Aggregated Micro Power Holdings plc

Audited Report and Financial Statements

For the year ended 31 March 2018

Registered number: 08372177

AGGREGATED MICRO POWER

Contents

Directors and Advisers

Directors	Neil Eckert Richard Burrell Mark Tarry Sir Laurence Magnus Sir Brian Williamson The Rt. Hon. Sir Nicholas Soames Robert Bland DL
Company Secretary	Lauren Paton
Registered Number	08372177
Registered Office	3rd Floor, 1 Dover Street London W1S 4LD
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Accountants	EPE Administration Limited Audrey House 16-20 Ely Place London EC1N 6SN
Bankers	Natwest 135 Bishopsgate London EC2M 3UR

Executive Chairman's Statement

Our company continues to develop at a frenetic pace. The highlights of the year were the completion of two further acquisitions in the fuels business and an increase of circa 100% in both turnover and gross profit. We also announced that Aggregated Micro Power Infrastructure 2 plc ("AMPIL") secured further funding of £29.5m to allow it to purchase more of our biomass boiler portfolio and future grid balancing project pipeline.

The immediate job following these acquisitions was to get through the winter heating season. This was to be one of the most challenging for many years exemplified by the impact of the "Beast from the East" and colder weather compared to previous winters.

At the same time, we started to address integration and restructuring, streamlining our management team in wood fuels and bringing in service and maintenance expertise to run boiler systems and grid balancing assets on behalf of clients. We have also further strengthened our project development and investments team.

What this demonstrates is a business that now spans the small scale renewable heat and power sector, a business that can cross sell products and services to a customer base of nearly 4,000 customers, a business that is vertically integrated in the biomass space covering fuel supply, operation & maintenance and installation and financing. It is a business with a "project development" division that covers renewable heat, grid balancing and is considering investments in infrared heating, electric vehicle charging and batteries.

In addition to the future deferred development fees, that may be due from AMPIL as a result of the projects they have acquired, is the upside valuation of AMP's 29.08% interest in IncubEx. IncubEx is an incubator for exchange traded products, services and technology solutions. It works in conjunction with its global exchange partner European Energy Exchange (EEX) to design and develop new financial products in the global environmental, reinsurance and related commodity markets. The company is growing rapidly in Europe and IncubEx has recently announced the roll out of a suite of North America products in partnership with Nodal, EEX's US Power Exchange.

This year promises to be another exceptionally busy one for AMP. We have a major integration program under way in our wood fuels business following the acquisition of a number of UK wood fuels suppliers over the last 2 years into the Forest Fuels Group. This project will cover operational systems and other synergistic initiatives. Separately, we are also consolidating into a single AMP Group brand over the next 12 months.

With regard to integration, the attitude of the staff involved has been incredibly positive and deserves a "thank you". People have a natural aversion to change and people also become sentimentally attached to existing organisational structures and identities. The amount of change that has already been achieved is extremely positive. I know that this will lead to a vibrant and well organised business that can bring all the requisite skill sets to bear that are required to drive our business forward.

We will not be paying a dividend for the year ended 31 March 2018, but would draw your attention to the recently amended share premium reduction which paves the way for future dividends once appropriate levels of profitability are obtained.

It only remains for me to thank our hardworking non-executive directors and executive management team. I look forward to reporting further progress due course.

Neil Eckert, Executive Chairman

3 July 2018

Strategic Report

I am delighted to report a positive set of results for AMP in respect of the 12 month period to 31 March 2018. Group revenues increased to £43.2m (2017: £19.7m), gross profit increased to £9.5m (2017: £5.5m), profit from operations increased to £3m (2017: £1.85m) and profit after tax was £1.9m (2017: £1m). Cash flow from operations were £2.9m (2017: -£4m).

Net assets as at 31 March 2018 increased to £18.0m (2017: £10.4m) and the balance sheet does not include any recognition for future deferred development fees that may be due from Aggregated Micro Power Infrastructure 2 plc ("AMPIL").

AMP Group strategy

AMP's strategy is to be a specialist provider of distributed heat, power and renewable fuels to help UK businesses unlock the potential of decentralized, low carbon energy.

AMP operates through three business divisions: Wood Fuels; Project Development; and HQ & Investments.

Wood Fuels

AMP's wholly owned subsidiary Forest Fuels sells high quality wood pellet and wood chip to customers throughout the UK in the form of fuel only contracts, heat contracts and/or fuels plus operation and maintenance (via AMP's majority interest in HW Energy). Forest Fuels is the leading supplier of premium grade, RHI compliant wood pellet and wood chip with almost 4,000 customers and HW Energy provides service and maintenance to around 900 boilers. AMP's strategy is to grow its wood fuels and service and maintenance customer bases by a combination of organic growth and further acquisitions in strategic locations.

The results for Wood Fuels includes AMP's majority interest in Highland Wood Energy Limited ('HWE') and 5 months of results from Billington Bio-Energy Limited which was acquired from Drax Smart Supply Holdco Limited, a wholly owned subsidiary of Drax PLC, in October 2017.

Revenues from this segment increased to £40.0m (2017: £15.8m), gross profit increased to £7.9m (2017: £3.0m) and adjusted EBITDA, including the costs of fleet depreciation increased to £1.9m (2017: £0.75m).

The recent acquisitions have accelerated AMP's growth by strengthening our market leading supply chain and distribution capability in wood fuels and related services. This has been especially important during the last six months of the financial year which has been characterized by colder weather compared to previous years.

The Directors believe that by enhancing the business development and marketing expertise of the Group, together with offering market leading customer service and maintenance, there are significant opportunities to increase revenues and long term profitability from this segment.

Project Development

AMP aims to deliver cost and carbon savings to high intensity heat and power users through its specialist industrial renewables development team. Our strategy is to develop, manage and facilitate financing of distributed energy projects focusing on biomass heat and power, biomass process steam and in due course, waste heat recovery to reduce on-site electricity costs. AMP's strategy is to work with project developers and third party infrastructure vehicles to generate a wide range of development fees from different projects. AMP sources projects from various introducers and installers and works with the customer account managers in Forest Fuels to offer all wood fuels customers with a commercial boiler, buy back scheme to allow them to sell their biomass installations at any time.

AMP also develops and procures finance for gas-fired peaking plants which provide flexible generation at times of peak demand. We believe that the cost effective flexibility that these plants provide will help with the UK's transition to a lower carbon economy by supporting the continued expansion of intermittent renewables such as wind and solar.

Strategic Report continued

Over the course of 2017 AMP managed to deliver two peaking plants in Kingsnorth, Kent, (21MW) and in Roydon, Essex (3MW), and is now responsible for the operational and commercial management of these sites. AMP has a carried interest in both projects, subject to each project meeting minimum financial performance criteria. AMP also developed two new projects during the financial year (totaling 70MW) and sold the development rights to a third party. AMP's development focus is increasingly on smaller sites in areas of high electricity demand such as urban areas, which can be connected to the distribution network at lower voltage levels. These smaller, more localised projects sited in areas of grid constraint offer significant system benefits in terms of avoided grid reinforcement costs and will potentially help support the anticipated growth in electric vehicles and the electrification of heat.

Revenues from Project Development for the 12 months to 31 March 2018 were £3.2m (2017: £3.9m), gross profit was £2.4m (2017: £2.5m) and adjusted EBITDA was £1.2m (2017: £1.7m).

In May 2017, AMP announced that it had facilitated AMPIL in securing further funding of £29.5m for the financing of its biomass boiler portfolio and future grid balancing projects. AMPIL is a special purpose vehicle which is wholly owned by Law Debenture Intermediary Corporation plc as trustee for general charitable purposes. AMPIL can issue 8% listed loan notes to fund renewable energy projects acquired from AMP and/or other developers. Under the terms of its contract with AMPIL, AMP receives an upfront 10% development fee on financial close of each project and when AMPIL Loan Notes are repaid, AMP is entitled to receive 100% of the excess returns in the form of deferred development fees.

Investments

The Investments division takes non-controlling interests in equity investments in companies aligned to our corporate strategy. Within this segment are head office costs and the costs of undertaking research and development into new distributed energy opportunities where we analysing various opportunities in electric vehicle ("EV") charging, infrared heating, battery storage, renewable electricity supply, green gas and Compressed Natural Gas ("CNG").

In May 2017, AMP invested US$ 778,718 in IncubEx LLC and in March 2018, AMP invested a further US$ 2,049,285 providing it with a 29.08% shareholding. IncubEx works in conjunction with its global exchange partner, European Energy Exchange and other leading service providers and stakeholders to design and develop new financial products in global environmental, reinsurance, and related commodity markets (e.g. wood pellet). The company has a specific focus on innovation and continuous improvement of products and services, including technology, trading solutions and operational efficiencies.

Other significant investors in IncubEx include Ørsted (one of Northern Europe's leading energy groups) as well as the founders of IncubEx and a number of AMP Directors.

AMP's 29.08% shareholding in Incubex LLC has resulted in a positive fair value adjustment of £7.45m taking the investment holding value to £11.4m in AMP's Balance Sheet as at 31 March 2018. This positve fair value movement is a significant contribution to profit before tax for the year and covers a number of the exceptional and non-recurring expenses from other operating segments noted above.

As budgeted, there were no revenues generated from the Investments Division during the 12 months to 31 March 2018. Administrative expenses which include the Board, PLC and related head office costs amounted to £1.7m (2017: £1.8m).

Segment Reporting

The Directors have taken the decision to report segment performance on an adjusted basis disclosed in Note 3. The Company has engaged in multiple acquisitions over the course of the financial years ending 2017 and 2018 which has resulted in significant exceptional and non-recurring expenses incurred or provisioned during the natural process of integrating and restructuring the wood fuel business segment. In addition there was further non-recurring expenses incurred due to macro events such as Brexit, partial write off in respect of a biomass development investment site and unanticipated expenditure relating to certain wood chip activities. Further disclosure of these expenses have been made in Note 6.

Strategic Report continued

These exceptional and non-recurring expenses are disclosed below EBITDA in order to give the users of these financial statements a clearer understanding of normalised, operational performance as well as provide relevant comparatives for the forthcoming financial year.

Issuance of Ordinary Shares

In October 2017, the Company issued 1,624,365 Ordinary Shares to Drax Smart Supply Holdco Limited ("Drax") in connection with the Acquisition of Billington Bio-energy Limited and in November 2017, 3,756,356 new Ordinary Shares were issued to existing and new investors pursuant to a £3.7m placing for cash. Both share issues were completed at a placing price of 98.5 pence per share.

Industry and policy background

There is increasing pressure on businesses to reduce energy costs, cut carbon and achieve greater energy security and cost certainty. Clean Growth is at the heart of the future vision for the UK economy. Through the Climate Change Act, the UK Government has set a target to significantly reduce UK greenhouse gas emissions by at least 80% by 2050.

It is widely acknowledged that UK industry must decarbonise to remain competitive and exploit opportunities to meet the fast-growing demand for low carbon goods and services.

The Renewable Heat Incentive (RHI) remains the main Government policy mechanism for stimulating the decarbonisation of the heat sector. The Government have confirmed that funding for new projects utilising the RHI will remain open until March 2021. The government are working to a target of 12% of heat being generated from renewable sources by 2020 and the latest figures suggest that around 6.2% of heat was generated renewably during 2016 – this emphasises that there remains a requirement to stimulate the uptake of renewable heat. Projects financed and completed before March 2021 will benefit from 20 years of ongoing RHI revenue payments based on the amount of useful heat that they produce which provides long term revenue certainty for the projects we arrange finance for. Over the past 12 months there have been two significant policy changes in relation to the RHI which are important for shaping our approach to future projects. First, the payments associated with the RHI have been standardised across all sizes of project – the effect of this is to make large scale biomass and biomass CHP projects more attractive and we have therefore taken steps to develop a pipeline of projects in this area. Second, there has been a tightening of the rules on what type of heat is eligible for the RHI which should mean that there is more budget available for the types of projects in which AMP specialise which always have a credible counterparty who use heat for constructive purposes.

Looking beyond 2021 the Government are developing their Policy thinking as to how the uptake of renewable and low carbon heat can continue to be stimulated. The Clean Growth Strategy published in October 2017 highlighted that the government need to "drive significant acceleration in the pace of decarbonisation". There are a range of actions outlined in the Clean Growth Strategy to increase the use of renewable heat and to support the roll out of energy efficiency in businesses including the "phasing out of high carbon fossil fuel heating for new and existing businesses in off gas areas during the 2020s". The Government have also recently published a Consultation paper on a Future Framework for Heat in Buildings which outlines a range of potential measures to support the decarbonisation of heat after 2021. AMP are engaged with the Renewable Energy Association and will take an active role in shaping future policy that helps to unlock the potential of low carbon decentralised energy for UK businesses.

Strategic Report continued

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

- The UK Government is committed to phasing out the installation of high carbon fossil fuel heating in new and existing buildings off the gas grid, during the 2020s;
- Government policy is increasingly focused on the decarbonisation of large industrial heat users where onsite biomass CHP systems can deliver value for money and CO2 savings for both the government and end customers;
- The market for wood pellet and wood chip is strongly supported by the RHI scheme which will remain in place for new installations until March 2021;
- Accredited installations receive the RHI for 20 years providing long term demand for wood fuel;
- RHI payments are linked to inflation which should help support and mitigate the inflationary growth in wood fuel prices;
- The UK's success in decarbonising electricity generation has not been matched in the heating sector;
- Approximately 6.2% of total heat capacity (Dukes 2016), renewable heat lags behind the government's 2020 target of 12%;
- The Medium Plant Combustion Directive (MPCD) became law in the UK in December 2017. This introduces tougher emissions standards on large boilers and will drive an increase in the installation of new large boilers for volume users of heat and steam. From December 2018 onwards, new installations >1MW must be compliant with the MPCD and by 2029 almost all large boilers in the UK will need to have been replaced (2025 for those that are above 5MW). The AMP fully funded energy centre model represents a significant opportunity for companies who do not want to invest in energy plant to benefit from our clean energy solutions and will provide a further stimulus to the growth of AMP; and
- Beyond 2021 the direction of travel for biomass heating is likely to be focused on areas off the gas grid. This is outlined in both the call for Evidence on Heat and the Clean Air Consultation. AMP is well placed to provide ongoing services and solutions to customers who are off the gas grid.

We believe that there are a number of features of the modern day power market which are highly beneficial for the AMP Group:

- Intermittency from solar and wind combined with demand from electric vehicles at times of peak demand is driving growth in stand-by, flexible power generation;
- Distribution Network Operators (DNOs) have already begun to procure flexibility services in specific areas where the grid is most constrained at peak times and where flexible generation, demand side response or storage are potentially cost-effective alternatives to grid reinforcement;
- Urban areas are likely to see the biggest demand for electric vehicles but face the greatest grid constraints and limits to import capacity;
- The prospect of a low capacity market price in the forthcoming auctions (driven in large part by the inclusion of interconnectors and their high derating factors) will require projects to maximize the locational and revenue benefits;
- Ofgem's review of grid access and use of system charges may result in more dynamic charging and crediting structures, favoring flexible generators in constrained parts of the network that can quickly respond to shifting patterns of demand;

- The UK's drive to decarbonise (the Government has a legally binding target of reducing the UK's greenhouse gas emissions by 80% by 2050 against 1990 levels) is expected to require significant structural changes to the power market, with 8GW of coal fired generating capacity already decommissioned since 2012 due to the Large Combustion Plant Directive and a further 10GW is expected to close by 2025, most of which will happen by 2020. In addition 2GW of gas fired CCGT is expected to close by 2020. Taken together this represents approximately 25% of Great Britain's generating capacity. This reduction in thermal generating capacity is expected to increase power price volatility and reduce system inertia.

AMP Group objectives and KPIs for 2018 are as follows:

- Aim to be a market leader in the supply of wood fuels retailing (wood pellet and wood chip) to end customers via a combination of organic growth and targeted acquisitions;
- Grow pipeline of biomass boiler, biomass CHP and existing boiler acquisitions generating development fees and future carried interest from AMPIL Loan Note issuance;
- Generate development fees and future carried interest from natural gas peaking plants;
- Continue research and development into the evolving energy market and consider opportunities in EV charging, infrared heating, battery storage, renewable electricity supply, green gas and CNG
- Continue to invest in businesses aligned to our corporate strategy and objectives; and
- Supplement AMP's cash resources with additional new funding from one or a combination of: the issue of new Ordinary Shares for cash; the issue of new Convertible Notes; the refinancing of existing assets; raising project finance from third party providers; asset financing of core items of equipment; or any other compelling financing mechanism where the Directors consider doing so to be in the best interests of the company and its Shareholders.

Strategic Report continued

Review of the 2017 KPIs	Comments on performance during year
1. Aim to be the market leader in wood fuels retailing (wood pellet and wood chip) via a combination of organic growth and targeted acquisitions.	**Achieved.** Following the acquisition of Billington Bio-energy Limited and the customer base and certain assets of CPL, AMP is becoming one of the largest distributors of wood fuels to RHI-led end customers. The wood fuels business has also grown its customer volumes with organic growth during the year.
2. Grow pipeline of biomass boiler developments and existing boiler acquisitions generating development fees and future carried interest from AMPIL Loan Note issuance.	**Achieved.** The results for Project Development reflect development fees earned on boiler buy backs and their remains a strong pipeline of industrial renewables and boiler investments for AMPIL. AMP arranged a further tap issue for AMPIL of £29.5m which completed on 25 May 2017.
3. Generate development fees and future carried interest from natural gas peaking plants and from battery storage projects.	**Partially Achieved.** The results for Project Development reflect development fees earned on selling the development rights in respect of two gas peaking plant developments. No battery storage sites were acquired or developed during the year due to forecast future revenues not being sufficient to meet target returns acceptable to AMPIL.
4. Build up annuity revenues from developing or acquiring an energy focused asset management business.	**Not Yet Achieved.** AMP continues to explore financing opportunities to create a dedicated grid balancing fund which would provide additional annuity-style asset management revenues.
5. Continue to invest in businesses aligned to our corporate strategy and objectives.	**Achieved.** AMP has made two investments in IncubEx during the financial year which has created significant balance sheet value pursuant to our accounting for investments policy.
6. Supplement AMP's cash resources with additional new funding from one or a combination of: the issue of new Ordinary Shares for cash; the issue of new Convertible Notes; the refinancing of existing assets; raising project finance from third party providers; asset financing of core items of equipment; or any other compelling financing mechanism where the Directors consider doing so to be in the best interests of the company and its Shareholders.	**Achieved.** The Company issued 1.6m shares to Drax and successfully completed a £3.6m placing for cash in November at a 98.5p per Ordinary Share. Following the recent acquisitions in the Wood Fuels business, the Group has been able to increase both its asset finance and invoice discounting facilities.

Risk factors

The principal risks of the business are documented below:

Risk	Mitigation Procedure
Staff retention risk	Long term lock in arrangements and incentivisation structure to retain key staff through equity ownership. Contractual minimum notice periods for key staff sufficient to ensure time for recruitment/handover.
Public policy risk including changes to renewable incentives	Minimise construction timetable for individual projects. Changes to public policy mechanisms can adversely affect project returns but the Group is only exposed during the time between financial close and commencement of operations. Small scale projects which AMP is developing have relatively short construction times and so lower public policy exposure. In addition, where practicable, the company will seek to use existing public policy measures to lock in an entitlement to specific incentive rates before construction commences.
Feedstock price risk	The company will monitor prices and establish a policy for hedging exposures including managing merchant risk, including the development of a wood fuel supply model as a natural hedge against increasing biomass fuel prices. The company will establish supply contracts to minimise exposure and supply shortages where these are available at a reasonable price.
Exchange rate risk	The company will consider forward buying of exchange rate instruments to protect its downside on importing fuels and machinery from abroad.
Brexit	The Brexit vote has three significant implications for the AMP Group: Continued and general uncertainty as regards future Government energy policy and delayed decisions as regards implementation and timing of policy revisions to the RHI and other subsidy frameworks. The Brexit vote and its political aftermath appears to have slowed down Government decision making as ministerial and Government responsibilities have changed. Forest Fuels imports wood pellet from Europe and the weaker pound has made imports more expensive although they still remain competitive compared to UK produced wood pellet. Exchange rate fluctuations can cause a lag effect with gross profit margin when higher import costs cannot be immediately absorbed by increased selling prices. The possible imposition of import tariffs on wood pellet could mean that the Company may need to source a higher proportion of its wood pellet supply from UK producers. There may well be an increase in the need for Grid Balancing sites and therefore further revenue opportunities if energy policy relating to the interconnectors with Europe result in restrictions or tariffs on electricity imported from Europe especially at times of peak demand.
Planning risk	The company will seek to minimise the extent of exposure and financial commitment prior to successful planning approvals.
Environment Agency/Health and Safety risks	Industrial sites have potential exposure to environmental and Health and Safety ('H&S') issues. Health and Safety risk assessment has been undertaken, and relevant policies are in place. Health and Safety review is given priority at management meetings and Board Meetings. Staff training is provided as appropriate.

This Strategic Report was approved by the Board of Directors of the company on 3 July 2018 and signed on their behalf by:

Richard Burrell, Chief Executive Officer

3 July 2018

Director's Report

Strategic report

A review of the business and future developments of the Group are included within the strategic report on page 3.

Results

Results for the year are set out in the Consolidated Statement of Comprehensive Income on page 21 and in the Consolidated Statement of Changes in Equity on page 23.

Directors

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

Auditors

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

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

Directors' responsibilities

The Directors are responsible for preparing the Strategic report and Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state for the Group financial statements whether they have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- state for the company financial statements whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Director's Report continued

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

As at 31 March 2018 the group had £4.1m in cash and net current assets of £2.3m. The directors and management have prepared a cash flow forecast to June 2019, 12 months from the date this report has been approved, which shows the group will remain cash positive. The directors and management note that given the seasonality of the fuels division revenues and the unpredictability of earning revenues on development fees, the first 6 months of cash flow forecast contains sensitivity. The directors and management manage this sensitivity by:

- Risk weighting the development fee revenues based on prudent chance of success of completion;
- Managing working capital through enhanced debtor collection, constant communication with key suppliers and managing costs in line with movements in revenues;
- In May 2018 the company drew down on a short term working capital facility which has provided £1.4m in further funding. This facility is secured on inventory;
- Monitoring other short term credit lines available to the group.

We note that the short term facility drawn in May is repayable in 6 months' time. The directors and management are confident that either the funds will be repaid through cash generated, the term extended or the sale of the secured assets will cover the amounts owed. The directors and management are confident that the group will trade in line with the forecasts prepared and have therefore prepared the accounts on a going concern basis.

Website publication

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

Remuneration

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

	Year ended 31 March 2018			Year ended 31 March 2017		
Director	**Salary**	**Other benefits**	**Total**	**Salary**	**Other benefits**	**Total**
Neil Eckert	209,100	2,007	211,107	205,000	3,531	208,531
Richard Burrell*	104,550	20,910	125,460	102,500	20,500	123,000
Mark Tarry	142,800	15,301	158,101	150,000	15,704	165,704
Sir Laurence Magnus	25,000	-	25,000	25,000	-	25,000
Sir Brian Williamson	15,000	-	15,000	15,000	-	15,000
The Rt. Hon. Sir Nicholas Soames	15,000	-	15,000	15,000	-	15,000
Robert Bland DL	15,000	-	15,000	7,500	-	7,500
Total	**526,450**	**38,218**	**564,668**	**520,000**	**39,735**	**559,735**

* In addition to the above, consultancy services to the Group under a consultancy agreement between AMP Energy Services Limited and Mathieson Capital Investment Management Limited were also provided during the year. Mr Burrell has a significant interest in Mathieson Capital Investment Management Limited. The fee for these services was £104,550 (2017: £102,500).

Director's Report continued

Directors' interests

The following Directors held shares in the company as at 31 March 2018

Neil Eckert[1]	7,850,700
Richard Burrell[2]	2,730,000
Mark Tarry	230,000
Sir Laurence Magnus[3]	175,000
Sir Brian Williamson[4]	100,000
The Rt. Hon. Sir Nicholas Soames	50,000

1 Neil Eckert also owns £950,000 nominal of Convertible Notes as at 31 March 2018 following the acquisition of Forest Fuels

2 30,000 shares held by Mathieson Capital Fund Management LLP an entity owned by Richard Burrell. Richard Burrell also owns 400,000 Convertible Notes held via his SIPP with Platform Securities Nominees Limited as Nominee issued on 19 December 2016

3 Sir Laurence Magnus also owns £46,250 nominal of Convertible Notes as at 31 March 2018 following the acquisition of Forest Fuels

4 Sir Brian Williamson also owns £20,000 nominal of Convertible Notes as at 31 March 2018 following the acquisition of Forest Fuels

5 Robert Bland also owns £290,613 nominal of Convertible Notes as at 31 March 2018 following the acquisition of Forest Fuels

Dividend

No dividend is recommended to be paid in respect of the 2018 period (2017: nil).

Events after the reporting period

Refer to Note 31 to the accounts for details of events after the reporting date.

Financial instruments

Note 24 to the accounts sets out details of the Group's exposure to financial instruments.

Directors and their disclosures

Details of the composition of the Board of Directors are set out on page 11.

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

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

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

This Directors' Report was approved by the Board of Directors of the company on 3 July 2018 and signed on their behalf by:

Richard Burrell, Chief Executive Officer

3 July 2018

Corporate Governance

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

Constitution of the board

During the period there were nine full board meetings. The Audit Committee met twice during the period. The Remuneration Committee met once and the Nomination Committee did not meet.

The board was comprised of the following:

Sir Laurence Magnus	Senior Non-executive
Sir Brian Williamson	Non-executive
The Rt. Hon. Sir Nicholas Soames	Non-executive
Robert Bland DL	Non-executive
Neil Eckert	Executive Chairman
Richard Burrell	Chief Executive Officer
Mark Tarry	Chief Financial Officer and Head of Projects

Committees of the board

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

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

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

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

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

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

Attendance at meetings

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

Sir Laurence Magnus	(8/9)
Sir Brian Williamson	(6/9)
The Rt. Hon. Sir Nicholas Soames	(5/9)
Robert Bland DL	(5/9)
Neil Eckert	(9/9)
Richard Burrell	(8/9)
Mark Tarry	(7/9)

Corporate Governance continued

Bribery Act compliance

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

Matters reserved for the Board

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

Relations with shareholders

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

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

Opinion

We have audited the financial statements of Aggregated Micro Power Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, the Company Statement of Financial Position and the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard *102 the Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**Accounting for the acquisition of Billington Bioenergy Limited**
	On 25 October 2017 the Group acquired 100% of the ordinary share capital in Billington Bioenergy Limited. (See Note 12 and the accounting policies in Note 1). Management determined that the group obtained control as of this date and that it met the definition of a business combination under IFRS 3 and should be consolidated from the date control passed. Customer contract intangibles of £375k and goodwill of £231k were recognised at the date of acquisition alongside the fair value of the assets of £2,194k. Given the size of the acquisition and the key judgements applied by management in determining the fair value of the intangible customer contracts, this was deemed a key audit matter.
How we addressed the key audit matter in the audit	We agreed the legal documentation to support that all conditions precedent had been fulfilled at 25 October 2017 and the group had legal title. We agreed the issue of 1,625k of shares and the cash payment of £0.35m, which agreed to the total consideration in the Share Purchase Agreement. We obtained management's assessment of the acquisition balance sheet and based on our knowledge of the operations we critically challenged the existence and completeness of the assets and liabilities acquired. Management has separately valued a Customer Contract Intangible. Our testing of the valuation applied included agreeing revenue contracts, expected margins and free cashflows and assessing the assumptions around attrition rates and discount rates applied against the expected revenue from the customers.

Key Audit Matter	**Accounting for the acquisition of Highland Wood Energy Limited**
	On 28 June 2017 the Group acquired 50.1% of the ordinary share capital in Highlands Wood Energy Limited ('HWE') Limited. (See Note 12 and the accounting policies in Note 1). Management determined that the group obtained control as of this date and this meets the definition of a business combination under IFRS 3 and should be consolidated from the date control passed. Within the acquisition agreement there was an option to acquire the additional 49.9% for £2,000k, the option expires after 3 years. Management are required to assess the valuation of this option at each reporting date. Goodwill of £85k was recognised at the date of acquisition alongside the fair value of the assets of £829k, no customer contract intangibles were identified. Given key judgements applied by management in determining the fair value of the net assets acquired, this was deemed a key audit matter.
How we addressed the key audit matter in the audit	We agreed the legal documentation to support that all conditions precedent had been fulfilled at 28 June 2017 and the group had legal title. We agreed the total cash consideration of £500k to bank, which agreed to the total consideration in the share purchase agreement.

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

	We obtained management's assessment of whether the option to purchase the additional 49.9% had value at the end of the reporting period and challenged their assumptions. We obtained management's assessment of the acquisition balance sheet and based on our knowledge of the operations we critically challenged the existence and completeness of the assets and liabilities acquired.

Key Audit Matter	**Valuation of investment in Incubex**
	As detailed in note 20, the group holds a 29.08% investment in Incubex, a carbon credit exchange business. In accordance with the Investment in Associate accounting policy in Note 2, the investment is accounted for at fair value through profit and loss in line with the venture capital organisation exemption under IAS 28. The investment is unlisted and the valuation has been based on a share issue subscription which occurred on 28 March 2018. Management are required to assess at each reporting date whether they continue to meet the characteristics of a venture capital organisation under IAS28. If they do not meet the characteristics of a VCO, the investment would need to be valued under the equity method. Given the key judgements applied by management in determining the nature and value of the investment this is deemed a key audit matter.
How we addressed the key audit matter in the audit	We have assessed whether the parent company still meets the characteristics of venture capital organisation and is entitled to elect to recognise the investment in Incubex at fair value. We agreed the underlying number of shares held by the group to share certificates, as well as the Incubex Share Register The share subscription price at 28 March 2018 was agreed to cash. We have agreed management's assessment that we do not control Incubex, by determining the rights held of the shares owned Incubex. We have reviewed management's valuation of the investment, agreeing to the latest capital raise with the group and independent shareholders who had also participated in the share placing.

Key Audit Matter	**Going Concern**
	As at 31 March 2018 the group had £4.1m in cash and net current assets of £2.3m. The directors and management have prepared a cash flow forecast to June 2019, 12 months from the date this report has been approved, which shows the group will remain cash positive. The group experiences sensitivity in the first 6 months of its cash flow forecast due to the seasonality of revenues from the forest fuels division and unpredictability of earning revenues on project development fees.

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

	Given the key judgements applied by the directors and management in preparing the cash flow forecast and the inherent sensitivities, we continue to assess going concern as a significant risk.
How we addressed the key audit matter in the audit	We have agreed the opening cash position used in the cash flow forecast to the audited position at 31 March 2018. We have challenged the key estimates applied to EBITDA forecasts through to historical past performance, actual results to date for the 2019 financial year and industry trends for growth. We have challenged management as to the timing of cash inflows in relation to project development fees. We have obtained management's risk weighted analysis for the completion of project developments. For fees forecast to be earned in the first 6 months of the financial year we have agreed correspondence with the customer that supports management's assessment on the chance of completion. We have sensitised the cash flows to evaluate the minimum funding requirements. The group has drawn down on a secured short term working capital facility in May 2018 and we have verified the loan agreement and the terms within. The loan has a maturity of 6 months from the point of drawdown and we challenged management on the group's ability to repay or extend the stock loan. We have reviewed the disclosure regarding going concern in the directors' report and notes to the financial statements to ensure these are reasonable based on the work performed above.

Our application of materiality

	FY2018	FY2017
Group materiality	£300,000	£275,000
Basis for determining materiality	6.5% of Profit before Tax	1.5% of revenue
Parent company Materiality	£270,000	£248,000
Basis for determining materiality	Capped at 90% of group materiality	Capped at 90% of group materiality

Group performance materiality	£225,000	£200,000
Basis for performance materiality	75% of group materiality	75% of group materiality
Parent company performance materiality	£202,500	£186,000
Basis for performance materiality	75% of materiality	75% of Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

We have determined a profit based measure is appropriate as the group is currently growing in revenues from the acquisitions made of Patchwork Energy Limited, and Midlands Wood Fuels Limited in the prior period and Highland Wood Energy Limited and Billington Bioenergy Limited in the current period.

Whilst materiality for the financial statements as a whole was £300,000, each significant component of the group was audited to a lower level of materiality of £270,000. Performance materiality has been set at 75% of materiality, this percentage has been selected by assessing criteria such as historic judgement levels, complexity, history of errors found, and the control environment in the group. The performance materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £8,000 (2017:£5,500).

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

Our group audit scope focused on the group's largest trading entity Forest Fuels and the new acquisitions Highlands Wood Energy Limited and Billington Bioenergy Limited, which were subject to a full scope audit. Forest Fuels Limited, Highlands Wood Energy Limited and Billington Bioenergy Limited all form part of the wood fuels operating segment, these components provide pellet, woodchip and heat fuel sales. Highlands Wood Energy has incorporated operations and maintenance services of Boilers into the group. Together with the parent company and its group consolidation, which was also subject to a full scope audit, these represent all the trading components of the group. All of the components including the group were audited by BDO London.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

3 July 2018

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

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Continuing operations			
Revenue	4	43,162,969	19,719,142
Cost of sales		(33,669,621)	(14,245,059)
Gross profit		**9,493,348**	**5,474,083**
Other operating income	5	127,702	397,585
Administrative expenses		(11,115,929)	(5,899,702)
Non-recurring administrative expenses		(461,951)	-
Restructuring expenses incurred	6	(1,119,046)	-
Restructuring provision	6	(569,678)	-
Total administrative costs		(13,266,604)	(5,899,702)
Fair value adjustment on deferred consideration	28	(848,194)	-
Gain on financial asset at fair value through profit or loss	23	7,507,175	1,879,044
Profit from operations	6	**3,013,427**	**1,851,010**
Finance income		3,105	2,004
Finance expense	8	(1,353,830)	(919,534)
Profit before tax		**1,662,702**	**933,480**
Tax credit	9	255,775	94,369
Profit and total comprehensive income for the year		**1,918,477**	**1,027,849**
Profit for the year attributable to:			
Owners of the business		1,953,417	1,027,849
Minority Interest		(17,470)	-
		1,935,947	**1,027,849**
Earnings per share attributable to the ordinary equity holders of the parent	29	**4.85**	**3.19**

The notes on pages 21 to 65 form an integral part of these financial statements

Consolidated Statement of Financial Position

As at 31 March 2018 Company number: 08372177

	Note	31 March 2018 £	31 March 2017 £
Non-current assets			
Property, plant and equipment	10	6,314,203	2,364,747
Investment in associate	23	11,410,120	2,402,945
Intangibles	11	10,138,105	9,862,560
Total non-current assets		**27,862,428**	**14,630,252**
Current assets			
Inventories	13	5,442,630	2,609,018
Trade and other receivables	14	12,628,694	10,747,768
Cash and cash equivalents	15	4,161,375	818,966
Total current assets		**22,232,699**	**14,175,752**
Total assets		**50,095,127**	**28,806,004**
Current liabilities			
Trade and other payables	16	19,005,876	8,052,510
Provisions	19	569,678	-
Loans and borrowings	18	631,244	494,412
Total current liabilities		**20,206,798**	**8,546,922**
Non-current liabilities			
Loans and borrowings	18	10,304,022	9,270,958
Deferred contingent consideration	17	812,039	8,218
Deferred tax liability	9	695,157	571,115
Total non-current liabilities		**11,811,218**	**9,850,291**
Total liabilities		**32,018,016**	**18,397,213**
Net assets		**18,077,111**	**10,408,791**
Equity			
Paid up share capital	20	215,956	189,052
Share premium	20	16,192,845	12,519,616
Merger reserve		6,648,126	6,648,126
Other reserve	20	10,682,431	9,046,180
Convertible debt option reserve		1,149,255	1,453,603
Retained deficit		(17,207,491)	(19,447,786)
Equity attributable to equity shareholders of the parent company		17,681,122	10,408,791
Non-controlling interest	30	395,989	-
Total equity		**18,077,111**	**10,408,791**

The financial statements were approved by the Directors on 3 July 2018 and signed on their behalf by:

Richard Burrell, Chief Executive Officer

The notes on pages 21 to 65 form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For year ended 31 March 2018

	Share capital £	Share premium £	Retained deficit £	Merger reserve £	Other Reserve £	Convertible debt option reserve £	Total £	Non-Controlling Interests £	Total Equity £
Equity as at 1 April 2016	144,423	11,069,200	(20,475,635)	6,648,126	4,546,180	559,279	2,491,573	-	2,491,573
Profits for the period	-	-	1,027,849	-	-	-	1,027,849	-	1,027,849
Total comprehensive income	-	-	1,027,849	-	-	-	1,027,849	-	1,027,849
Issue of share capital	44,629	1,490,370	-	-	4,500,000	-	6,034,999	-	6,034,999
Equity element of convertible debt	-	-	-	-	-	894,324	894,324	-	894,324
Share issue cost	-	(39,954)	-	-	-	-	(39,954)	-	(39,954)
Year ended 31 March 2017	**189,052**	**12,519,616**	**(19,447,786)**	**6,648,126**	**9,046,180**	**1,453,603**	**10,408,791**	**-**	**10,408,791**

Year ended 31 March 2018	Share capital £	Share premium £	Retained deficit £	Merger reserve £	Other Reserve £	Convertible debt option reserve £	Total £	Non-Controlling Interests £	Total Equity £
Equity as at 1 April 2017	189,052	12,519,616	(19,447,786)	6,648,126	9,046,180	1,453,603	10,408,791	-	10,408,791
Profit for the period		-	1,935,947	-	-	-	1,935,947	(17,470)	1,918,477
Total comprehensive income	-	-	1,935,947	-	-	-	1,935,947	(17,470)	1,918,477
Issue of share capital	26,904	3,681,229	-	-	1,591,878	-	5,300,011	-	5,300,011
Equity element of convertible debt	-	-	304,348	-	-	(304,348)	-	-	-
Fair value adjustment of EMI Options	-	-	-	-	44,373	-	44,373	-	44,373
Share issue cost	-	(8,000)	-	-	-	-	(8,000)	-	(8,000)
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	413,459	413,458
Year ended 31 March 2018	**215,956**	**16,192,845**	**(17,207,491)**	**6,648,126**	**10,682,431**	**1,149,255**	**17,681,122**	**395,989**	**18,077,111**

Share capital: Nominal value of shares issued.

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

Capital contribution: Relates to funding from the shareholders for which no share capital was issued and that funding meets the definition of an equity instrument.

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

Merger reserve: Created on the issue of shares on acquisition of its subsidiary accounted for in line with the Company's Act 2006 provisions.

Other reserve: Amount raised through the use of a cashbox structure and applying merger relief on business combination where the consideration for shares in another company includes issued shares and on completion of the transaction, the company issuing the shares will have secured at least a 90% equity holding in the other company.

Convertible debt option reserve: Amount recorded as equity on the initial fair value measurement of issued convertible loan notes.

The notes on pages 21 to 65 form an integral part of these financial statements

Consolidated Statement of Cash Flows

For year ended 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
Operating activities			
Profit for the period after tax		1,918,477	1,027,849
Adjustments for:			
Write off of development fees		-	57,734
Provision for restructure	19	569,678	-
Tax credit	9	(64,624)	(94,369)
Interest Income		(3,104)	(2,004)
Fair value adjustment on financial liabilities at fair value through profit and loss	28	803,821	-
Gain on financial asset at fair value through profit and loss		(7,507,175)	(1,879,044)
Loss/(Profit) on disposal of Property, Plant & Equipment		18,351	(151,368)
Finance Cost	8	1,353,830	919,533
Movement in foreign exchange		640,099	34,980
Amortisation of intangibles		421,810	174,672
Depreciation of property, plant and equipment	10	950,129	358,561
Cash flows from operating activities before changes to working capital		(898,708)	446,544
Change in working capital, net of effects from acquisition of subsidiaries			
(Increase)/decrease in inventories		(2,371,276)	(175,765)
(Increase)/decrease in trade and other receivables		(304,855)	(5,621,012)
Increase/(decrease) in trade and other payables		6,536,981	1,368,021
		3,860,850	(4,428,756)
Cash generated/(used) from operations		**2,962,142**	**(3,982,212)**
Investing activities			
Acquisition of a subsidiary, net of cash acquired		-	(1,850,888)
Investment in associate		(1,500,000)	(523,901)
Purchase of intangibles		-	(1,113,939)
Purchase of property, plant and equipment		(1,661,474)	(242,053)
Proceeds from sale of property, plant and equipment		300,368	402,923
Loans to third party		-	(92,736)
Interest received		3,104	2,004
Net cash used in investing activities		**(2,858,002)**	**(3,418,590)**
Financing activities			
Share issue cost		(8,000)	(39,954)
Proceeds from invoice discounting		1,010,739	2,076,977
Proceeds from issue of convertible notes		-	4,843,462
Proceeds from issue of ordinary shares		3,752,496	1,534,999
CLN issue cost		-	(138,649)
Payments of interest on borrowings		(967,682)	(590,245)
Payments on financial lease		(549,284)	(268,692)
Net cash used in financing activities		**3,238,269**	**7,417,898**
Net increase in cash and cash equivalents		3,342,409	17,096
Cash and cash equivalents at beginning of period		818,966	801,870
Cash and cash equivalents at end of period	21	**4,161,375**	**818,966**

The notes on pages 21 to 65 form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2018

1 Accounting policies

Basis of preparation

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

Comparative figures in the financial statements are in respect of the audited twelve month period to 31 March 2018.

These financial statements have been prepared under the historical cost convention (except for items measured at fair value through profit and loss) and in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

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

Restatement

The Cash Flow Statement has been restated for non-cash movements between operating, investing and financing cash flows. As part of this, the invoice discounting movement has been removed from the movement in trade and other payables, and included in financing activities.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2017

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the Group's financial statements.

b) New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are:

- IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (both mandatorily effective for periods beginning on or after 1 January 2018); and
- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019).

IFRS 9 Financial Instruments

The Group has identified that the adoption IFRS 9, which replaces IAS 39 Financial Instruments:

Recognition and Measurement from 1 January 2018, could impact its consolidated financial statements in that the Group will need to apply an expected credit loss model when calculating impairment losses on its trade and other

receivables (both current and non-current). This will result in an immaterial increase in the impairment provision with the requirement to factor in forward looking information when estimating the appropriate amount of provision, as the existing level of historic bad debt write off in comparison to debtors is low.

Notes to the Financial Statements continued

For the year ended 31 March 2018

1 Accounting policies continued

IFRS 15 Revenue from Contracts with Customers

The Group derives revenue from the sale of wood fuels, sale of heat contracts, operation and maintenance services and development fees. IFRS 15 will impact revenue derived from the sale of heat contracts, operations and maintenance, however this counts for a small portion of revenue in relation to the Group as the Group continues to work through the and Restructure the Operations and Maintenance Division, we are finalising the Impact of IFRS 15 of the operations and maintenance contracts.

IFRS 16 Leases

Adoption of IFRS 16 will result in the Group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. This treatment would result in discounting future lease payments and recognising the right of use of assets as a fixed asset and long-term liability in the financial statements. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The impact of future periods is being considered and Management are in the process of quantifying the impact.

Basis of consolidation

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

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

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

Business combinations

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

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

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

1 Accounting policies continued

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

Goodwill

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income. An impairment loss recognised for goodwill is not reversed.

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

Intangibles acquired in a business combination

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

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

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

Intangible asset	Useful economic life	Valuation method
Brand	20 years	Estimated discounted cash flows
Long term contracts and customer relationships	10 years	Estimated discounted cash flows

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

Notes to the Financial Statements continued

For the year ended 31 March 2018

1 Accounting policies continued

Going concern

As at 31 March 2018 the group had £4.1m in cash and net current assets of £2.3m. The directors and management have prepared a cash flow forecast to June 2019, 12 months from the date this report has been approved, which shows the group will remain cash positive. The directors and management note that given the seasonality of the fuels division revenues and the unpredictability of earning revenues on development fees, the first 6 months of cash flow forecast contains sensitivity. The directors and management manage this sensitivity by:

– Risk weighting the development fee revenues based on prudent chance of success of completion;

– Managing working capital through enhanced debtor collection, constant communication with key suppliers and managing costs in line with movements in revenues;

– In May 2018 the company drew down on a short term working capital facility which has provided £1.4m in further funding. This facility is secured on inventory;

– Monitoring other short term credit lines available to the group.

We note that the short term facility drawn in May is repayable in 6 months time. The directors and management are confident that either the funds will be repaid through cash generated, the term extended or the sale of the secured assets will cover the amounts owed. The directors and management are confident that the group will trade in line with the forecasts prepared and have therefore prepared the accounts on a going concern basis.

Revenue recognition

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

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

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

AMP has also acted as agent for other developers introducing projects to AMPIL. In such circumstances development fees have been shared and the fees have been recognised net of any commissions payable to third parties, and are recognized as the services are delivered. Deferred development fees are only recognised when it is probable that future economic benefits will flow to the entity.

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

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

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

1 Accounting policies continued

Retirement Benefits: Defined contribution schemes

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

Property, plant and equipment

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

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

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

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

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

Impairment

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

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

Financial instruments

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

Financial assets

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

Financial assets are classified as loans and receivables, and financial assets at fair value through profit or loss (FVPL).

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

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

Financial assets and liabilities at FVPL

Financial instruments designated as at FVPL upon initial recognition, this includes an investment in associate. This financial asset is designated upon initial recognition on the basis that it is the first of a Group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

Notes to the Financial Statements continued

For the year ended 31 March 2018

1 Accounting policies continued

In accordance with the exemption within IAS 28 Investments in Associates and Joint Ventures, the Group does not account for its investments in associates using the equity method. Instead, the Group has elected to measure its investments in associates at FVPL.

This investment in associate has initially been recognised in the statement of financial position at fair value.

After initial measurement, the Group measures its financial instruments which are classified as at FVPL, at fair value.

Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Financial liabilities

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

Financial liabilities at fair value through profit and loss

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

Fair value measurement

The Group measures its investment in associate at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same).

The Group has classified the investment in associate as Level 3.

Other financial liabilities

Other financial liabilities include the following items:

Loans and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Loans and borrowings include an invoice discounting facility.

Liability components of convertible loan notes are measured as described further below.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1 Accounting policies continued

Convertible debt

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

The equity component is assigned to the residual amount after deducting this fair value liability from the fair value of the financial instrument as a whole. It is recognised in the 'Convertible debt option reserve' within shareholders' equity, net of income tax effects. More information is provided in note 18.

Foreign currency

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

Share Capital

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

Leased Assets

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

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

Deferred taxation

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

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

Notes to the Financial Statements continued

For the year ended 31 March 2018

1 Accounting policies continued

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

Operating Segments

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

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

Inventories

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

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

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

Government grants

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

Invoice Discounting

Invoice discounting is a short term working capital facility provided by the Royal Bank of Scotland to be used for the designated purpose of remitting sales invoices in the fuels segment where customers have been granted long credit terms over 30 days. The facility has a total available drawn down value as at 31 March 2018 of £5.4m.

The facility has been recognised as trade and other payables per note 16. The Group is committed to underwrite any invoices that are not presented for payment by the customer to the bank.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

1 Accounting policies continued

Restructuring Provisions

The group has recognised a provision liability of uncertain timing or amount for costs which relate to restructuring, involving dilapidations, closing of depots and onerous contracts. The provision is measured at the best estimate of the expenditure required to settle the obligation at reporting date.

2 Critical accounting estimates and judgements

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

(a) Property, plant and equipment

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

(b) Fair value of deferred contingent consideration

The fair value of Neil Eckert's and Richard Burrell's deferred contingent consideration relating to the Group's merger and acquisition of AMP Energy Services Limited (formerly Environova Consulting Limited) and Mathieson Biomass Limited respectively has been valued to market and recognised in the statements of comprehensive income and financial position. For details of the estimates and judgements see note 28.

The fair value of the deferred contingent consideration relating to the Group's acquisition of Forest Fuels Holdings Limited and its controlled subsidiaries has been valued to market and recognised in the statements of comprehensive income and financial position. For details of the estimates and judgements see note 28.

(c) Impairment of assets

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

(d) Loan receivables

The Real Ventures loan receivables was repaid in part with the balance being written off during the financial year ended 31 March 2018 nil (2017: £528,000). These loans were previously included in trade and other receivables.

(e) Taxes

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

Notes to the Financial Statements continued

For the year ended 31 March 2018

2 Critical accounting estimates and judgements continued

(f) Valuation of intangible assets

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

(g) Useful lives of intangible assets

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

- The useful life of long term contracts and customer relationships principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge.

(h) Investment in associate – financial asset at fair value through profit or loss

In accordance with the exemption within IAS 28 Investments in Associates and Joint Ventures, the Group does not account for its investments in associates using the equity method. Instead, the Group has elected to measure its investments in associates at FVPL. The Directors have assessed that the Group meets the definition of a "venture capital organisation". Such characteristics of a venture capital organisation may include, but are not limited to:

- investments are held for the short- to medium-term rather than for the long-term;
- the most appropriate point for exit is actively monitored; and
- investments form part of a portfolio, Incubex being the first investment of such nature, which is monitored and managed separately from the core operational business and without distinguishing between investments that qualify as associates or joint ventures and those that do not.

The Group's intention is to hold investments in associates for up to 5 years. The strategy of the Group is to hold significant interest in the companies within the same sector of operation and subsequently engage in an exit strategy.

(i) Interest in other entities

In accordance with IFRS 12, the Group considers Aggregated Micro Power Infrastructure 2 Plc ("AMPIL") to be an unconsolidated structured entity. The Group considers it has neither control nor significant influence. There are no Group directors on the board of AMPIL. There is no equity interest ownership held by the Group in AMPIL. AMPIL is owned and governed by a third party in The Law Debenture Corporation Plc. (see further disclosures in Note 32)

(j) Call Option to purchase remaining shares in Highland Wood Energy

Management has considered the option to acquire the remaining 49.9% shareholding in Highlands Wood Energy Limited, has an immaterial value at 31 March 2018. Management reassess the value of this option at each reporting date.

Notes to the Financial Statements continued

For the year ended 31 March 2018

3 Segmental information

For management purposes, the Group is organised into business units based on its products and services. During the period, the Group's three main operating segments were: Project Development, Wood Fuels and Investments & HQ.

- AMP's project development division develops, finances and manages distributed energy projects focusing on biomass heat and biomass CHP for a wide range of applications and customers. We also develop and finance gas-fired peaking plants to provide reserve power at times of peak demand.
- Wood Fuels sells high quality wood chip and wood pellet to end customers throughout the UK and Scotland in the form of fuel only contracts, heat contracts and/or fuels plus operation and maintenance.
- AMP Investments and HQ aim to grow funds under management. It includes the overhead costs of the Board and related PLC expenses.

The directors have taken the decision to report segment performance on an "adjusted" earnings before interest, taxation, depreciation and amortization ("EBITDA") basis disclosed. The Company has engaged in multiple acquisitions over the course of financial years ending 2017 and 2018, which has resulted in significant exceptional and non-recurring expenses incurred or provisioned during the natural process of integrating and restructuring the wood fuel business segment. In addition there was further non-recurring expenses incurred due to macro events, partial write off of a biomass development investment site and unanticipated expenditure relating to wood chip activities.

These exceptional and non-recurring expenses are disclosed below EBITDA in order to give the users of these financial statements a clearer understanding of normalised operational performance as well as provide relevant comparatives for the forthcoming financial year. Further disclosure of these expenses have been made in note 6.

The Group was exclusively focused on UK operations, and all non-current assets are located in the UK.

Notes to the Financial Statements continued

For the year ended 31 March 2018

3 Segmental information continued

The performance of each segment is reported below.

Year Ending 31 March 2018	Wood fuels £	Project development £	HQ & Investments £	Total £
Revenue	40,009,412	3,153,557	-	43,162,969
Cost of sales	(32,018,545)	(739,975)	-	(32,758,520)
Gross profit	**7,990,867**	**2,413,582**	**-**	**10,404,449**
Other operating income	122,672	-	5,030	127,702
Administrative expenses	(6,178,614)	(1,186,414)	(1,717,647)	(9,082,675)
***Adjusted EBITDA**	**1,934,925**	**1,227,168**	**(1,712,617)**	**1,449,476**
Depreciation	(917,997)	-	(32,132)	(950,129)
Finance Expense	(410,226)	-	(943,604)	(1,353,830)
Amortisation Intangibles	-	-	(421,810)	(421,810)
P&L on sale of Assets	(18,353)	-	-	(18,353)
FX Gain/Loss	(639,860)	-	-	(639,860)
Cost of sales – non recurring	(911,101)	-	-	(911,101)
Administrative costs non -recurring	(461,951)	-	-	(461,951)
Restructuring costs incurred	(582,996)	(504,280)	(31,768)	(1,119,044)
Restructuring provision	(569,677)	-	-	(569,677)
Gain on financial asset at fair value through profit or loss	-	-	7,507,175	7,507,175
Fair value adjustment on deferred consideration	-	-	(848,194)	(848,194)
Tax credit	-	-	255,775	255,775
Profit/(Loss) for the year	**(2,577,236)**	**722,888**	**3,772,825**	**1,918,477**
Segment assets	14,958,921	3,383,748	31,752,458	50,095,127
Segment liabilities	(15,330,888)	(863,460)	(15,823,668)	(32,018,016)
	(371,967)	**2,520,288**	**15,928,790**	**18,077,111**

* Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation.

Notes to the Financial Statements continued

For the year ended 31 March 2018

3 Segmental information continued

Year Ending 31 March 2017	Wood fuels £	Project development £	HQ & Investments £	Total £
Revenue	15,841,292	3,877,850	-	19,719,142
Cost of sales	(12,825,159)	(1,419,899)	-	(14,245,058)
Gross profit	**3,016,133**	**2,457,952**	**-**	**5,474,084**
Other operating income	235,776	163,812	-	399,588
Administrative expenses	(2,494,726)	(879,688)	(1,845,477)	(5,219,891)
Adjusted EBITDA*	**757,183**	**1,742,076**	**(1,845,478)**	**653,781**
Depreciation	(353,760)	-	(4,799)	(358,559)
Finance expense	(114,963)	-	(469,323)	(584,286)
Amortisation Intangibles	-	-	(174,672)	(174,672)
CLN interest	-	-	(335,248)	(335,248)
P&L on sale of Assets	151,368	-	-	151,368
Other Non-Recurring Costs	(72,914)	(99,672)	(125,362)	(297,948)
Fair value adjustment on investment in associate	-	-	1,879,044	1,879,044
Tax credit	59,614	-	34,755	94,369
Profit/(Loss) after tax	**426,528**	**1,642,404**	**(1,041,083)**	**1,027,849**
Segment assets	9,752,329	5,875,686	13,294,229	28,922,244
Segment liabilities	(8,002,478)	(548,288)	(9,962,687)	(18,513,453)
	1,749,851	**5,327,398**	**3,331,542**	**10,408,791**

* Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation.

4 Revenue

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Electricity generation	-	15,296
Wood fuel sales	39,760,437	15,522,328
Development, Management and Consultancy fees	3,153,557	4,181,518
RHI income (Heat contracts)	248,975	-
	43,162,969	**19,719,142**

5 Other operating income

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Rental income	-	45,834
Other income	127,702	351,752
	127,702	**397,585**

Notes to the Financial Statements continued

For the year ended 31 March 2018

6 Operating profit

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Depreciation	950,129	358,561
Amortisation intangibles	421,810	174,672
Auditors remuneration:		
– audit related services for the audit of this company	11,577	11,240
– audit related services for the audit of the subsidiaries	131,737	116,750
Foreign Exchange Loss	640,099	34,980
Operating lease payments	64,800	10,466
Staff costs	4,634,426	2,938,924
Licence to occupy payments	789,601	621,093
P&L on sale of Asset	18,352	(151,368)
Consultancy Fees	766,038	482,238
Other Administrative expense	2,687,361	1,004,199

The Group has completed on a number of wood fuels acquisitions over the last two years which has resulted in significant exceptional and non-recurring expenses being incurred. This has included a restructuring provision which has been recognised following the announcement of the planned restructuring the wood fuel business segment, which was announced in March 2018. We have discussed each of these in turn.

Non recurring cost of sales

Non recurring cost of sales expenses of £911,000 (2017: nil) relate to a number of additional charges which include, *inter alia*, certain costs related to drying contract inefficiencies. Following the implementation of HWE's operation and maintenance service's, these are not expected to occur in the future.

Restructuring provision

The restructuring provision costs of £569,678 (2017: nil) relate to the closure of certain depots and includes the termination payments under lease contractual arrangements and dilapidation costs to be incurred.

Restructuring expenses incurred

The restructuring expenses of £1,119,046 (2017: nil) are costs incurred to date as part of the restructuring and integration and include costs of integrating IT systems, the impairment of assets which will not be used in the newly integrated business and the rebranding of vehicles.

7 Staff cost (including directors) comprise:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Wages and salaries	4,078,520	2,642,289
Social security contributions and similar taxes	273,357	131,367
Defined contribution pension costs	144,507	92,171
Other personnel related costs	138,042	73,097
	4,634,426	**2,938,924**
Average number of staff	128	50

Notes to the Financial Statements continued

For the year ended 31 March 2018

7 Staff cost (including directors) comprise: continued

Directors' salaries

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Short term employee benefits	526,450	520,000
Payments to Mathieson Capital Investment Management Ltd	104,550	102,500
Other personnel cost	3,029	5,235
Total pension and other post-employment benefit costs	35,190	34,500
	669,219	**662,235**

Highest paid Director

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Short term employee benefits	209,100	205,000
Total pension and other post-employment benefit costs	20,910	20,500
	230,010	**225,500**

Key management personnel are all the Directors of the company.

8 Finance expense

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Interest expense	207,727	65,974
Convertible Loan Note interest	1,074,638	829,068
Finance Lease interest	71,465	24,491
	1,353,830	**919,533**

9 Taxation

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Current tax credit	191,151	59,614
Deferred tax expense	64,624	34,754
Total tax credit	255,775	94,368
	-	-
Profit/(Loss) before income taxes	1,662,650	933,480
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19% (2017: 20%)	315,904	186,696
Expenses not deductible for tax purposes	279,018	113,017
(Gains)/loss not taxable	(1,329,829)	(405,896)
Capital allowances in excess of depreciation (Balance)	-	-
Differences in tax rate	-	-
Unprovided losses carried forward	670,283	11,815
R & D tax credit received	(191,151)	-
Total credit	**(255,775)**	**(94,368)**

Notes to the Financial Statements continued

For the year ended 31 March 2018

9 Taxation continued

Deferred tax

	Consolidated statement of financial position	
	Year ended 31 March 2018 £	**Year ended 31 March 2017 £**
Accelerated depreciation for tax purposes	(56,402)	(56,402)
Fair Value uplift on business combinations	(703,379)	(549,467)
Deferred tax expense/(benefit)	64,624	34,754
Net deferred tax asset/(liability)	**(695,157)**	**(571,115)**

Reconciliation of deferred tax liabilities

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Opening	(571,115)	(307,977)
Deferred taxes acquired in business combinations	(188,666)	-
Deferred taxes on fair value uplift on business combinations	-	(297,891)
Deferred tax expense/(benefit)	64,624	34,754
Closing	**(695,157)**	**(571,115)**

A deferred tax asset on carried forward loss has not been recognised on the basis that there is no certainty over the future taxable profits. Losses carried forward to be utilised against future profits is £9,401,747 (2017: £13,580,490). Deferred tax unrecognised at the end of the year amounts to £1,751,342 (2017: £2,580,293). The deferred tax rate for 31 March 2018 is 19% being the substantively enacted rate at the end of the period.

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

Notes to the Financial Statements continued

For the year ended 31 March 2018

10 Plant, Property and Equipment

	Assets Under Construction £	Farm & Upgrade £	Plant & Machinery £	Office Equipment £	Motor Vehicles £	Total £
Cost						
As at 31 March 2016	**47,740**	**6,906,294**	**1,244,528**	**152,476**	**187,003**	**8,538,041**
Additions for the period	-	-	901,714	66,438	134,321	1,102,473
Additions from Business Combinations	-	-	530,580	68,668	487,123	1,086,371
Disposals for the period	-	-	(360,891)	(829)	(75,290)	(437,010)
As at 31 March 2017	**47,740**	**6,906,294**	**2,315,931**	**286,753**	**733,157**	**10,289,875**
Depreciation						
As at 1 March 2016	**47,740**	**6,906,294**	**757,397**	**3,221**	**38,000**	**7,752,652**
Charge for the period	-	-	236,668	59,560	62,333	358,561
Disposals for the year	-	-	(179,974)	(823)	(5,288)	(186,085)
As at 31 March 2017	**47,740**	**6,906,294**	**814,091**	**61,958**	**95,045**	**7,925,128**
Net book value						
As at 31 March 2016	-	-	487,131	149,256	149,003	785,388
As at 31 March 2017	**-**	**-**	**1,502,840**	**224,795**	**638,112**	**2,364,747**

	Assets Under Construction £	Farm & Upgrade £	Land and Buildings £	Plant & Machinery £	Office Equipment £	Motor Vehicles £	Total £
Cost							
As at 31 March 2017	**47,740**	**6,906,294**	**-**	**2,315,931**	**286,753**	**733,157**	**10,289,875**
Additions from Business Combinations	-	-	278,462	1,585,606	312,005	1,840,336	4,016,409
Additions for the period	16,650	-	32,494	1,601,796	448,160	617,252	2,716,352
Disposals for the period	-	-	-	(269,455)	(169,789)	(20,659)	(459,903)
As at 31 March 2018	**64,390**	**6,906,294**	**310,956**	**5,233,878**	**877,129**	**3,170,086**	**16,562,733**
Depreciation							
As at 31 March 2017	**47,740**	**6,906,294**	**-**	**814,091**	**61,958**	**95,045**	**7,925,128**
Additions from Business Combinations	-	-	-	662,327	215,980	636,154	1,514,461
Charge for the period	3,000	-	17,488	670,419	70,545	188,677	950,129
Disposals for the period	-	-	-	(132,146)	(9,042)	-	(141,188)
As at 31 March 2018	**50,740**	**6,906,294**	**17,488**	**2,014,691**	**339,441**	**919,876**	**10,248,530**
Net book value							
As at 31 March 2017	-	-	-	1,501,840	224,795	638,112	2,364,747
As at 31 March 2018	**13,650**	**-**	**293,468**	**3,219,187**	**537,688**	**2,250,210**	**6,314,203**

The net book value of the assets under lease arrangements at 31 March 2018 were £2,081,459 (31 March 2017: 1,531,428)

There is a fixed and floating charge over the fixed assets of the business in favour of the RBS invoice discounting facility.

Notes to the Financial Statements continued

For the year ended 31 March 2018

11 Intangible Assets

	Long term contracts and customer relationships £	Brand £	Goodwill £	Total £
Cost				
As at 31 March 2016	**611,804**	**785,833**	**1,322,697**	**2,720,334**
Additions for the period	467,079	-	-	467,079
Additions on acquisition of subsidiary	2,436,062	187,000	4,226,757	6,849,819
As at 31 March 2017	**3,514,945**	**972,833**	**5,549,454**	**10,037,232**
Amortisation				
As at 31 March 2016	**-**	**-**	**-**	**-**
Amortisation charge for the period	133,042	41,629	-	174,672
As at 31 March 2017	**133,042**	**41,629**	**-**	**174,672**
Net book value				
As at 31 March 2016	611,804	785,833	1,322,697	2,720,334
As at 31 March 2017	**3,381,903**	**931,204**	**5,549,454**	**9,862,560**

	Long term contracts and customer relationships £	Brand £	Goodwill £	Total £
Cost				
As at 31 March 2017	**3,514,945**	**972,833**	**5,549,454**	**10,037,232**
Additions on acquisition of subsidiary	375,619	-	315,783	691,402
Additions for the period	103,251	-	-	103,251
As at 31 March 2018	**3,993,816**	**972,833**	**5,865,237**	**10,831,886**
Amortisation				
As at 31 March 2017	**133,042**	**41,629**	**-**	**174,672**
Amortisation charge for the period	373,168	48,642	-	421,810
Adjustment of Goodwill	-	-	97,299	97,299
As at 31 March 2018	**506,210**	**90,271**	**97,300**	**693,781**
Net book value				
As at 31 March 2017	3,381,903	931,204	5,549,454	9,862,560
As at 31 March 2018	**3,487,606**	**882,562**	**5,767,937**	**10,138,105**

Goodwill apportioned to the cash generating unit in pounds:

	31 March 2018 £	31 March 2017 £
Forest Fuels	1,685,257	1,782,557
Midland Wood Fuels	760,288	760,388
PEL (Fuel) Limited	3,006,609	3,006,609
Billington Bioenergy Limited	230,899	-
Highland Wood Energy Limited	84,884	-
Total	**5,767,937**	**5,549,454**

Notes to the Financial Statements continued

For the year ended 31 March 2018

11 Intangible Assets continued

Goodwill impairment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The goodwill has all been allocated to the Wood Fuels division. The forecasts provided have been based on historic and expected cash flows. Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Growth rates are set at 2% (2017: 6%). A pre-tax discount rate of 15% (2017: 21%) has been applied to pre-tax cash flows over 5 years.

12 Business combinations

Business combinations in the prior period

Midland Wood Fuels

On 8 August 2016, the Group completed on the acquisition of 100% of the share capital of Midlands Wood Fuels Limited ('MWF'), a wood fuel supplier, for cash consideration of £1,400,000. The acquisition was made to further strengthen the Group's position in the wood fuel market and was funded from the issue of £3.47m Convertible Loan Notes and the placing of 2,308,271 Ordinary Shares at 66.5 pence per Ordinary Share. As part of the acquisition £910,000 of shareholder loans held by the sellers of MWF were novated to Aggregated Micro Power Holdings plc before being exchanged for £910,000 of Convertible Loan Notes. The Group also repaid an existing loan of £135,299 between MWF and Funding Circle.

As at 8 August 2016 MWF had a net asset value of £639,713. These identifiable intangibles recognised have been assessed as part of a fair value exercise at a Group level and are therefore excluded from the opening book value in the table below. The Group has recognised the provisional fair values of identifiable assets and liabilities as follows:

	31 March 2018		
	Opening book value £	Fair value adjustment £	Closing fair value £
Intangibles	-	469,062	469,062
Tangible assets	865,646	-	865,646
Cash	49,112	-	49,112
Inventory	1,175,473	-	1,175,473
Receivables	444,779	-	444,779
Total Assets	**2,535,010**	**469,062**	**3,004,072**
Trade and other payables	765,571	-	765,571
Deferred tax liability	-	79,741	79,741
Non-Current liabilities	1,519,047	-	1,519,047
Total Liabilities	**2,284,618**	**79,741**	**2,364,359**
Net Assets	**250,392**	**389,321**	**639,713**
Fair value of consideration paid			**1,400,000**
Goodwill			**760,288**

Under IFRS 3 a fair value assessment of the Midlands Wood Fuels Limited ('MWF') balance sheet was performed at the acquisition date in line with the Business Combination accounting policy in note 1 to these financial statements.

The goodwill recognised will not be deductible for tax purposes

Notes to the Financial Statements continued

For the year ended 31 March 2018

12 Business combinations continued

The excess of consideration over net assets (book value) purchased has been assessed as part of a Purchase Price Allocation exercise and allocated to goodwill. The values of these intangibles and of the balance sheet acquired are provisional and within one year of the date of acquisition may be adjusted as a result of the finalisation of valuations.

The corresponding adjustment will be made to goodwill.

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

It is impractical to disclose the contribution of this business combination to Group revenues and profit since acquisition as the trading and assets of this business have been incorporated into the Forest Fuels cash generating unit (CGU) and has not been reported. Information on pre-acquisition trading is not available.

PEL (Fuel) Limited

On 19 December 2016, the Group completed on the acquisition of 100% of the share capital of PEL (Fuel) Limited, a premium grade wood pellet supplier, for a total consideration of £5,000,000 which comprised of the issue of £4.5m in new Ordinary Shares issued at a price of 68 pence per share and £0.5m in cash. There is no contingent or deferred consideration or debt assumed. The acquisition was made to further strengthen the Group's position in the wood fuel market.

As at 19 December 2016 PEL had a net asset value of £1,993,391. The Group has recognised the provisional fair values of identifiable assets and liabilities as follows:

	31 March 2017		
	Opening book value £	Fair value adjustment £	Closing fair value £
Intangibles	210,000	1,967,000	2,177,000
Tangible assets	150,781	-	150,781
Total Assets	**360,781**	**1,967,000**	**2,327,781**
Trade and other payables	-	-	-
Deferred Tax	-	334,390	334,390
Non-Current liabilities	-	-	-
Total Liabilities	**-**	**334,390**	**334,390**
Net Assets	**360,781**	**1,632,610**	**1,993,391**
Fair value of consideration paid			**5,000,000**
Goodwill			**3,006,609**

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

The goodwill recognised will not be deductible for tax purposes.

The excess of consideration over net assets (book value) purchased has been assessed as part of a Purchase Price Allocation exercise and allocated to goodwill. The values of these intangibles and of the balance sheet acquired are provisional and within one year of the date of acquisition may be adjusted as a result of the finalisation of valuations.

12 Business combinations continued

The corresponding adjustment will be made to goodwill.

The discount rate on which management has based its valuation of the customer contracts and brands is 10.8%, which reflects management's best estimate of the discount rate which when applied to PEL's forecast EBITDA gives an NPV equal the total consideration paid and payable including deferred consideration.

It is impractical to disclose the contribution of this business combination to Group revenues and profit since acquisition as the trading and assets of this business have been incorporated into the Forest Fuels cash generating unit (CGU) and has not been reported.

Other immaterial business combinations gave rise to goodwill £450k in the prior period.

Business combinations during the current period

Billington Bioenergy Limited

On 25 October 2017, the Group completed on the acquisition of 100% of the share capital of Billington Bioenergy Limited ('Billingtons'), a wood pellet supplier, for a total consideration of £1,936,315 which comprised of the issue of £1.6m in new Ordinary Shares issued at a price of 98.5 pence per share and £0.3m in cash. There is no contingent or deferred consideration or debt assumed. The acquisition was made to further strengthen the Group's position in the wood pellet market.

As at 25 October 2017 Billingtons had a net asset value of £1,393,652. These identifiable intangibles recognised have been assessed as part of a fair value exercise at a Group level and are therefore excluded from the opening book value in the table below. The Group has recognised the provisional fair values of identifiable assets and liabilities as follows:

	31 March 2018		
	Opening book value £	**Fair value adjustment £**	**Closing fair value £**
Intangibles	-	375,619	375,619
Tangible assets	1,514,784	-	1,514,784
Cash	677,067	-	677,067
Inventory	233,857	-	233,857
Receivables	487,969	-	487,969
Total Assets	**2,913,677**	**375,619**	**3,289,296**
Trade and other payables	(1,282,438)	-	(1,282,438)
Deferred tax liability	-	(63,856)	(63,856)
Non-Current liabilities	(237,586)	-	(237,586)
Total Liabilities	**(1,520,024)**	**(63,855)**	**(1,583,880)**
Net Assets	**1,393,652**	**311,764**	**1,705,416**
Fair value of consideration paid			**1,936,315**
Goodwill			**230,899**

Under IFRS 3 a fair value assessment of the Billington Bioenergy Limited ('Billingtons') balance sheet was performed at the acquisition date in line with the Business Combination accounting policy in note 1 to these financial statements.

The goodwill recognised will not be deductible for tax purposes.

Notes to the Financial Statements continued

For the year ended 31 March 2018

12 Business combinations continued

The excess of consideration over net assets (book value) purchased has been assessed as part of a Purchase Price Allocation exercise and allocated to goodwill. The values of these intangibles and of the balance sheet acquired are provisional and within one year of the date of acquisition may be adjusted as a result of the finalisation of valuations.

The corresponding adjustment will be made to goodwill.

	Revenue £	Profit/(Loss) £
Results since acquisition	5,969,251	(417,301)
Results if acquisition had occurred on 1 April 2017	11,938,501	(834,603)

Highland Wood Energy Limited

On 28 June 2017, the Group completed on the acquisition of 50.1% of the share capital of Highland Wood Energy ('HWEnergy'), a supplier of biomass heating, servicing and installation, for a total consideration of £500,000 which comprised of the in cash. There is no contingent or deferred consideration or debt assumed. The acquisition was made to further strengthen the Group's position in the biomass heating market. AMP has a call option to purchase the remaining 49.9% from HWEnergy within 3 years for a consideration of £2,000,000 which will be paid, 50% in cash and 50% in the allotment of new ordinary shares in AMP. In the event that AMP does not exercise its option within 3 years, HWE Energy's minority shareholders have the right to buy back 30.1% of the business for a cash consideration of £500,000 which would leave AMP with a residual interest of 20%.

As at 28 June 2017 Highland Wood Energy had a net asset value of £828,575. These identifiable intangibles have been assessed as part of a fair value exercise at a Group level and are therefore excluded from the opening book value in the table below. The Group has recognised the provisional fair values of identifiable assets and liabilities as follows:

	31 March 2018		
	Opening book value £	Fair value adjustment £	Closing fair value £
Intangibles	-	-	0
Tangible assets	987,166	-	987,166
Cash	156,680	-	156,680
Inventory	228,479	-	228,479
Receivables	1,088,102	-	1,088,102
Total Assets	**2,460,427**	**-**	**2,460,427**
Trade and other payables	(1,591,278)	-	(1,591,278)
Deferred tax liability	-	-	0
Non-Current liabilities	(40,574)	-	(40,574)
Total Liabilities	**(1,631,852)**	**-**	**(1,631,852)**
Net Assets	**828,575**	**-**	**828,575**
Fair value of consideration paid			**500,000**
Goodwill			**84,884**
Consideration attributable to non-controlling interest			413,459

Under IFRS 3 a fair value assessment of the Highland Wood Energy ('HWEnergy') balance sheet was performed at the acquisition date in line with the Business Combination accounting policy in note 1 to these financial statements.

Notes to the Financial Statements continued

For the year ended 31 March 2018

12 Business combinations continued

The goodwill recognised will not be deductible for tax purposes.

The excess of consideration over net assets (book value) purchased has been assessed as part of a Purchase Price Allocation exercise and allocated to goodwill. The values of these intangibles and of the balance sheet acquired are provisional and within one year of the date of acquisition may be adjusted as a result of the finalisation of valuations.

The corresponding adjustment will be made to goodwill.

	Revenue £	Profit/(Loss) £
Results since acquisition	5,987,326	(35,011)
Results if acquisition had occurred on 1 April 2017	7,983,101	(46,681)

13 Inventories

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Raw materials and consumables	5,200,411	2,444,838
Grid balancing work in progress	88,850	107,246
Biomass boilers work in progress	153,369	56,934
	5,442,630	**2,609,018**

There has been no write down of inventory in the period to 31 March 2018 (year ended 31 March 2017: Nil).

During the period £24m was recognised as an expense (2017: £10.9m)

14 Trade and other receivables

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Trade receivables*	10,103,961	8,993,950
Other receivables	892,211	564,688
VAT receivables	308,723	-
Prepayments	167,901	79,361
Accrued income	1,155,898	1,109,768
	12,628,694	**10,747,768**

* As at 31 March 2018, a bad debt provision of £13,916 (31 March 2017: £73,000) was recognised.

15 Cash and cash equivalents

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Cash at bank and hand	4,161,375	818,966
	4,161,375	**818,966**

Notes to the Financial Statements continued

For the year ended 31 March 2018

16 Trade and other payables

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Trade payables	10,292,905	3,722,869
Accruals	794,429	178,271
Other payables	3,211,450	438,484
Invoice discounting	4,136,998	3,126,258
VAT payables	524,381	538,197
Employment tax and social security	45,713	48,431
	19,005,876	**8,052,510**

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

17 Deferred Consideration

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Deferred contingent consideration	812,039	8,218
	812,039	**8,218**

Balance includes fair valuation of deferred contingent consideration further disclosed in note 28.

18 Loans and borrowings

Current liabilities

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Other loan – finance lease	631,244	494,412
	631,244	**494,412**

Financial liabilities

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Convertible Loan Notes	8,862,845	8,548,161
Other loan – finance lease	1,441,177	722,797
	10,304,022	**9,270,958**

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

In the previous period, the Group issued Convertible Loan Notes of £10.01m. The Convertible Loan Notes were issued at a coupon rate of 8% and the conversion price applicable to the Notes is £0.70 in respect of £4,073,750 Convertible Loan Notes and £5,938,350 are convertible at £0.86. Should full conversion take place, 12,724,701 shares will be issued.

The liability and equity elements of the various Loan Notes were determined at the date the instrument was issued. The fair value of the liability, included in non-current borrowings, was calculated using a market interest rate for an equivalent instrument without a conversion feature.

The Convertible Loan Notes redeem at par, and if not previously converted, are repayable on 30 March 2021.

Notes to the Financial Statements continued

For the year ended 31 March 2018

19 Provisions

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Provision for restructuring	569,678	-
	569,678	**-**

The Group will be initiating it's wood fuels restructure plan commencing 1 April 2018. The process will take between 6 to 8 months to complete. Restructuring the wood fuels business is required given the acquisitions of UK pellet suppliers in 2016, 2017 and 2018. Costs that have been provided for include system integration, reduction of depots and a number of other synergistic initiatives.

20 Share Capital

31 March 2017

	No of shares Nos.	Issued capital £	Share premium £	Other reserves £
Ordinary shares of £0.005 each				
As at 31 March 2016	28,884,502	144,423	11,069,200	4,546,180
Issued for cash during the period	2,308,272	44,630	1,490,370	-
Issued as consideration as part of business combination	6,617,648	-	-	4,500,000
Share issues expenses	-	-	(39,954)	-
As at 31 March 2017	**37,810,422**	**189,053**	**12,519,616**	**9,046,180**

31 March 2018

	No of shares Nos.	Issued capital £	Share premium £	Other reserves £
Ordinary shares of £0.005 each				
As at 31 March 2017	37,810,422	189,053	12,519,616	9,046,180
Issued for cash during the period	3,756,356	18,782	3,681,229	-
Issued as consideration as part of business combination	1,624,365	8,121	-	1,591,878
Share issue expense	-	-	(8,000)	-
Fair value adjustment of EMI Options	-	-	-	44,373
As at 31 March 2018	**43,191,143**	**215,956**	**16,192,845**	**10,682,431**

21 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Cash at bank available on demand	4,161,375	818,966
	4,161,375	**818,966**

Notes to the Financial Statements continued

For the year ended 31 March 2018

21 Notes supporting statement of cash flows continued

	Movement in Financing
	12,891,627
Cash Flows	(1,516,965)
Invoice discounting*	1,010,740
Finance lease payment	(477,818)
Interest payment	(967,682)
Non-cash flows	
– Amounts recognised on business combinations	278,160
Effective Interest	1,126,334
CLN Amortised cost	1,282,366
At 31 March 2018	**15,072,263**

*Invoice discounting of £4.1m (2017: £3.1m) has been included Trade and other payables in Note 16.

22 Subsidiaries

As at 31 March 2018, the Company had the following principal subsidiaries:

	Principal activity	Country of incorporation	Percentage of ordinary shares held 2018	2017
Aggregated Micro Power Limited	Holding company	England and Wales	100%	100%
Mathieson Biomass Limited	Non-trading	England and Wales	100%	100%
AMP Low Plains Limited *	Power and heat generation	England and Wales	100%	100%
AMP Energy Services Limited *	Development of renewable energy projects and services	England and Wales	100%	100%
Sterivert Limited *	Non-trading	England and Wales	100%	100%
Midlands Wood Fuel Limited	Non-trading	England and Wales	100%	100%
PEL (Fuels) Limited	Non-trading	England and Wales	100%	100%
Forest Fuels Holdings Limited	Holding company	England and Wales	100%	100%
Forest Fuels Limited*	Wood fuels	England and Wales	100%	100%
Lakes Biomass Limited*	Non-trading	England and Wales	100%	100%
Forest Fuels Boiler Company Limited *	Non-trading	England and Wales	100%	100%
Highland Wood Energy Limited	Biomass Heating	Scotland	50.1%	0%
Billington Bioenergy Limited	Wood fuels	England and Wales	100%	0%
Cribyn DDU Farm Solarfield Limited	Dormant	England and Wales	100%	100%
Green Meadow Farm Solarfield Limited	Dormant	England and Wales	100%	100%
Sulhamstead Solarfield Limited	Dormant	England and Wales	100%	100%
Cairnhill Solarfield No2 Limited	Dormant	England and Wales	100%	100%
Lower House Farm Solarfield Limited	Dormant	England and Wales	100%	100%
Angrove House Solarfield Limited	Dormant	England and Wales	100%	100%
English Wood Fuels Limited *	Dormant	England and Wales	100%	100%
Silvapower Limited *	Dormant	England and Wales	100%	100%
North West Wood Fuels Limited *	Dormant	England and Wales	100%	100%
Anglia Biofuels Limited *	Dormant	England and Wales	100%	100%
Behind the Meter Limited	Dormant	England and Wales	100%	100%
GSC 1 Limited*	Dormant	England and Wales	100%	100%
GSC 2 Limited*	Dormant	England and Wales	100%	100%
GSC 3 Limited*	Dormant	England and Wales	100%	100%
Budd's Power Limited*	Dormant	England and Wales	100%	100%

* Held indirectly

The registered address of all subsidiaries, apart from Highland Wood Energy Limited, is 3rd Floor, 1 Dover Street, London, England, W1S 4LD

For the year ended 31 March 2018

23 Associates

The following entities have been included in the consolidated financial statements:

Name of associate	Principal activity	Place of incorporation	Proportion of ownership rights held by the Group 31 March 2018
Incubex LLC	Design and promotion of financial products in environmental, energy, power and weather markets	USA	29.08%

a) Summarised financial information (material associates)

Incubex LLC	31 March 2018	31 March 2017
As at 31 March 2018		
Current Assets	$6,336,153	$2,531,139
Non-current assets	$22,065	-
Current Liabilities	-	$179,874
Non-current liabilities	-	-
Period ending 31 March 2017		
Revenues	-	-
Loss from continuing operations	($143,469)	-
Other comprehensive income	$1,427	-
Total comprehensive loss	($370,953)	-
Dividends received from associate	-	-

b) Reconciliation of investment in associate at fair value through profit or loss

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Opening	2,402,945	-
Additions	1,500,000	523,901
Gain of fair value through profit or loss	7,507,175	1,879,044
Closing	11,410,120	2,402,945

During the year the Group invested in Incubex, LLC. The Group paid a par value of $0.001 per share for Class A shares, and paid $7.50 per share for Class B shares. A gain on fair value through profit or loss has been recognised on the Class A shares based on valuation techniques detailed in Note 20.

24 Financial instruments

Risk Management

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

- Credit risk
- Liquidity risk
- Market price risk
- Foreign exchange risk

Notes to the Financial Statements continued

For the year ended 31 March 2018

24 Financial instruments continued

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

- Trade and other receivables
- Cash and cash equivalents
- Investment in associate – financial asset at fair value through profit or loss
- Trade and other payables
- Loans and borrowings
- Deferred contingent consideration

	Loans and receivables		Financial assets at fair value through profit or loss	
	31 March 2018 £	**31 March 2017 £**	**31 March 2018 £**	**31 March 2017 £**
Current financial assets				
Trade receivables	10,103,961	8,993,950	-	-
Cash and cash equivalents	4,161,375	818,966	-	-
Other receivables	2,216,012	1,674,457	-	-
	16,481,348	**11,487,373**	**-**	**-**
Non-current financial assets				
Investment in associates	-	-	11,410,120	2,377,703
	-	**-**	**11,410,120**	**2,377,703**

	Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit and loss	
	31 March 2018 £	**31 March 2017 £**	**31 March 2018 £**	**31 March 2017 £**
Current financial liabilities				
Trade Payables	10,292,905	3,722,869	-	-
Accruals and Other Payables	8,142,877	3,743,013	-	-
Obligation under finance lease	-	494,412	-	-
	18,435,783	**8,052,510**	**-**	**-**
Non-Current financial liabilities				
Deferred contingent consideration	-	-	812,039	8,218
Obligation under finance lease	1,441,177	722,797	-	-
Loans	8,862,845	8,548,161	-	-
	10,304,022	**9,270,958**	**812,039**	**8,218**

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

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

24 Financial instruments continued

Financial instruments

Financial assets

Quantitative information on significant unobservable inputs – Level 3

The fair value of the Level 3 investment in associate has been determined with reference to corporate action event in the last private placing.

Sensitivity analysis to significant changes in unobservable inputs– Level 3

A +/-10% change in the share price input has a £0.2m effect on the fair value of the investment in associate recognised at fair value through profit or loss.

Level 3 reconciliation

The only movement in the fair value of items categorised with Level 3 between the beginning and end of the reporting period was due to the recognition at fair value through profit or loss of the investment in associate. A gain of £7.5m has been recognised through profit or loss. Please refer to Note 23 for the movement in fair value.

Financial liabilities

The Group's only has financial liabilities measured at fair value is the deferred contingent consideration, details of the method for valuing deferred consideration is included in note 28. The deferred contingent consideration is considered a level 2, as observable inputs are used when calculating the fair value, using the Monte Carlo method.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment it has entered into with the Group. The Group is mainly exposed to credit risk from credit sales. At 31 March 2018 the Group had trade receivables of £12,732,861 (2017: £2,090,409).

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

	31 March 2018 £	31 March 2017 £
Cash balances	4,161,375	818,966
Trade and other receivables	12,732,860	10,747,768
	16,894,236	**11,566,734**

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 March 2018 and 31 March 2017 and consequently no further provisions have been made for bad and doubtful debts.

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

Notes to the Financial Statements continued

For the year ended 31 March 2018

24 Financial instruments continued

Foreign exchange risk

Following UK/EU macroeconomic events in the year ending 31 March 2018, the Group has put in place a forward buying foreign exchange strategy to mitigate the future risk of foreign exchange losses that were experienced in the current reporting. These measures have been put in place from 1 April 2018. This was the first year which CMB Biomass was used as the largest wood pellet supplier, and the balance outstanding as at 31 March was £2.6m.

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 March 2017 and 31 March 2018.

Liquidity risk

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

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

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

Period ended 31 March 2018

	On demand £	Less than 3 months £	3 to 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 Years £
Trade Payables	1,377,683	8,703,838	315,551	-	-	-
Accruals and other payables	113,763	8,312,968	12,000	-	-	-
Obligation under finance lease	-	42,573	139,034	592,851	1,032,887	265,076
Loans and borrowings	-	-	-	-	6,326,502	-
Interest cost on finance lease	-	6,572	18,267	86,798	176,064	7,522
Interest costs on loans and borrowings	-	-	930,018	803,162	803,162	-
	1,491,446	**17,065,951**	**1,414,870**	**1,482,811**	**8,338,615**	**272,598**

Period ended 31 March 2017

	On demand £	Less than 3 months £	3 to 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 Years £
Trade Payables	-	3,722,869	-	-	-	-
Accruals and other payables	-	3,743,013	-	-	-	-
Obligation under finance lease	-	-	494,412	394,950	635,724	13,823
Loans and borrowings	-	-	-	-	10,001,000	-
Interest cost on finance lease	4,249	14,498	58,665	113,351	54,126	-
Interest costs on loans and borrowings	-	200,020	600,060	800,080	800,080	-
	4,249	**7,680,400**	**1,153,137**	**1,308,381**	**11,490,930**	**13,823**

24 Financial instruments continued

Capital Management

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

The Group's objectives when maintaining capital are:

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

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

25 Operating lease payments

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Not more than one year	570,762	140,610
Later than one year and not later than five years	1,076,204	26,932
Later than five years	-	-
	1,646,966	**167,542**

26 Financial lease payments

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Not more than one year	631,244	494,412
Later than one year and not later than five years	1,502,596	1,625,738
Later than five years	36,959	138,234
	2,170,799	**1,538,909**

27 Related party transactions

Richard Burrell, Chief Executive Officer of the Group, has a significant interest in Mathieson Capital Investment Management Limited to which the Group paid a fee of £104,550 (2017: £102,500) for the provision of strategic advice and other services. The Group also rents its office in Tattenhall Chester from Mathieson Capital Investment Management Limited at a cost of £12,200 (2017: £36,600) per year. Mathieson Capital Fund Management LLP, an entity owned by Richard Burrell, holds 30,000 shares in the Group. Richard Burrell holds £400,000 CLN nominal of Convertible Notes as at 31 March 2018 (2017: 400,000).

Neil Eckert owns £950, 000 nominal of Convertible Notes as at 31 March 2018 (2017: £950,000). The Group paid interest on these Loan Notes of £76,000 (2017: 54,000) For more information on the CLN issue please see note 17.

The Group has a deferred contingent consideration agreement in place with Neil Eckert and Mathieson Capital LLP's (an entity controlled by Richard Burrell). The derived contingent value of all 3,999,999 options has been calculated at £5,404 (2017: £5,404), of which £3,621 (2017: £3,621) is allocated to Neil Eckert and £1,783 (2017: £1,783) to Mathieson Capital LLP. More details can be found in note 27.

Notes to the Financial Statements continued

For the year ended 31 March 2018

27 Related party transactions continued

Sir Laurence Magnus, Non Executive Director of the Group, owns £46,250 nominal of Convertible Notes as at 31 March 2018 (2017: £46,250) following the acquisition of Forest Fuels.

Sir Brian Williamson, Non Executive Director of the Group, owns £20,000 nominal of Convertible Notes as at 31 March 2018 (2017: £20,000) following the acquisition of Forest Fuels.

Robert Bland DL, Non Executive Director of the Group, owns £290,613 nominal of Convertible Notes as at 31 March 2018 (2017: £290,613) following the acquisition of Midland Woodfuels.

28 Deferred contingent consideration and employee options

AMP Energy Services and Mathieson Biomass

The final terms of the deferred consideration, which relates to the Group's acquisition of AMP Energy Services Limited (formerly Environova Consulting Limited) and Mathieson Biomass Limited, were amended and agreed on the 25 June 2014 ("Valuation Date"). The deferred consideration is subject to performance criteria linked to Total Shareholder Returns ("TSR") over the period 30 June 2014 through to 31 December 2020 ("Performance Period").

The vesting criteria are as follows:

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

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

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

The derived contingent value of all 3,999,999 options has been calculated at £494,659 allocated £329,773 to Neil Eckert and £164,886 to Mathieson Capital LLP. The valuation was based on an assumed volatility of 25% (2017: 25%) which is in line with the observed volatility of other traded companies in the Group's sector peer group and is higher than the volatility seen in the Group's share price since admission to AIM.

Forest Fuels

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

Notes to the Financial Statements continued

For the year ended 31 March 2018

28 Deferred contingent consideration and employee options continued

The Forest Fuels agreement included a further deferred consideration element based on EBTIDA performance measures in the years to 31 December 2016, 31 December 2017 and 31 December 2018. The maximum number of shares which could vest was 1,500,000. The Board determined that it was in shareholders' interests to align all management incentives to the same TSR linked performance condition. Therefor a Deed of Variation between the Company and the various sellers of Forest Fuels Holdings Limited was signed on 15 February 2018 and up to 2,500,000 ordinary shares may now be issued to the sellers of Forest Fuels Holdings Limited, depending upon on the same TSR performance measures as noted above.

A further Monte Carlo Simulation model was used to determine the fair value of the deferred consideration based on the terms of the AMP Energy Services Limited and Mathieson Biomass Limited model. The derived contingent value of all the 2,500,000 options has been calculated at £309,162 (2017: £1,644).

Employee EMI Options

In addition to the deferred consideration, 1,578,786 share options issued under the Group's EMI plan and the non-employee share option plan are outstanding at 31 March 2018. The options are subject to the same TSR criteria as the deferred consideration and are subject to strike prices between £0.54 and £1.075. Share options are valued on the date of issue and not revalued. The value of these options is £44,373 (2017: £0).

Fair value adjustment on deferred consideration

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
AMP Energy Services and Mathieson Biomass	494,659	-
Forest Fuels	309,162	-
Employee EMI Options	44,373	-
	848,194	**-**

29 Profit per share

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Profit attributable to equity holders of the company	1,935,947	1,027,849
Weighted average number of shares	39,948,247	32,195,510
Continuing operations basic (Pence)	**4.85**	**3.19**

The basic earnings per share have been calculated using the profit/(loss) attributable to shareholders of the parent company, Aggregated Micro Power Holdings plc.

We have considered the impact of the Share options and convertible loan notes on the diluted EPS. These are anti-dilutive in both 2017 and 2018 and thus diluted EPS has not been presented for either year.

Notes to the Financial Statements continued

For the year ended 31 March 2018

30 Non-Controlling Interest

Highland Wood Energy Limited, a 50.1% owned subsidiary of the Company, has material non-controlling interests (NCI).

Summarised financial information in relation to Highland Wood Energy Limited, before intra-group

eliminations, is presented below together with amounts attributable to NCI:

	Year ended 31 March 2018	Year ended 31 March 2017
For the year ended 31 March		
Revenue	5,987,326	-
Cost of sales	(3,795,791)	-
Gross Profit	2,191,535	-
Administrative expenses	(2,213,919)	-
Operating Profit	**(22,384)**	**-**
Finance expense	(12,627)	-
Profit/(Loss) before tax	**(35,011)**	**-**
Tax expense	0	-
Profit/(Loss) after tax	**(35,011)**	**-**
Profit/(loss) allocated to NCI	(17,470)	
Cash flows from operating activities	(130,569)	-
Cash flows from investing activities	20,970	-
Cash flows from financing activities	87,516	-
Net cash inflows/(outflows)	**(22,083)**	**-**
As at March 2018		
Assets:		
Property plant and equipment	878,353	-
Inventories	426,619	
Trade and other debtors	1,522,792	-
Cash and cash equivalents	134,597	-
Liabilities:		
Trade and other payables	2,077,994	-
Loans and borrowings	90,802	-
Net Assets/(Liabilities)	**793,564**	**-**
Accumulated non-controlling interests	395,989	-

31 Events after the reporting period

A Resolution seeking Shareholder approval of the proposed Capital Reduction was passed at the general meeting on 11 April 2018 and the High Court of Justice made an order confirming the cancellation of the amount standing to the credit of the Company's share premium account on 2 May 2018.

As at the date of the circular the share premium account stood at £16,192,845. This can now be cancelled and transferred to the Company's Retained Loss account.

Notes to the Financial Statements continued

For the year ended 31 March 2018

32 Structured Entities

Aggregated Micro Power Infrastructure 2 plc (AMPIL) is a special purpose vehicle which is wholly controlled by Law Debenture Intermediary Corporation Plc as trustee for general charitable purposes.

AMP Plc group provides a number of goods and services to AMPIL governed by contractual operating arrangements which include –

- Development fees on project sold to AMPIL – 2018 £2,379,891 (2017: £3,877,850)
- Wood fuel sales – 2018 £1,177,099 (2017: £630,993)
- Operational and Maintenance fees – 2018 £612,120 (2017: £136,007)
- Management services – 2018 £732,000 (2017: £0)

The group are also entitled to receive 100% of the excess returns in the form of deferred development fees when the outstanding loan notes in AMPIL are repaid. As at 31 March 2018 no future deferred development fees have been recognised due to the uncertainty in these being received.

As at 31 March 2018 the Group's exposure to assets owed from AMPIL are as follows –

- Trade Receivables – 2018 £578,238 (2017: £284,736)

Company Statement of Financial Position

For the year ended 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
Fixed assets			
Tangible Fixed Assets	41	357,794	-
Investments in subsidiaries	22	12,054,644	9,196,103
Investments in associate	23	11,410,120	2,402,945
Total non-current assets		**23,822,558**	**11,599,048**
Current assets			
Debtors: Amounts falling due within one year	38	7,617,840	9,209,306
Cash and cash equivalents		135,564	125,087
Total current assets		**7,753,405**	**9,334,393**
Current liabilities			
Creditors: amount falling due within one year	39	407,069	80,751
Total current liabilities		**407,069**	**80,751**
Total assets less current liabilities		**31,168,894**	**20,852,690**
Non-current liabilities			
Loans and borrowings	40	8,862,845	8,696,155
Deferred Contingent Consideration	17	812,039	-
Total non-current liabilities		**9,674,884**	**8,696,155**
Total liabilities		**10,081,952**	**8,776,906**
Net current assets		**7,346,336**	**9,253,642**
Net assets		**21,494,010**	**12,156,535**
Equity attributable to equity holders of the company			
Paid up share capital	20	215,956	189,052
Share premium account	20	16,192,845	12,519,616
Other reserve		10,682,431	9,046,180
Convertible debt option reserve		1,149,255	1,453,683
Retained earnings		(6,746,478)	(11,051,996)
Total equity		**21,494,010**	**12,156,535**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The company's total comprehensive profit for the financial year was £4,001,089 (2017: loss of £2,566,337). The company financial statements were authorised for issue by the board of Directors on 25th June 2018 by:

Richard Burrell, Chief Executive Officer

The notes on pages 21 to 65 form part of these company financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2018

Year ended 31 March 2017	Share capital £	Share premium £	Other Reserve £	Convertible debt option reserve £	Retained earnings £	Total £
Equity as at 1 April 2016	144,423	11,069,200	4,546,180	559,279	(13,618,251)	2,700,830
Profit for the period	-	-	-	-	2,566,337	2,566,337
Total comprehensive income	-	-	-	-	2,566,255	2,566,337
Issue of share capital	44,629	1,490,370	4,500,000	-	-	6,034,999
Share issue cost	-	(39,954)	-	-	-	(39,954)
Equity element of convertible loan notes	-	-	-	894,324	-	894,324
Share issue costs	-	-	-	-	-	-
Equity as at 31 March 2017	**189,052**	**12,519,616**	**9,046,180**	**1,453,683**	**(11,051,996)**	**12,156,535**

Year ended 31 March 2018	Share capital £	Share premium £	Other Reserve £	Convertible debt option reserve £	Retained earnings £	Total £
Equity as at 1 April 2017	189,052	12,519,616	9,046,180	1,453,603	(11,051,914)	12,156,537
Profit for the period	-	-	-	-	4,001,089	4,001,089
Total comprehensive income	-	-	-	-	4,001,089	4,001,089
Issue of share capital	26,904	3,681,229	1,591,878	-	-	5,300,011
Share issue cost	-	(8,000)	-	-	-	(8,000)
Equity element of convertible loan notes	-	-	-	(304,348)	304,348	-
Fair value adjustment of EMI Options	-	-	44,373	-	-	44,373
Equity as at 31 March 2018	**215,956**	**16,192,845**	**10,682,431**	**1,149,255**	**(6,746,478)**	**21,494,010**

Share capital: Nominal value of shares issued.

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

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

Other reserve: Amount raised through the use of a cashbox structure and applying merger relief on business combination where the consideration for shares in another company includes issued shares and on completion of the transaction, the company issuing the shares will have secured at least a 90% equity holding in the other company.

Convertible debt option reserve: Amount recorded as equity on the initial fair value measurement of issued convertible loan notes

The notes on pages 21 to 65 form part of these company financial statements.

Notes to the Company Financial Statements

For the year ended 31 March 2018

33 Accounting policies

The financial statements of the company for the year ended 31 March 2017 have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council.

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

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Investments in associate undertakings

Investments in associate undertakings are initially recognised in the statement of financial position at fair value. After initial measurement, the Company measures its financial instruments which are classified as at FVPL, at fair value.

Investments in subsidiary undertakings4

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

Deferred tax

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

Financial assets

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

Financial liabilities and equity

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

Notes to the Company Financial Statements

For the year ended 31 March 2018

33 Accounting policies continued

Convertible debt

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

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

34 Employees

The company had no direct employees, other than the Directors, in the period to 31 March 2018. No costs of employment were recharged to the company in the period to 31 March 2018.

35 Directors

Details of the remuneration of the company's Directors are outlined in Note 7 of the Group's financial statements and the director's report. 4 non-executive Directors were remunerated (Total: £62,500) from the company in year ended March 2017. The executive Directors are employed and paid out of AMP Energy Services Limited, which is a wholly owned subsidiary of the company. The non-executive Directors are paid directly by the company.

Key management personnel are all the Directors of the company.

36 Investments

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Cost at 1 January 2016	9,196,103	3,020,004
Additions	2,858,541	6,176,099
Cost at 31 March 2017	**12,054,644**	**9,196,103**

37 Principal subsidiary undertakings

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

38 Debtors

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Debtors: Amounts falling due within one year		
Prepayments	80,355	19,097
Other debtors – unpaid share capital	64,185	31,091
Amounts owed by Group undertakings	7,553,655	9,159,117
	7,617,840	**9,209,306**

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

Notes to the Company Financial Statements

For the year ended 31 March 2018

39 Creditors: amounts falling within one year

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Trade creditors due within 1 year	208,059	10,379
Accruals	79,786	70,372
Other creditors	119,224	-
	407,069	**80,751**

40 Financial instruments

	Financial liabilities measured at fair value	
Current financial assets	**31 March 2018 £**	**31 March 2017 £**
Debtors	6,891	4,371
Cash	135,565	125,087
Other receivables	7,610,949	9,178,215
	7,753,405	**9,182,586**

	Financial liabilities measured at fair value through profit and loss	
Current financial liabilities	**31 March 2018 £**	**31 March 2017 £**
Creditors	476,724	80,751
	476,724	**80,751**

	Financial liabilities measured at amortised cost	
Non-Current financial liabilities	**31 March 2018 £**	**31 March 2017 £**
Loans and borrowings	8,862,845	8,696,155
	8,862,845	**8,696,155**

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

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

Notes to the Company Financial Statements

For the year ended 31 March 2018

41 Plant, Property and Equipment

	Furniture & fixture £	Office Equipment £	Computer Equipment £	Total £
Cost				
As at 1 April 2017	-	-	-	-
Additions	303,439	31,374	47,948	382,761
As at 31 March 2018	**303,439**	**31,374**	**47,948**	**382,761**
Depreciation				
As at 1 April 2017	-	-	-	-
Charge for the period	18,751	1,672	4,543	24,966
As at 31 March 2018	**18,751**	**1,672**	**4,543**	**24,966**
Net book value	-	-	-	-
As at 1 April 2017	-	-	-	-
As at 31 March 2018	**284,687**	**29,702**	**43,405**	**357,794**

42 Financial and capital commitments

The company had no financial or capital commitments at 31 March 2018.

Shareholder Notes

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