of the Qualifying Plan must be notified to HMRC.

The Board may amend the CSOP by way of separate schedules to enable it to be operated overseas, provided that the terms of the separate schedules are not overall more favourable than the terms of CSOP.

5.2 ***The EMI Plan***

(a) *Introduction*

The Company established the EMI Plan in July 2013 to allow the grant of options which qualify for favourable tax treatment under the provisions of Schedule 5 to ITEPA. It is expected that the Company will cease to qualify post-Admission as its assets will exceed the maximum permitted under the "EMI Code" (as defined in ITEPA). If the Company does not cease to qualify on Admission, it expects to do so in the future as the Group grows.

The EMI Plan enables selected employees of the Company and its subsidiaries to be granted enterprise management incentive share options ("EMI Options") over Ordinary Shares in the capital of the Company.

EMI Options will not be transferable. Only the person to whom the EMI Option is granted or his or her personal representatives may acquire Shares pursuant to EMI Options. Benefits provided under the EMI Plan are not pensionable benefits.

Options over 225,000 Ordinary Shares have been issued and are outstanding under the EMI Plan.

(b) *Administration*

The remuneration committee has overall responsibility for the operation and administration of the EMI Plan.

(c) *Eligibility*

A participant in the EMI Plan must be an employee (which includes executive directors who are employees) of the Group.

The remuneration committee has discretion to select the employees to whom EMI Options are to be granted under the EMI Plan. Details of the Options granted to Directors are shown in paragraph 7 of Part IV of this document.

(d) *Grant of Options*

EMI Options may be granted at any time other than when dealing is not permitted under the Model Code or when there are other restrictions on dealings in Ordinary Shares. No payment will be made for the grant of an EMI Option.

No EMI Options will be granted after the tenth anniversary of the date of adoption of the EMI Plan.

(e) *Form of EMI Options*

EMI Options may be granted with an exercise price equal to the market value of a Share at the date of grant, or with a nil (or nominal) exercise price but may not be less than its nominal value where options are granted over new issue Ordinary Shares.

EMI Options may be granted over new issue Ordinary Shares or existing Ordinary Shares purchased in the market. An employees' trust may be used to assist in the operation of the EMI Plan which may include (but is not limited to) agreeing satisfying the exercise of Options by means of Ordinary Shares held in Trust.

The participants will have no shareholder rights until exercise and Ordinary Shares are acquired.

(f) *Size of Option grants/plan limits*

The Company will grant EMI Options for as long as the Company satisfies the qualifying conditions set out in the EMI Code.

Under the EMI Code, an employee may only hold EMI Options over Ordinary Shares with a value (as at the date of grant) up to £250,000. Where this threshold is exceeded, the employee may not receive further EMI Options for three years.

The EMI Plan states that where this threshold is exceeded or the Company ceases to satisfy the qualifying conditions set out in the EMI Code, unapproved options may instead be granted, which do not qualify for the tax relief available to EMI options.

Unexercised Qualifying Options granted under the CSOP to a participant in the EMI Plan count towards the EMI Plan individual limit. Similarly, the grant of a Qualifying Option under the CSOP that takes an employee over the EMI Plan individual limit will be a disqualifying event for the participant's EMI Options.

The number of Ordinary Shares over which (or in respect of which) options may be granted under the EMI Plan on any date shall be limited so that the total number of Ordinary Shares issued and issuable pursuant to EMI Options granted post Admission under the EMI Plan and any other share scheme operated by the Company in any rolling 10 year period is restricted to 10 per cent. of the Company's issued Ordinary Shares calculated at the relevant time.

In determining this limit, Ordinary Shares issued out of treasury or to the trustee of an employees' trust count towards this limit but no account will be taken of Ordinary Shares which an employees' trust purchases in the market or of EMI Options which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

(g) *Performance targets*

The remuneration committee will determine at the date of grant when under the terms of the EMI Options will vest and may be exercised.

Unless the remuneration committee determines otherwise, EMI Options will be granted subject to the achievement of performance targets. The remuneration committee has imposed performance targets based on and TSR (total shareholder return) on the EMI Options granted that will not be exercisable until after Admission. To the extent that the performance targets are not met, EMI Options will lapse, without opportunity for retesting. The remuneration committee may change the performance targets for existing EMI Options from time to time if events happen that make it fair and reasonable to do so, but not so as to make the performance targets, in the opinion of the remuneration committee, materially easier or more difficult to satisfy than they were when the EMI Options were first granted.

If EMI Options are granted in future years, the remuneration committee will impose appropriate performance targets at the relevant dates of grant (if any).

(h) *Termination of Employment*

If a participant leaves office or employment with the Group, his EMI Option will generally lapse unless the remuneration committee exercises its discretion to allow exercise.

(i) *Change of control*

On a change of control of the Company or a resolution for its voluntary winding-up, performance periods (if any) relating to performance targets will immediately cease. The remuneration committee will determine the extent to which Options may be exercised. The remuneration committee will take into account the Company's performance when making such a determination.

(j) *Rights attaching to shares*

Ordinary Shares issued in connection with the exercise of EMI Options will rank equally with all other Ordinary Shares then in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the allotment and issue of such Ordinary Shares). Application will be made for admission to trading on AIM of new Ordinary Shares issued.

(k) *Variation of share capital*

If there is any alteration of the issued share capital of the Company, the Ordinary Shares subject to an EMI Option will be subject to adjustments. The remuneration committee may adjust EMI Options in such manner as it determines to be appropriate.

(l) *Alteration of the EMI Plan*

No alteration or addition to the advantage of participants may be made by the Directors to the provisions of the EMI Plan relating to eligibility, limitations on the numbers of Ordinary Shares in respect of which EMI Options may be granted, or the basis for determining a participant's entitlement to acquire Ordinary Shares and the adjustments to such rights in the event of a variation of share capital, without the prior approval of shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the EMI Plan or to take account of any change in legislation or to obtain or maintain favourable tax or regulatory treatment for participants in the EMI Plan, the Company or any associated company.

The Board may amend the EMI Plan by way of separate schedules to enable it to be operated overseas, provided that the terms of the separate schedules are not overall more favourable than the terms of the EMI Plan.

6. Information on the Directors

(a) The full names and functions of the Directors are as follows:

| <i>Name</i> | <i>Position</i> | <i>Appointed</i> |
|--|-------------------------------|------------------|
| Neil David Eckert | Executive Chairman | 2013 |
| Richard Carey Mathieson Burrell | Chief Executive Officer | 2013 |
| Mark Hamilton Tarry | Chief Financial Officer | 2014 |
| Sir Laurence Henry Philip Magnus | Senior Non-executive Director | 2013 |
| The Rt Hon. Sir Arthur Nicholas Winston Soames | Non-executive Director | 2013 |
| Sir Robert Brian Williamson, CBE | Non-executive Director | 2013 |

The business address of each of the Directors listed above is 5 Clifford Street, London W1S 2LG.

(b) In addition to their directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

| <i>Director</i> | <i>Current directorships/partnerships</i> | <i>Past directorships/partnerships</i> |
|-----------------|---|---|
| Neil Eckert | <ul style="list-style-type: none"> • Whetstone Properties Limited • Evofem Inc • Aggregated Micro Power Limited • Environova Consulting Limited • Environova Corporate Advisory Limited (now known as Ifex Exchange Services Limited) • Boutique Caravans Limited (now known as Boutique Modern Limited) • Chalvington Management Limited • AMP Hill Barton Limited • Ripe Village Stores • Arthur J Gallagher (UK) Limited • OIM Underwriting Limited • Heath Lambert Limited • Alesco Risk Management Services Limited • Seago Holdings Limited • Titan (South West) Limited • Natural Capital Exchange Limited • Design and Technology Innovation Limited • Design Technology and Irrigation Limited • Green Power Generation Ltd • Wingrove House Limited • Ripe Foods Limited • Cricket Management Limited • Ebix Inc • Aggregated Micro Power Limited (incorporated in the Isle of Man) | <ul style="list-style-type: none"> • Econergy International plc • European Climate Exchange B.V. • Design Technology & Innovation Marketing Limited • The Oval Cricket Relief Trust • Chalvington Consultancy Services Ltd • Climate Exchange plc • Climate Exchange (Europe) Limited • Climate Spot Markets Limited • Insurance Futures Exchange Services Limited • AMP Low Plains Limited • AMP Heat Limited • European Climate Exchange Limited (now known as European Climate Exchange (London) Limited) • ECX Limited • Climate Exchange Limited • Northward Properties • Ri3K Limited (now known as EBIX UK Limited) • Trading Emissions plc • Trading Emissions Limited • TEP Asia Limited • Sterivert Limited • Corporate Vocations Limited • Climate Capital Advisory Limited • Design Technology and Innovation (Safety) 1994 Limited • Climate Corporate Advisory Services LLP (previously known as Morkill Advisory Services LLP) • The Equity Partnership Limited |
| Richard Burrell | <ul style="list-style-type: none"> • First Care Limited • Mathieson Capital Fund Management LLP | <ul style="list-style-type: none"> • Assura Group Limited • Virgin Healthcare Holdings Limited |

| <i>Director</i> | <i>Current directorships/partnerships</i> | <i>Past directorships/partnerships</i> |
|---------------------------------|---|--|
| | <ul style="list-style-type: none"> • Mathieson Capital LLP • Mathieson Capital Investment Management Limited • Mathieson Biomass Limited • Echo Number 3 Film Partnership | <ul style="list-style-type: none"> • Stobart Group Limited • PCI Management Limited • Primary Care Initiatives (Macclesfield) Limited • Westbury (Yorkshire) Limited (previously known as Barlows Yorkshire Limited) • B.H.E. (Bonnyrigg) Limited • Westbury (Hull) Limited (previously known as Barlows (Hull) Limited) • Berrington Capital LLP |
| Mark Tarry | <ul style="list-style-type: none"> • Canopy Capital Limited | N/A |
| Sir Laurence Magnus | <ul style="list-style-type: none"> • JPMorgan Income & Capital Trust Plc • The Cayenne Trust Plc • The Windsor Leadership Trust • Magnus Whyte Property Developments Limited • Aggregated Micro Power Limited • Fidelity Japanese Values Plc • The Landmark Trustee Company Limited • Pantheon International Participations Plc • FIM Services Limited • Andrews Outcomes International Limited • Allchurches Trust Limited • Spot (1003) Investments LLP • Landmark Trading Shottesbrooke Limited • Spot (1002) Investments LLP • Evercore Partners International LLP • English Heritage | <ul style="list-style-type: none"> • Lexicon Group Limited • Ins-Sure Holdings Limited • Ins-Sure Services Limited • LPSO Limited • London Processing Centre Limited • Climate Exchange plc • Barbican Centre Trust Limited • The Lexicon Partnership LLP • JPMorgan Fleming Income and Capital Investment Trust Plc (which became known as the JPMorgan Income and Capital Investment Trust Plc) • Community of St Jude • Eating Disorders Association • The National Trust |
| The Rt Hon. Sir Nicholas Soames | <ul style="list-style-type: none"> • Aegis Defence Services Limited • The Amber Foundation • Game and Wildlife Conservation Trust | <ul style="list-style-type: none"> • Aggregated Micro Power Limited • The Special Relationship Campaign Limited |
| Sir Robert Brian Williamson CBE | <ul style="list-style-type: none"> • MT Fund Management Limited • MT Capital Management Limited • Liv-Ex Limited • Waverton Investment Management Limited • Politeia Management Limited • Edenbeg Gp Limited • Edenbeg Trust Corporation Limited • Ovenden Nominees Limited • Gordon House Investor LLP • Sarsgrove Investments Limited • The Invicta Film Partnership No. 14 LLP • BNL Investments Limited • R. J. Fleming & Co Limited | <ul style="list-style-type: none"> • Climate Exchange plc • HSBC Holdings Plc • Armed Forces Charities Advisory Company (Chairman) • Electra Private Equity Plc • Electra Private Equity Investments Plc • Townleigh Farm Limited • NYSE Euronext • Medici Investments Limited |

- (c) Save as set out in paragraph 6(b) above, none of the Directors has any business interests or activities outside the Group which are significant with respect to the Group.
- (d) Sir Robert Brian Williamson was appointed as a director of Mloop plc on 1 April 2002. Mloop plc entered into a creditors' voluntary liquidation on 25 July 2002, whilst Sir Robert was a director. Sir Robert resigned as a director of Mloop plc on 12 July 2006 and the company was dissolved on 13 May 2008.
- (e) None of the Directors:
- (i) has any unspent convictions in relation to indictable offences;
 - (ii) has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his assets;
 - (iii) save as disclosed in paragraph 6(d) above, has been a director of any company which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;
 - (iv) has been a partner in any partnership which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;
 - (v) has had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
 - (vi) has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7. Directors' and other interests

- (a) In addition to the options referred to in paragraph 7(b) below and the Deferred Consideration described in paragraph 3 above, the interests (all of which are or will be beneficial unless otherwise stated) of each Director (including any interest known to that Director or which could with reasonable diligence be ascertained by him of any person connected with a Director within the meaning of sections 252 to 255 of the Companies Act (a "Connected Person")) in the share capital of the Company at the date of this document and as they will be immediately following Admission are as follows:

| <i>Director</i> | <i>Number of Ordinary Shares held prior to Admission</i> | <i>Percentage of issued share capital currently held⁽¹⁾</i> | <i>Number of Ordinary Shares to be held following Admission</i> | <i>Percentage of enlarged issued share capital to be held immediately following Admission⁽¹⁾</i> |
|----------------------------------|--|--|---|---|
| Neil Eckert | 7,454,000 | 46.0 | 7,704,000 ⁽²⁾ | 30.0 |
| Richard Burrell | 2,730,000 ⁽³⁾ | 16.7 | 2,730,000 | 10.6 |
| Mark Tarry | 230,000 | 1.4 | 230,000 | 0.9 |
| Sir Laurence Magnus | 175,000 | 1.1 | 175,000 | 0.7 |
| Sir Robert Brian Williamson, CBE | 100,000 | 0.6 | 100,000 | 0.4 |
| The Rt Hon. Sir Nicholas Soames | 50,000 | 0.3 | 50,000 | 0.2 |

(1) Rounded to one decimal place.

(2) Includes 250,000 Ordinary Shares acquired by Neil Eckert in the Placing at the Placing Price.

(3) Being 2,700,000 Ordinary Shares held directly and 30,000 Ordinary Shares held by Mathieson Capital Fund Management LLP (an entity controlled by Mr Burrell)

- (b) The following sets out the options that have been granted (and are outstanding) under the EMI Plan to Directors over Ordinary Shares:

| <i>Name</i> | <i>Number of Ordinary Shares under option⁽¹⁾</i> | <i>Date of grant</i> | <i>Exercise price (£)</i> | <i>Performance Conditions⁽³⁾</i> |
|-------------|---|----------------------|---------------------------|---|
| Mark Tarry | 125,000 ⁽²⁾ | 9 July 2013 | 1.00 | Yes |

- (1) These options are first exercisable following the announcement of the Group's 2017 results, expected to be in February 2018, unless at any time prior to this the TSR (as defined in paragraph 3 of the Part IV) is equal to or greater than 15 per cent. per annum on a compounding basis, in which case the options will become exercisable immediately.
- (2) These options are eligible for relief from income tax under the EMI code.
- (3) Performance conditions are based on the Company's TSR as described in paragraph 5.2 of this Part IV.

- (c) A loan of the principal sum of £990,231.27 is still outstanding and owed by the Group to Mr. Eckert. This loan has been accruing interest at a daily rate of 8 per cent. per annum since 19 December 2012. As set out on page 14 of this document, the Directors intend to repay a portion of this loan using the proceeds of the Placing with the balance of principal and accrued interest remaining outstanding and interest bearing post Admission. If this intention is not realised then the full amount of the loan (plus all interest) may remain outstanding and bearing interest following Admission. As at 31 May 2014, the amount of interest outstanding on the loan was approximately £121,633.23. For further details, see paragraph 14(f) of this Part IV.
- (d) A loan of the principal sum of £303,674 is still outstanding and owed by the Group to Mathieson Capital, an entity controlled by Richard Burrell. This loan has been accruing interest at a daily rate of 12 per cent. per annum. The loan must be repaid by 15 April 2015. As set out on page 14 of this document, the Directors intend to repay this loan (plus all interest) in full using the proceeds of the Placing. If this intention is not realised then the loan (plus all interest) will remain outstanding and interest bearing post Admission. As at 31 May 2014, the amount of interest outstanding on the loan was approximately £5,403.61. For further details, see paragraph 14(g) of this Part IV. The Company also owes Mathieson Capital the sum of £924.11, being the accrued interest on a previous undocumented loan (the £140,000 principal sum of which was repaid in full on 12 March 2014). The Directors intend for this £924.11 to be repaid in full using the proceeds of the Placing.
- (e) Save as disclosed in paragraphs 7(a), (b), (c) and (d) above, no Director, nor any Connected Person as a Director has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to the Ordinary Shares.
- (f) Other than in relation to the interests of the Directors disclosed in paragraphs 7(a) and (b) above, the Company is aware of the following shareholders of the Company who are interested, at the date of this document, or will be immediately following Admission, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

| <i>Name of shareholder</i> | <i>Number of Ordinary Shares held prior to Admission</i> | <i>Percentage of issued share capital currently held</i> | <i>Number of Ordinary Shares to be held following Admission</i> | <i>Percentage of issued share capital to be held following Admission</i> |
|-----------------------------|--|--|---|--|
| Spindrift Equities LLC | 1,418,554 | 8.8 | 3,000,000 | 11.7 |
| Michael Schneider | 624,922 | 3.9 | 800,361 | 3.1 |
| Lansdowne Partners (UK) LLP | — | — | 2,500,000 | 9.7 |
| British Steel Pension Fund | — | — | 1,500,000 | 5.8 |
| Geoff Thomas | — | — | 1,169,590 | 4.6 |

- (g) The voting rights attached to all Ordinary Shares (whether held by Directors, significant shareholders or otherwise) are identical.
- (h) Neil Eckert will, upon Admission hold 7,704,000 Ordinary Shares, representing approximately 30 per cent. of the Enlarged Share Capital and has entered into a relationship agreement with the Company more accurately described in paragraph 14(m) of this Part IV.

- (i) Save as described in paragraphs 3, 7(b), 7(c), and 7(d) of this Part IV, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and was effected during the current or immediately preceding financial year or was effected during any earlier financial year which remains outstanding and unperformed in any respect.
- (j) There are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any of the Directors which are now outstanding.

8. Service agreements and remuneration of the Directors

- (a) The executive Directors of the Company have entered into the following new service agreements, conditional upon Admission:

- (i) ***Neil Eckert (Executive Chairman)***

Mr Eckert entered into an executive service agreement, conditional upon Admission, with AMP Energy, on 25 June 2014, although his period of continuous employment with the Group began on 29 July 2010 (which includes the period during which he was an employee of Sterivert, another wholly owned subsidiary of the Company). Under the terms of this agreement Mr Eckert's employment will continue unless either AMP Energy or Mr Eckert terminates the agreement by giving not less than 12 months' prior written notice.

Upon notice being served, the service agreement provides AMP Energy with the right to place Mr Eckert on garden leave and/or to pay him in lieu of notice (at a value of 120 per cent. basic salary in recognition of his benefits). The agreement sets out a non-exhaustive list of examples for which it may summarily dismiss him (for example, if he is convicted of a criminal offence, fraud or dishonesty, he becomes bankrupt, is disqualified as a director by a competent court or suffers a mental disorder). Mr Eckert's proposed annual salary is £200,000. He is also entitled to the following benefits:

- 30 days of holiday plus bank holidays,
- up to 12 weeks' sick pay per year
- private medical insurance,
- life assurance (seven times salary), and
- permanent health insurance.

There is a 9 month non-solicitation clause preventing Mr Eckert from soliciting, endeavouring to solicit, or employing or endeavouring to employ any key employee of the Group and a 9 month non-solicitation clause preventing Mr Eckert from soliciting the custom or endeavouring to solicit the custom of, or interfering or endeavouring to interfere with the supply from, any relevant customers or prospective customers. There is also a 6 month non-compete clause, preventing Mr Eckert engaging in a business which competes or is likely to compete with the business of the Group. Mr Eckert is not entitled to a pension contribution under the terms of his service agreement, although AMP Energy will need to consider its duties under the new pensions auto-enrolment regime upon its 'staging date'. Under the terms of his service agreement, Mr Eckert will receive a payment in respect of salary accrued from 1 January 2014 to the date of his agreement.

- (ii) ***Richard Burrell (Chief Executive Officer)***

Mr Burrell entered into an executive service agreement, conditional upon Admission, with AMP Energy, the Company's wholly owned subsidiary, on 10 July 2014, although his period of continuous employment with the Group began on 25 November 2012. Mr Burrell's service agreement is near-identical in form to Mr Eckert's, save for his salary is £100,000 and he is entitled to an employer's pension contribution of 20 per cent. basic salary per year. Under the terms of his service agreement, Mr Burrell will receive a payment in respect of salary accrued from 1 January 2014 to the date of his agreement.

Mr Burrell will also be provided as a consultant under a services agreement between AMP Energy and Matheison Capital Investment Management Limited (to provide AMP Energy with strategic advice and other services), for a fee of £100,000 per year. Under the terms of the consultancy agreement Mathieson Capital Investment Management Limited will receive a payment in respect of consultancy services accrued from 1 January 2014 to the date of the agreement.

(iii) **Mark Tarry (Chief Financial Officer)**

Mr Tarry entered into an executive service agreement, conditional upon Admission, with AMP Energy, the Company's wholly owned subsidiary, on 10 July 2014, although his period of continuous employment with the Group began on 1 January 2011. Mr Tarry's service agreement is near-identical in form to Mr Eckert and Mr Burrell's, save for his salary is £110,000, his holiday entitlement is 25 days and he is also entitled to an employer's pension contribution of 10 per cent. basic salary per year.

- (b) Each of Sir Laurence Magnus, The Rt Hon. Sir Nicholas Soames and Sir Robert Brian Williamson have been appointed as non-executive directors to the Board of the Company, with Sir Laurence Magnus having also been appointed as Chairman. Each of them entered into a letter of appointment conditional upon Admission, with the Company on 10 July 2014, each of which are in a similar format. Each of the Non-executive Directors' appointments is terminable by either party giving to the other written notice. The Company may terminate the letters immediately if the relevant director: (i) materially or persistently breaches the terms of the letter, (ii) has a bankruptcy order made against him or compounds with or enters into any voluntary arrangements with his creditors, (iii) is disqualified from holding office as a director, (iv) is removed as a director by the Company's shareholders or (v) fails to be reappointed as a director for whatever reason. Pursuant to each letter, Sir Laurence Magnus is entitled to receive fees of £ £25,000 per annum, The Rt Hon. Sir Nicholas Soames is entitled to receive fees of £15,000 per annum and Sir Robert Brian Williamson is entitled to receive fees of £15,000 per annum.
- (c) Save as set out in paragraphs 8 (a) and (b) above, on Admission there will be no existing or proposed service agreements between the Directors and any member of the Group. Furthermore, save as set out at paragraphs 3, 7(a) and this paragraph 8, there are no commissions or profit-sharing arrangements with any of the Directors.
- (d) There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- (e) The service agreements/letters of appointments described in paragraphs 8 (a) and (b) above do not provide for benefits upon termination of employment.

9. Employees

(a) **Employees**

Set out below are the number of persons employed by the Group as at 31 December 2013 analysed by category of activity. All of the employees are geographically located (by reference to the location in which the employees spend the majority of their time) in the United Kingdom.

| | <i>Engineers</i> | <i>Executive Directors</i> | <i>Project developers / Managers</i> | <i>Operations</i> |
|---------------------|------------------|--------------------------------|--|-------------------|
| Number of Employees | 4 | 3 | 6 | 16 |

(b) **Temporary employees**

The Group does not employ any temporary employees.

10. Subsidiaries

The Company has the following principal subsidiaries:

| <i>Name</i> | <i>Country of incorporation/residence</i> | <i>Proportion of share capital held</i> | <i>Issued and fully paid share capital</i> |
|--------------------------------|---|---|---|
| Mathieson Biomass Limited | England and Wales | 100 per cent. | 10 A ordinary shares of £1 each |
| Aggregated Micro Power Limited | England and Wales | 100 per cent. | 7,448,600 A ordinary shares of 0.5 pence each and 3,552,000 ordinary shares of 0.5 pence each |
| AMP Low Plains Limited | England and Wales | 100 per cent. | 1 ordinary share of £1 |
| Sterivert Limited | England and Wales | 100 per cent. | 1 ordinary share of £1 |
| AMP Energy Services Limited | England and Wales | 100 per cent. | 1 ordinary share of £1 |
| AMP Hill Barton Limited | England and Wales | 100 per cent. | 1 ordinary share of £1 |

11. Principal establishments

The Company's head office and principal place of business is at 5 Clifford Street, London, W1S 2LG.

12. Arrangements relating to the Placing

(a) *Placing Agreement*

On 14 July 2014, the Company (1), the Directors (2) and finnCap (3) entered into the Placing Agreement pursuant to which finnCap has agreed to use its reasonable endeavours to procure subscribers for the new finnCap Placing Shares at the Placing Price. The Placing will not be underwritten, but is conditional on not less than 9,500,000 Placing Shares being placed.

Pursuant to the terms of the Placing Agreement and for technical reasons, the Company will issue the finnCap Placing Shares (excluding certain EIS Shares and VCT Shares) in consideration for the transfer to it by finnCap of (i) the issued ordinary shares of JerseyCo and (ii) the entire issued redeemable preference share capital of JerseyCo, which will result in the Company owning the entire issued share capital of JerseyCo, the only assets of which will be its cash resources. These resources will represent the net proceeds of the placing of the finnCap Placing Shares (excluding certain EIS Shares and VCT Shares). The Company will be able to utilise this amount by redeeming the redeemable preference shares it will then hold in JerseyCo and, during any interim period prior to redemption, by procuring that JerseyCo lends the amount to the Company or another member of the Group. The structure of the placing of the finnCap Placing Shares (excluding certain EIS Shares and VCT Shares) is expected to have the effect of creating distributable reserves equal to the net proceeds of the issue of the finnCap Placing Shares (excluding the EIS Shares and VCT Shares) less the par value of the such shares.

The EIS Shares, the VCT Shares and the Directly Placed Shares will be issued for cash in the Placing.

Under the Placing Agreement the Company shall pay to finnCap a corporate advisory fee in the sum of £150,000 and a commission of calculated on the basis of a sliding scale of between 2.5 and 5 per cent. of the aggregate value at the Placing Price of the finnCap Placing Shares which have been placed with certain specified Placees pursuant to the Placing Agreement (other than in each case certain Placees that are introduced by the Company in respect of whom no commission is payable). The Company has also agreed to issue to finnCap warrants over 100,000 Ordinary Shares exercisable at the Placing Price at any time before the third anniversary of Admission in accordance with the terms of the warrant instrument details of which are set out at paragraph 14(p) of this Part IV.

The Placing Agreement, which contains certain warranties, undertakings and indemnities by the Company and the Directors in favour of finnCap is conditional, among other things, on (i) Admission taking place not later than 18 July 2014 or such later time and/or date as finnCap,

and the Company may agree (being not later than 31 July 2014), save that the EIS Placing and the VCT Placing is not conditional upon Admission, and (ii) none of the warranties given to finnCap being untrue, inaccurate or misleading in any material respect. The liability of the Directors under the warranties is limited in certain respects.

finnCap may terminate the Placing Agreement in specified circumstances, including for material breach of warranty at any time prior to Admission and in the event of force majeure at any time prior to Admission.

Under the Placing Agreement, finnCap have agreed, as principal, to subscribe for 122,980 Ordinary Shares in the Placing at the Placing Price.

Under the Placing Agreement, the Directors (holding 10,989,000 Ordinary Shares in aggregate, representing 42.8 per cent. of the Ordinary Shares in issue upon Admission, assuming the maximum number of Ordinary Shares are issued pursuant to the Placing) have agreed (subject to certain limited exceptions) not to dispose of any Ordinary Shares in which they are interested following Admission, without the prior consent of the Company and finnCap, for a period of 12 months from Admission. The Directors have also agreed to a further 12 months of “orderly market” restrictions relating to the disposal of Ordinary Shares following the end of the initial 12 month restriction period.

(b) The Company has entered into the Subscription Letters with a number of investors. Pursuant to the terms of the Subscription Letters, the Company will issue the Directly Placed Shares to the relevant investors conditional on, among other things, not less than 9,500,000 Placing Shares being placed out on Admission.

(c) ***Nomad Agreement***

On 28 April 2014, the Company and finnCap entered into a nominated adviser agreement pursuant to which the Company has appointed finnCap to act as nominated adviser for the purposes of the AIM Rules from the date of Admission. The Company has agreed to pay finnCap an annual fee for its services as nominated adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company. The agreement may be terminated by either party on the giving of not less than three months’ prior written notice, such notice not to be given prior to the first anniversary of the agreement.

13. United Kingdom taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies, charities, registered pension scheme and Shareholders who acquired their Ordinary Shares by reason of or in connection with employment and certain collective investment schemes. They relate (except where stated otherwise) to persons who are resident, and in the case of individuals, domiciled in the UK for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment. **Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers immediately.**

(a) ***Dividends***

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK (for UK tax purposes) and who receives a dividend from the Company will generally be entitled to a tax credit which such shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to ten per cent. of the aggregate of the cash dividend and the tax credit (the “gross dividend”), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of ten per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder’s liability to income tax on the dividend.

A UK resident individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the rate of 32.5 per cent. A UK resident individual Shareholder who is liable to tax at the additional rate will be liable to tax on the gross dividend at the rate of 37.5 per cent. The gross dividend will be regarded as the top slice of the Shareholder's income. After taking into account the 10 per cent. tax credit, a higher rate tax payer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the net cash dividend received). An individual paying additional rate income tax will have to account, after taking into account the 10 per cent. tax credit, for tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.6 per cent. of the net cash dividend received).

An individual Shareholder who is resident in the UK cannot claim payment of the tax credit from HMRC, even if the tax credit exceeds the liability of the Shareholder to pay income tax on the dividend in question.

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but they are not entitled to claim repayment of the tax credit.

(b) ***Chargeable gains***

If a Shareholder who is resident in the UK (for UK tax purposes) disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the Shareholder's circumstances and any reliefs to which he or it is entitled. In the case of corporate shareholders, indexation allowance may apply to the base cost of the shares and so reduce any gain.

The current rate of capital gains tax for individuals liable to income tax at the higher or additional rate is 28 per cent. Individuals whose taxable income and gains for the year in question is less than the upper limit of the basic rate income tax band (£31,865 after personal allowances for 2014/15) are subject to capital gains tax at the rate of 18 per cent., except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to tax at the rate of 28 per cent. Corporate Shareholders suffer tax on capital gains at the prevailing rate of corporation tax applicable to them (currently up to 21 per cent., but falling to 20 per cent. on 1 April 2015).

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency or, in the case of a company, a permanent establishment with which their Ordinary Shares are connected).

Individual Shareholders who are temporarily not UK resident may be liable to UK capital gains tax on chargeable gains realised on their return to the UK.

(c) ***Inheritance tax***

UK inheritance tax is a complex area and individuals should obtain their own advice in respect of this.

(d) ***Stamp duty and stamp duty reserve tax***

The UK government has announced its intention to offer full relief from stamp duty and stamp duty reserve tax ("SDRT") on transactions in shares admitted to trading only on "recognised growth markets", including AIM, and not listed on any other type of market, with effect for transactions taking place, or agreement entered into, on or after 28 April 2014. The legislation giving effect to

this measure (Finance (No. 2) Bill 2014) is not expected to receive Royal Assent until late July 2014. Transfers of ordinary shares in the Company should qualify for this relief, provided the above conditions continue to be satisfied.

The UK has specific statutory procedures enabling tax laws to be changed with immediate effect on a provisional basis pending passing of the relevant implementing legislation. Those procedures have been invoked by the Government in order to give effect to the relief from SDRT, with the result that as a matter of law SDRT is no longer chargeable in respect of qualifying agreements to transfer shares which are admitted to trading on a recognised growth market but not listed on that or any other market. However, those procedures have not been invoked to give immediate effect to be given to the relief from stamp duty. In consequence of this, stamp duty will technically remain payable at a rate of 0.5 per cent. (rounded up to the nearest £5) on documents effecting the transfer of Ordinary Shares in the Company until Royal Assent of the Finance Bill 2014 notwithstanding the announced policy. This does not include transfer of Ordinary Shares that are settled in CREST as such transfers are not effected by way of any document (see below).

On the assumption that the relevant provisions of the Finance (No. 2) Bill 2014 are enacted in their current form, the relief from stamp duty will be backdated to 28 April 2014, and if any stamp duty has been paid after that date on a document transferring Ordinary shares in the Company it should be refundable after Royal Assent. In the meantime it is understood that HMRC does not intend to seek to levy stamp duty on documents of transfer of shares admitted to trading on recognised growth markets.

If at any point prior to Royal Assent of the Finance (No. 2) Bill 2014 a document effecting a transfer of Ordinary Shares attracting stamp duty is created (eg if the Ordinary Shares are transferred outside of the CREST system), the purchaser will need to ensure that the document is duly stamped before the transfer can be recorded on the Company's register of members. Where stamp duty would be due in the absence of the new relief, this will necessitate submitting the document to HMRC for adjudication as exempt on a discretionary basis.

Where a transfer of Ordinary Shares is settled within CREST in the usual way, so no document effecting, or acting as a memorandum of, that transfer is created, no liability to stamp duty should arise. No SDRT should be chargeable in respect of the agreement to transfer Ordinary Shares that are held in CREST, on basis that the SDRT exemption described above should apply.

If the relevant provisions of the Finance (No. 2) Bill 2014 were not passed into law, the relief from SDRT on transactions in shares admitted to trading on AIM would fall away with prospective (rather than retrospective) effect. There are no equivalent positions in respect of stamp duty liabilities arising during the intervening period would be unclear.

(e) ***EIS***

The Company has applied for and obtained advance assurance from HMRC that the Company should be a qualifying company and the Eligible Shares should be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such advance assurance and submission of such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject, *inter alia*, to holding the shares throughout the period of three years from broadly, the date of issue of those shares. In addition, for EIS relief not to be withdrawn, the Company must comply with a number of conditions throughout the qualifying period relating to those shares.

The following provides an outline of the EIS tax reliefs which assuming the relevant conditions are met, might be available to individual investors. Any potential investor should obtain independent advice from a professional advisor in relation to their own particular set of personal circumstances.

In summary, and very broadly, EIS relief may be available where a qualifying company issues new shares, the purpose of which is to raise money for a qualifying business activity. Unless they are bonus shares, the EIS shares must, *inter alia*, be subscribed for wholly in cash and be fully paid up at the date of issue and must be held, broadly, for three years after they were issued.

EIS income tax relief is available to individuals only – the current relief is 30 per cent. of the amount subscribed for EIS shares to be set against the individual’s income tax liability for the tax year in which the EIS investment is made, and is available up to a maximum of EIS subscriptions per tax year (currently £1,000,000). EIS income tax relief reduces an individual’s tax liability and cannot exceed an amount which reduces the individual’s income tax liability for the year in question to nil. This relief can be “carried back” one tax year but may be subject to a limit based on the maximum relief available in the previous year. EIS relief is only available to individuals who are, *inter alia*, not connected with the Company in the period beginning two years prior to, and ending three years after, the issue of the relevant shares. Very broadly, an individual is connected with the issuing company if, *inter alia*, he is an employee or (subject to certain exceptions) a director of the Company or has an interest in more than 30 per cent. of the Company’s share capital or voting power in the Company.

Where EIS income tax relief has been given and has not been withdrawn, any gain on the subsequent disposal of the shares in qualifying circumstances is generally free from capital gains tax. If the shares are disposed of at a loss, capital gains tax relief will generally be available for that loss net of any income tax relief previously given.

The statements above are intended as a general overview of some of the key features of the EIS provisions. EIS eligibility is dependent on fulfilling a wide range of complex conditions many of which are referred to above. Accordingly, investors should take their own advice in this regard.

(f) **VCT**

The Company has applied for and obtained advance assurance from HMRC that the VCT Shares will be eligible for the purposes of section 285(3A) of the Income Tax Act 2007 and that the VCT Shares will be “qualifying holdings” for the purposes of Chapter 4, Part 6, Income Tax Act 2007. In order for the Ordinary Shares to be “qualifying holdings” for VCT purposes, *inter alia*, the Company must satisfy and continue to satisfy the relevant requirements.

The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs should consult their own tax advisers regarding this.

Neither the Company nor the Directors is/are giving any warranty, representation or undertaking that the Company or the VCT Shares will meet or continue to meet any conditions relating to the VCT regime. Should the law regarding VCTs change then any reliefs or qualifying status previously obtained may be lost. Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way which preserves any VCT-related status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. VCTs considering subscribing for VCT Shares are recommended to seek their own professional advice in order that they may fully understand how the legislation may apply in their circumstances. Investors are also referred to the risk factors set out in Part II of this document.

14. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of publication of this document which are, or may be, material to the Group or have been entered into by any member of the Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

- (a) the Placing Agreement, as described more fully in paragraph 12(a) above;
- (b) the Subscription Letters, as described more fully in paragraph 12(b) above;
- (c) the employee lock-in and leaver agreements, as described more fully in the section entitled “Employee lock-in and leaver agreement” in Part I of this document;

- (d) the nomad agreement dated 28 April 2014 between finnCap and the Company as described more fully in paragraph 12(b) above;
- (e) a share and loan acquisition agreement dated 15 November 2012 between Neil Eckert, AMP Energy and AMP Limited, pursuant to which AMP Limited acquired AMP Energy from Neil Eckert in consideration for 1 Ordinary Share in AMP Limited at completion and the AMP Energy Deferred Consideration;
- (f) the AMP Energy SPA, the AMP Energy SPA Deed of Variation, the Mathieson SPA and the Mathieson SPA Deed of Variation, each as described more fully in paragraph 3 above;
- (g) a loan agreement dated 30 November 2010 (as amended on 15 November 2012, 29 January 2013 and 5 February 2014) between AMP Limited and Neil Eckert pursuant to which Neil Eckert made a loan of over £7,000,000 to AMP Limited. This loan was partially capitalised on 18 December 2012 and the principal sum of £990,231.27 (plus interest) remains outstanding. On 4 July 2013, Neil Eckert waived all interest accruing on the loan prior to 18 December 2012 and on 29 January 2013 the daily interest rate of 12 per cent. per annum was reduced to a daily interest rate of 8 per cent. per annum. All sums due by AMP Limited to Mr Eckert under the loan after Admission (other than any amount repaid out of the proceeds of the Placing as described on page 14 of this document) will become repayable to Mr Eckert on demand on or after 1 January 2015 and must in any event be repaid by 30 November 2020. On 13 May 2014, Mr Eckert provided an undertaking to AMP Limited that he would not seek repayment of any sums outstanding for a period of 18 months from that date unless AMP Limited was in a position to make such a repayment and doing so would not jeopardise AMP Limited continuing in business;
- (h) a loan agreement dated 15 April 2014 between AMP Limited and Mathieson Capital pursuant to which Mathieson Capital made a loan of £350,000 to AMP Limited at an interest rate of 12 per cent. per annum. The principal sum of £303,674 of this loan (plus interest) remains outstanding and must be repaid by 15 April 2015. Although it is the intention of the Directors to repay this loan (and all interest) in full out of the proceeds of the Placing (see page 14 of this document), if this intention is not realised for whatever reason then the loan is repayable on demand by Mathieson Capital at any time, and in any event be repaid by 15 April 2015;
- (i) the registrars agreement dated 14 July 2014 between the Company and Capita Registrars Limited (“Capita”). Under this agreement, Capita will act as registrar on behalf of the Company and will, *inter alia*, maintain the share register, deal with the issue of new stocks and shares in the Company in accordance with the Articles and maintain and update dividend and interest payment instructions. The agreement provides for a minimum charge of £3,250 per year for these basic actions. The cap on Capita’s liability pursuant to the agreement is the lesser of £500,000 or an amount equal to ten times the annual fees payable to Capita under the registrars agreement;
- (j) the share purchase agreement dated 1 May 2014 between the Company, AMP Energy and AMPIL pursuant to which AMP Energy sold the entire issued share capital of AMP Heat to AMPIL in consideration for (i) £508,458 on completion and (iii) any residual value left in AMPIL following the sale by AMPIL of an asset in accordance with the terms of the Asset Services Agreement. The agreement contains certain customary warranties and representations given by AMP Energy in relation to title, capacity and status of AMP Heat;
- (k) the Asset Services Agreement dated 1 May 2014 between the Company, AMP Energy and AMPIL. Pursuant to the Asset Services Agreement, AMP Energy has agreed to perform certain ongoing services in respect of the renewable energy projects owned by AMPIL as AMPIL’s delegate under the relevant energy supply contracts. In addition AMP Energy has agreed to provide, or procure the provision of, fuel to the extent required by AMPIL in order to comply with its obligations under the energy supply contracts entered into by it. The fees for these services shall be as notified by AMP Energy to AMPIL from time to time provided that any fees payable shall not exceed an amount which, immediately following payment of the relevant invoice, would result in the interest cover (calculated in accordance with the terms of the Asset Services Agreement) on the AMPIL Loan Notes being less than 1.25 times.

In addition, AMP Energy and the Company have agreed to provide several performance guarantees to AMPIL in relation to interest payments payable in respect of the AMPIL Loan Notes for the period up to and including 31 December 2014 and thereafter in respect of any period for which the most recent net asset value of AMPIL, as set out in its statutory accounts, is less than the aggregate value of interest payments falling due in the subsequent 18 months. In the event that AMPIL notifies AMP Energy that it will have a shortfall of available funds meaning that it will be unable to pay the interest as it falls due, AMP and AMP Energy have severally agreed to pay AMPIL such amount as will ensure that AMPIL is able to meet its interest payment obligations under the instrument constituting the AMPIL Loan Notes on the next interest payment date. The parties provide certain representations and warranties under the Asset Services Agreement and there is also a cross-indemnity in place.

AMP Energy has agreed to notify the board of AMPIL if it becomes aware of a potential purchaser of some or all of AMPIL's assets and/or if there are additional assets that may be acquired by AMPIL. AMP Energy will only make a recommendation to AMPIL to acquire or dispose of renewable energy projects (as applicable) in the event that certain defined conditions are satisfied. On the disposal of a renewable energy project by AMPIL, AMPIL has agreed to use the proceeds of such disposal to either acquire further renewable energy projects that are recommended by AMP Energy or redeem such number of AMPIL Loan Notes (having first paid any accrued interest on those loan notes) in order that its remaining assets of AMPIL are, in the board of AMPIL's and AMP Energy's reasonable belief, sufficient to meet AMPIL's obligation to pay interest to holders of the remaining AMPIL Loan Notes following the redemption in accordance with the terms of the loan note instrument. In the circumstances where the disposal proceeds are used to redeem AMPIL Loan Notes, AMPIL has agreed to pay the balance of the disposal proceeds that are not used to fund the redemption to AMP Energy.

The parties provide customary representations and warranties under the Asset Services Agreement and there is also a cross-indemnity in place. The Asset Services Agreement has a term of 15 years and may be terminated by either AMPIL or AMP Energy on 12 months' notice or on notice on the occurrence of certain events. In the event that AMP Energy terminates the Asset Services Agreement on 12 months' notice; the performance guarantee given by each of AMP Energy and the Company shall continue to be effective for a period of 12 months following termination of the agreement;

- (l) the put and call option agreement dated 14 July 2014 between the Company, finnCap and JerseyCo pursuant to which (i) the Company and finnCap have agreed to subscribe for ordinary shares in the capital of JerseyCo (the "JerseyCo Ordinary Shares"), (ii) finnCap has the right (but not the obligation) to sell their JerseyCo Ordinary Shares to the Company and (iii) the Company has the right (but not the obligation) to buy the JerseyCo Ordinary Shares held by finnCap. The rights pursuant to (k)(i) and (k)(ii) are exercisable in the event that Admission does not occur and the Placing Agreement is terminated in accordance with its terms. If the subscription and transfer agreement, described in (l) below, is terminated, then the rights are deemed to be validly exercised;
- (m) the subscription and transfer agreement dated 14 July 2014 between the Company, finnCap and JerseyCo pursuant to which (i) finnCap has agreed to subscribe for preference shares ("JerseyCo Preference Shares") in the capital of JerseyCo conditional upon the Placing Agreement having become unconditional in all respects and not having been terminated in accordance with its terms and (ii) finnCap has agreed to transfer to the Company the JerseyCo Ordinary Shares and the JerseyCo Preference Shares (once issued) in consideration for the allotment and issue by the Company of the Non-Eligible Shares (other than certain Placing Shares to be placed directly by the Company) to Placees;
- (n) the relationship agreement dated 25 June 2014 between Neil Eckert and the Company which has been entered into so as to ensure that the Company is capable at all times of carrying on its business independently of Neil Eckert and that transactions with him are at arm's length and on normal commercial terms. Under the relationship agreement (which will take effect upon Admission) Neil Eckert has, *inter alia*, agreed to:

- (i) conduct all transactions and relationships with any member of the AMP Group on arm's length terms and on a normal commercial basis,
- (ii) not exercise any of the voting rights attaching to the Ordinary Shares in his control or any other powers of control by virtue of his holding of Ordinary Shares in such a manner so as to procure any amendment to the Articles which would be inconsistent with, undermine or breach any of the provisions of the relationship agreement,
- (iii) save to the extent required by applicable law or regulation, to exercise the voting rights attaching to his Ordinary Shares in such a manner as to procure (to the extent possible by the exercise of such voting rights) that there will always be at least two Directors who are free of any business or other relationship with him which could interfere with the exercise of their independent judgement in matters concerning him (together the "Independent Directors") and that certain committees (if established) shall at all times each include at least one Independent Director.

The relationship agreement terminates automatically upon (i) the Ordinary Shares held by Neil Eckert and/or certain related persons ceasing to jointly represent 25 per cent. or more of the issued share capital of the Company, or (ii) the Ordinary Shares ceasing to be admitted to trading on AIM.

- (o) an interest bearing loan agreement between the Company and AMPIL dated 10 July 2014, pursuant to which AMPIL has lent £250,000 to the Company. Interest is payable on the drawn down amount at a rate of 10 per cent. per annum and is payable quarterly in arrears. The principal amount of the loan will become repayable on 10 July 2017.
- (p) a warrant instrument constituted by the Company pursuant to which the Company will issue warrants to finnCap over 100,000 Ordinary Shares in the Company. The warrants are exercisable in whole or in part at any time up to and including the third anniversary of Admission at an exercise price equal to the Placing Price. The warrants are not transferable, save in certain limited circumstances.

15. Working capital

Having made due and careful enquiry, the Directors are of the opinion that, taking into account the net proceeds of the Placing, the Group will have sufficient working capital available for their present requirements, that is, for at least the 12 months following the date of Admission.

16. Litigation and arbitration

Neither the Company nor any other member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any other member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

17. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

(a) *Mandatory bid*

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

(b) ***Compulsory acquisition***

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

18. Related party transaction

Save for:

- the arrangements described in paragraph 3 of Part IV of this document;
- the interests in share capital described in paragraph 7(a) and (b) of Part IV of this document;
- the loans described in paragraphs 7(c) and (d) of Part IV of this document;
- the subscription by Neil Eckert for 250,000 Ordinary Shares at the Placing Price pursuant to the Placing;
- the service and consultancy agreements described in paragraph 8 of Part IV of this document;
- the placing agreement described in paragraph 12(a) of Part IV of this document;
- the arrangements set out in paragraph 26 of section B of Part III of this document;
- the arrangements set out in paragraph 18 of Part C of Part III of this document; and
- the arrangements set out in paragraphs 14 (a), (b), (d), (e), (f), (g), (h), (j), (k), (l), (m) and (n)

as far as the Directors are aware, there have been and are currently no agreements or other arrangements between the Company and individuals or entities that may be deemed to be related parties of the Company.

19. General

- (a) The gross proceeds of the Placing are expected to be approximately £9,500,000. The total costs and expenses relating to Admission and Placing are £700,000 (excluding value added tax).
- (b) BDO LLP has given and has not withdrawn its written consent to the inclusion in this document of its reports set out in Part III in the form and context in which they are included.
- (c) finnCap has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included.
- (d) Unless otherwise stated, the financial information set out in this document relating to the Company and Mathieson Biomass does not constitute statutory accounts within the meaning of section 434 of the Companies Act. BDO LLP, chartered accountants, registered auditors and members of the Institute of Chartered Accountants of England and Wales, whose address is at 55 Baker Street, London W1U 7EU, have given an audit report on the statutory accounts of the Company for the financial year ended 31 December 2013. This report did not contain a statement under section 498(2) or section 498(3) of the Companies Act, but included a reference to matters to which the auditors drew attention by way of emphasis without qualifying the report. BDO LLP, whose details are set out above, have given an unqualified audit report on the statutory accounts of

Mathieson Biomass for the financial year ended 31 March 2013. Statutory accounts of the Company for the financial year ended 31 December 2013, which were the first such accounts filed since the incorporation of the Company, have been delivered to the Registrar of Companies in England and Wales pursuant to section 441 of the Companies Act. Unaudited statutory accounts of Mathieson Biomass for the financial year ended 31 March 2013, which were the first such accounts filed since the incorporation of Mathieson Biomass, have been delivered to the Registrar of Companies in England and Wales pursuant to section 441 of the Companies Act.

- (e) There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- (f) The Placing Price is payable in full in cash on acceptance.
- (g) Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made or refused nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- (h) The Directors are not aware of any exceptional factors which have influenced the Group's activities.
- (i) The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.
- (j) Save as disclosed in this document, there has been no significant change in the trading or financial position of the Group since 31 December 2013.
- (k) Save as disclosed in this document, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document) in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- (l) The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in conjunction with the applications for Admission.
- (m) As described in paragraphs 2(c) and 2(d) above, statutory rights of pre-emption have been generally disapplied in respect of: (a) the allotment of equity securities pursuant to the Placing, (b) following Admission, the allotment of equity securities pursuant to a rights issue or other pre-emptive offering and (c) following Admission, in addition to (a) and (b) the allotment of equity securities up to 10 per cent. of the expected issued share capital of the Company immediately following Admission.
- (n) The Company has taken out directors' and officers' liability insurance in respect of the potential liabilities of the Directors.
- (o) There have been no takeover offers (within the meaning of Part 28 of the Companies Act) by third parties for any of the Ordinary Shares since the incorporation of the Company.
- (p) The Directors are not aware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- (q) Shareholders who do not participate in the Placing will suffer a dilution of approximately 37.0 per cent. to their interests in the Company as a result of the Placing.

Dated: 14 July 2014

APPENDIX

UK GOVERNMENT RENEWABLE ENERGY INCENTIVES RELEVANT TO THE AMP GROUP

Renewables Obligation (“RO”)

Since 2002, the RO has been the UK’s primary instrument for incentivising commercial scale renewable electricity generation. The RO requires licensed electricity suppliers to source an increasing percentage of their electricity from renewable sources (“RO Commitment”) or pay a penalty (“buy-out price”).

Under the RO, electricity from eligible renewable sources generates Renewables Obligation Certificates (“ROCs”), which are then used by the licensed suppliers to discharge their RO Commitments. ROCs are awarded by Ofgem according to a generating facility’s metered output. Different technologies types are awarded different amounts of ROCs for each MWh generated. Generators, who typically sell their ROCs to licensed electricity suppliers, are accredited for support under the RO receive support for 20 years from the date of accreditation. Electricity generating technologies eligible for ROCs include gasification, anaerobic digestion, biomass and energy from waste with CHP.

As discussed further below, the Energy Act 2013 has put in place measures to enable the roll-out of the ‘Electricity Market Reform’ (“EMR”). Part of the EMR is a new system to incentivise companies to invest in low-carbon generation, known as Contracts for Difference (“CFDs”). The Government has proposed that there will be a transitional period between the introduction of CFDs in summer 2014 and the closure of the RO scheme to new capacity on 31 March 2017 (although, of note, the government has recently proposed that this transitional period should be curtailed for large ground-mounted solar technologies). During the transitional period, it is expected that operators of new generating capacity will have a ‘choice of scheme’ (RO or CFD) for that capacity.

During this transitional period, the Directors will seek to make a strategic decision as to whether any new capacity is best suited for either the RO or CFD.

It is expected that ROCs issued by Ofgem may be sold and purchased between 1 April 2017 and 2027 in the same way as now. For the final ten years of the RO (2027-2037), it is anticipated that the RO will move to a ‘fixed price certificate scheme’, where a ‘fixed ROC institution’ will purchase the ROCs from generators at a set price plus 10 per cent. The fixed price certificate scheme is designed to provide price certainty in the final years of the scheme, thus maintaining operators and investors confidence in the RO.

Renewable Heat Incentive (“RHI”)

The RHI is a UK Government incentive intended to support the generation of heat (as opposed to electricity) from eligible renewable sources. The scheme supports a range of technologies including (subject to technology – specific eligibility criteria) water and ground source heat pumps, solar thermal, biomass boilers, certain renewable CHP, onsite biogas combustion, energy from waste and the injection of bio-methane into the national gas grid.

The RHI, through its quarterly payments, seeks to cover the capital and running costs of renewable heat installations. The UK Government has set the tariffs to deliver an approximate 12 per cent. rate of return.

Payments, which are linked to the RPI, are administered by Ofgem. The level of payment is determined by the eligible technology and runs for a period of 20 years. £860 million has been made available from central Government in order to support the RHI.

The Directors anticipate that RHIs will be available for the Group’s biomass boilers and gasification CHP plants subject to limitations on benefiting from incentives under multiple regimes.

Climate Change Levy (“CCL”), Climate Change Agreements (“CCAs”) and Levy Exemption Certificates (“LECs”)

CCL is a tax levied on suppliers of electricity, gas, solid fuels and liquefied petroleum gas to business customers including the public sector. Suppliers pay the levy quarterly to HMRC – typically passing on the cost of the levy to their customers. Retail customers (i.e. households) and small electricity generators are excluded from the CCL.

Businesses and their facilities that are party to a CCA, which sets targets on energy efficiency and carbon reductions, allow eligible energy-intensive businesses to receive up to a 90 per cent. discount from the Climate Change Levy (CCL) in return for meeting energy efficiency or carbon-saving targets.

Certain renewable generators are eligible to receive transferable LECs. These LECs can, in some circumstances, also be generated by certain types of CHP facility.

LECs are issued by Ofgem to accredited renewable electricity generators for each MWh of electricity produced. Generators sell the certificates to electricity suppliers, who in turn present the certificates to HMRC to exempt them from paying the electricity CCL. The certificates are also used by suppliers to prove to business customers that they have been supplied with renewable electricity.

Carbon Reduction Commitment (“CRC”)

CRC is a mandatory carbon regime aimed at business and public sector users who (themselves or as part of a wider group) consume more than 6,000 MWh of electricity annually. Any such organisation is required to participate in the CRC, to monitor its energy use and report its energy supplies annually. Participants must then purchase and surrender allowances to offset their emissions.

Although the CRC does not directly incentivise renewable energy, the Directors believe this is a useful tool which highlights the benefits of better energy efficiency and may promote consideration of onsite small scale renewable energy, for example, biomass boilers.

Enhanced capital allowances for energy saving technologies

Energy saving technology qualifies for 100 per cent. first year capital allowance against taxable profits, versus the standard 18 per cent. reducing balance on plant and equipment, serving to accelerate cash flow.

Introduction of Contracts for Differences (“CFDs”) under the Energy Act 2013

The Energy Act 2013 has brought forward number of measures to help the UK achieve its goals in terms of energy supply, energy efficiency and the promotion of low-carbon energy. This package is often referred to as the Electricity Market Reform (“EMR”). The main proposals under the EMR include (i) an emissions performance standard for all new fossil fuel plants; (ii) a capacity market to ensure that there is sufficient capacity to meet demand; and (iii) CFDs, which are complemented by the UK’s carbon floor price.

The UK Government has confirmed that CFDs will be the future mechanism for incentivising low-carbon energy generation in the UK. CFDs are expected to provide better long-term revenue certainty by guaranteeing a contract price for electricity. It is proposed that the CFD counterparty will be a government owned limited liability company.

Certain final terms and details of the incentive, such as the proposed renewables strike prices (which will determine subsidy payments), have recently been formally confirmed. They are:

| | <i>Strike Prices £/MWh</i> | | | | |
|--------------------------------|----------------------------|----------------|----------------|----------------|----------------|
| | <i>2014/15</i> | <i>2015/16</i> | <i>2016/17</i> | <i>2017/18</i> | <i>2018/19</i> |
| Advanced Conversion Technology | 155 | 155 | 150 | 140 | 140 |
| Anaerobic Digestion | 150 | 150 | 150 | 140 | 140 |
| Dedicated Biomass (with CHP) | 125 | 125 | 125 | 125 | 125 |
| Energy from Waste (with CHP) | 80 | 80 | 80 | 80 | 80 |
| Geothermal | 145 | 145 | 145 | 140 | 140 |
| Hydro | 100 | 100 | 100 | 100 | 100 |
| Landfill Gas | 55 | 55 | 55 | 55 | 55 |

In the table above ‘Advance Conversion Technology’ includes gasification.

