PlutusPowerGen

Annual Report and Accounts 2017

Providing flexible electricity generation in the UK

PlutusPowerGen

Plutus PowerGen (PPG) is an AIM listed power company focused on the development, construction and operation of flexible power generation facilities in the UK.

Our business model seeks to mitigate the current and forecast risk of an energy deficit through the development, construction and operation of a portfolio of 20MW power sites, which can be switched on at a moment’s notice at times of peak demand.

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Take a look at our website for the most up-to-date investor information
www.plutuspowergen.com

Highlights

This has been a milestone year, with the commissioning of our first site and generation of revenue in excess of £1.35 million.

TURNOVER

£1.350m **+52%**

2017	£1.350m
2016	£887,500
2015	£87,500

CASH AND CASH EQUIVALENTS

£71m **+217%**

2017	£71.609
2016	£22.608
2015	£321,485

CLOSING SHARE PRICE

1.23p **+33%**

2017	1.23p
2016	0.925p
2015	0.95p

EARNINGS PER SHARE

(0.03)p **+57%**

2017	(0.03)p
2016	(0.07)p
2015	0.32p

- Maiden profit before development site write-offs
- Commissioning and successful operation of first 20MW facility at Plymouth, with construction proceeding at five further facilities to be connected by year end
- Including post year end, all Rockpool co-owned sites are either operating, in or about to commence construction, amounting to a total of 180MW
- Strategic shift to the development of higher margin gas operations – 80MW in planning
- Post year end joint venture agreed to develop battery storage sites
- Positive outlook post Ofgem review, and favourable energy dynamic due to energy supply deficit and imbalances – UK power prices peaked above £1,500 per MW hour
- Strong pipeline of future gas and battery sites expected to significantly increase revenue and profitability

At a Glance

PPG is a holding Company with subsidiaries and investments focused on the development and operation of flexible energy generation facilities, which play a crucial role in the changing UK energy mix as renewable generation replaces carbon intensive generation.

WHAT WE DO

Our 20MW 'FlexGen' sites – which can generate power within 30 seconds of being switched on remotely – provide a vital, low cost solution to assist in balancing the UK's energy supply on a moment by moment basis.

Since the introduction of intermittent, renewable power to the UK's energy mix as legacy carbon intensive capacity is retired, the National Grid has faced increasing risks of brownouts and blackouts. UK power prices have seen recent peaks above £1,500 per MW hour due to outage and generation imbalances; there is therefore a need for a reliable source of power that can be accessed quickly and flexibly during periods when demand exceeds available supply.

HOW WE OPERATE

Our facilities use established, reliable technology based on containerised generators, fired with renewable green fuel or gas – either mains or Liquidified Natural Gas (LNG).

Nine green fuel projects have been financed with a combination of debt and £35m of equity by Rockpool Investments LLP in individual companies established for this purpose. Plutus PowerGen has a 44.5% stake in each company, and earns fees of £150,000 per site per year from management contracts.

Other facilities, which will be gas-powered, will be held in dedicated subsidiary companies as part of a non-dilutive investment model in which we will seek to obtain a majority interest. We maintain complete flexibility in financing options for both the equity portion and the asset finance and maintain dialogue with many providers of finance. During the year we received an offer from a 'Big Six' multinational utility company to fund up to 20% of our flexible energy projects. Indeed, we have also just announced Heads of Terms agreement with JCB Power Products Broadcrown Limited, a part of the JCB Group, to provide, install, maintain and finance generators for existing and future projects, which may be through JCB Finance Limited or asset finance, where appropriate. JCB Finance Limited is part of the Royal Bank of Scotland Group plc.

Our model is built upon the ability to earn revenue from multiple markets for flexible power, as well as from secured management contracts read more on pages 14 to 17:

- Short Term Operating Reserve (STOR)
- Firm Frequency Response (FFR)
- Triad
- Merchant power sales
- Capacity Market – on 15 year contracts

Finally, we have begun to develop battery projects through our partnership with London & Devonshire Trust (LDT), which represents c.80MW in our pipeline.

WHERE WE OPERATE

The projects in our pipeline are located in various regions of the UK. Our first site, in Plymouth, has traded successfully since it began operations in November 2016; a further eight renewable green diesel 20MW projects and a further four 20MW gas projects are in various stages of development. Our unmanned generators are connected to the local, low voltage distribution network and are therefore classified as embedded generation.

OUR PIPELINE

We have a total pipeline of over 700MW, and will have 120MW of capacity in operation for this winter with a further 140MW at the post-planning stage by the end of 2017.

We aim to develop the following types of projects, and are actively working with a company to explore ‘front-ending’ each site using exhaustible (i.e. non-firm) power from batteries or capacitors to allow us to compete in additional balancing markets as well as be more price competitive in existing markets:

Standalone FlexGen sites – green diesel powered

Our initial portfolio comprises nine Rockpool-funded investee company sites (or 180MW). Focusing on these projects has allowed the Company to quickly establish a solid revenue and investment base.

Standalone FlexGen sites – gas powered

To diversify our project portfolio, we have expanded our activities into gas powered generators, using both mains gas as well as LNG, which provides locational flexibility. These projects will allow us to take advantage of new markets and the anticipated power price volatility, as they are able to run for longer hours at a lower strike price.

Co-located SolarFlex sites

One of our strategic priorities is to establish SolarFlex sites, where our generators are co-located – and share grid connections – with solar farms. The technologies are highly complementary, since our generators would use the connections when not required by the solar farms, and would therefore allow greater utilisation of the connections. By providing an additional return to the solar farm operators, we would help to accelerate the development of solar farms without the need for subsidy.

Battery Sites

These will generally be stand-alone but may be used in conjunction with Gas or SolarFlex and our stand-alone battery projects are currently being developed in partnership with LDT.

OPERATIONAL	COMMISSIONED BY YEAR END 2017	PERMITTED	IN PLANNING FOR NEXT CM	PIPELINE
Green Fuel 20mw	Green Fuel 100mw	Green Fuel 60mw	Gas 80mw	Gas 700mw

Investment Proposition

FAVOURABLE MARKET DRIVERS

On-going structural changes in UK energy supply continue to drive demand for flexible power generation as the proportion of energy generated from intermittent renewable sources continues to grow.

HEALTHY PIPELINE

Development pipeline in excess of 700MW, of which 260MW are expected to receive planning permission by the end of 2017.

POSITIVE FINANCIALS

Asset backed projects, with short construction times and positive revenues and EBITDA once operational. Principal revenues are derived from long-term and/or repeatable contracts with large, stable counterparties.

LOW DILUTION FUNDING STRUCTURE

Committed to a structure that provides project flexibility and limited dilution as far as possible for PPG shareholders.

PROVEN TECHNOLOGY

Established electricity generation technology, with modular gensets facilitating straightforward commissioning.

EXPERIENCED MANAGEMENT

Management with proven expertise of funding, building and operating flexible power generation projects.

Chairman's Statement

In a year that saw our first site become operational, I am pleased to report our maiden trading profits[1], indicating the viability of our business model and our confidence in our pipeline.

KEY AREAS OF FOCUS

With the commissioning of our inaugural project in Plymouth in November 2016, I am delighted to report that we generated a maiden profit at the half year and a trading profit at the year end, before write offs with regard to irrecoverable disbursements for sites that are not going ahead for various reasons. Such reasons include planning permission not being achieved, overly expensive or impractical connections for a variety of reasons such as location expense or likely construction difficulties. Nevertheless, at the time of writing we now have all nine sites with Rockpool in various stages of development; one of which is operating, a further five are currently being built and should be operating by the New Year, with the balance to be built out in 2018. Our primary operational focus has therefore been on the continued execution and delivery of the nine sites equity funded by Rockpool Investments LLP of which we have a 44.5% interest in each.

As a complement to our green diesel projects, the group is now diversifying into gas fuelled power generation and battery powered energy storage projects, which may also be used in conjunction with SolarFlex and gas-powered generation sites. The management team has been working to develop and progress a pipeline of gas powered sites in which we intend to hold majority stakes of typically 80% but may also be joint ventures. We retain complete flexibility in financing projects going forward but aim to ensure that all future gas sites operated via new companies, typically holding 20MW each as before, are able to be consolidated in our accounts. With this in mind, we recently launched a £50 million bond advised by Bedford Row Capital, to be listed in Frankfurt, that is about to be marketed to investors. The bond is to fund the 'equity' portion of each site; each site has a typical capacity of 20MW, is held in a special purpose vehicle, and will normally have 20-40% of equity, with the balance funded with asset or project finance.

1. before write-offs for sites that are not proceeding.

MARKET CONTEXT

There has been some uncertainty in the market on account of regulatory reviews from DEFRA and Ofgem (read more in the Market Overview on pages 12 and 13).

In light of these reviews and the proposed phasing out of Triad payments over the next three years, we have remodelled the existing businesses and future gas operated sites. We are still able to achieve a reasonable IRR for FlexGen projects and a very good IRR (well in excess of 20%) for all gas projects, which will likely operate for a longer number of hours per annum.

The underlying drivers of overall supply and demand for power have not changed, however, and we believe that the markets for STOR and FFR, for example, will firm over the coming years. The power supply mix to the National Grid will also mean that there will be many opportunities to trade electrons in future, due to the peaks and troughs in the market. Over winter 2016/17, Attune Energy Ltd (our site in Plymouth) could have earned c.£1.5-£1.8m by taking advantage of market prices when these spiked. Because of commitments to FFR, Triad and STOR, we have not always been able to take advantage of such fluctuations, but expect to be in a better position to do so with gas powered sites. Attune Energy operated very successfully during last winter with an above budget operating profit.

Transformer at Plymouth

STRATEGY

In addition to our planned focus on installing gas engine capacity and the bond to finance this, we are looking at the use of power storage, i.e. batteries or capacitor technologies, in conjunction with our gas sites, which will open up FFR markets and other fast response tariffs to gas. Our strategy with respect to the green diesel sites is – alongside Rockpool – to either sell these after the end of the EIS qualification period or to make an offer for the 55.5% we do not already own. Our relationship with a leading Big Six multinational utility company to fund up to 20% of any 20MW renewable fuel or gas powered flexible energy projects going forward fits ideally with the Company's strategy to deliver projects in which it holds an 80% interest, and this relationship is envisaged to provide sufficient equity to allow PPG to develop majority owned assets while maintaining its policy of limiting dilution to shareholders as far as possible. It also gives us additional flexibility in funding our various project types going forward including Gas, SolarFlex and Battery Power Storage.

DIVIDEND

We do not propose to pay a dividend as we plan to reinvest all internally generated funds for the foreseeable future.

OUTLOOK

At the end of a busy and productive year, I wish to thank the staff and Directors for their valued contributions, as well as our partners and advisors, who provide invaluable support in developing our operations. In February 2017, we appointed Cantor Fitzgerald Europe as Nominated Advisor and Broker to the Company with whom we also look forward to a long and fruitful relationship.

We have a robust pipeline, with 240MW in the active pipeline (building, planned and expected planning) and a total pipeline of all types of generation and storage of around 700MW. In light of the foregoing, we view the year ahead with confidence, and look forward to securing planning permission on our pipeline of gas and battery sites and building out that portfolio over the coming years.

Charles Tatnall

Executive Chairman

13 September 2017

WE HAVE A ROBUST PIPELINE, WITH 240MW IN THE ACTIVE PIPELINE (BUILDING, PLANNED AND EXPECTED PLANNING) AND A TOTAL PIPELINE OF ALL TYPES OF GENERATION AND STORAGE OF AROUND 700MW

Chief Executive's Review

We continue to roll out our model, which is designed to address fundamental market drivers and to be resilient in the face of current regulatory uncertainty.

HIGHLIGHTS

The last year saw the achievement of two related milestones for Plutus Powergen. Our first site - Attune Energy in Plymouth – came online in November 2016 and, as a result of meeting the three Triad periods, the site was profitable over the small number of hours it generated. Secondly, as a result of securing access to planning for the Rockpool sites, the Company was pleased to be able to report achieving our maiden trading profit before development site write offs at the year end.

We have made good progress with the installation of power generation projects, and will have 6 operational facilities representing 120MW of capacity by the end of 2017. We have the remaining three Rockpool sites with planning and anticipate having these built in time for next winter.

Further sites will be based on gas powered engines (see Strategy, below). We have submitted planning applications for 80MW of gas capacity, and have a total pipeline of gas, (mains and LNG), and battery sites of 700MW.

In last December's capacity auction, we were awarded Capacity Mechanism contracts for three 20MW sites and have entered a further eight sites for the next auction in February 2018.

MARKET CONTEXT

There remains regulatory uncertainty in the market. In March 2017, Ofgem published a 'minded to' decision, which it confirmed recently. From the winter of 2020/21, this would reduce the embedded benefits received by distribution connected generators such as PPG to the residual charge. While this change settles down, there is concern among industry participants that price volatility will increase, which in turn will lead to higher energy prices. Additionally, third party analysis indicates that generators generating for the Triad market have acted to depress volatility over the winter – or peak demand – months. The effect of increased volatility over the winter months, when demand is high, increases the risk that energy prices will spike. While there is a price cap of £1,500/MWh, there are plans in place for this to be raised to £3,000 initially and then to £6,000 per MWh. This cost must either be absorbed by suppliers or passed on to the consumer, but we may be able to benefit from such spikes.

Despite Ofgem's decision, our returns are still anticipated to be at or above our base case projections. Any loss of Triad income is expected to be offset by firmer prices in the balancing markets as National Grid seeks to physically balance the grid and the market for flexible power as suppliers seek to balance their retail power books and mitigate energy price volatility.

The outcome of DEFRA's consultation on lower emissions limits was delayed by the general election until just recently, but we are confident of being able to comply with the proposed new rules without any material impact on investor returns. The proposed outcomes in relation to the transposition into UK law of the Medium Combustion Plant Directive (MCPD) will require us to fit selective catalytic reduction (SCR) or other measures to reduce the NOx from our green fuel fleet, but the cost of this is manageable. We continue to monitor and be involved in the consultation process.

National Grid launched a review in June of all markets which seeks to make the balancing markets in which we compete more dynamic and closer to real-time. Over the next 18 months National Grid plans to rationalise the number of markets they operate for balancing, and also be more transparent with the data and the way that they balance. They also want to make the markets more real time: a day ahead FFR market and STOR, and an in-day trading market around frequency response. They are consulting about shifting the market away from auctions to a traded market, to trade capacity in the same way as the market trades electrons. These changes will cement the role of local, reliable, flexible generation in the UK energy mix.

Notwithstanding this uncertainty and likely changes to the way that value will be distributed in the market, the fundamental drivers remain the same. Insufficient base load power generation capacity is being installed. No large gas power stations are being built, and still no nuclear, yet demand for energy is increasing and becoming more reliant on renewable sources to meet it. The proposed withdrawal of new petrol and diesel cars from the roads by 2040 will further increase demand for power for charging electric vehicles.

A key indicator of the importance of flexible generation is that energy suppliers are finding ever more inventive ways to access that capacity. These solutions range from innovative procurement arrangements, through to co-investment. Additionally, some suppliers are starting to develop innovative solutions, such as using existing energy market contracts to hypothecate or match up demand and supply, so consumers can be more certain of the price in a highly volatile market. This is a good thing for big power consumers or local communities that are a little off grid or can organise to capitalise on such opportunities, but the net effect is that the remaining market may become even more volatile, resulting in further separation between the energy rich and energy poor.

OBJECTIVES AND STRATEGY

Our original objective was to have 200MW of generating capacity within three years. By the end of this calendar year we will have 120MW installed and operational, and the remaining three renewable diesel sites operational in time for next winter. This means we will have achieved 180MW of renewable diesel sites – or 90% of our target – after four years, through some very challenging times from a regulatory and financing perspective.

Our most significant strategic shift is our decision to diversify into gas powered engines. We started this process in the new year, and now have 80MW of projects in planning and a further 120MW in the pre-planning stage. This means that we are aiming for around 200MW of gas-fired generation over the next two to three years, and we continue develop our overall pipeline of 700MW further.

There are several factors that favour gas for use in flexible generation:

- More hours of running
- Lower levels of pollution, in terms of NOx, CO_2 and CO, and SOx;
- Negligible soot and particulate emissions, and no smoke or odour in exhaust gases;
- Similar levels of efficiency as green fuel engines;
- Greater reliability, allowing higher maintenance intervals and thus reducing costs as well as waste oil;
- Reduced noise and vibration;
- The ability to operate on a wide range of gaseous fuels, from mains gas and LNG through to digester gas derived from the anaerobic digestion of sewage and other organic wastes.

Each gas powered site, which will take approximately eight months to construct, is anticipated to generate an EBITDA of up to £3m per year when Capacity Mechanism payments commence.

Chief Executive's Review continued

With gas engines, the economics are such that they are able to run merchant to take advantage of peak prices as well as assist suppliers in managing volatility in their retail power books. Looking back over history, peak energy prices suggest these facilities would need to run in the range of 1200-1400 hours per year. Since volatility drives peak energy prices, these numbers may well increase.

We are beginning to look at hybrid technologies whereby both the gas and green fuel sites would be fitted with a storage (or exhaustible) capability, such as batteries. Combining firm and exhaustible generation on the same site allows us to compete in more real-time markets, which is the strategic direction in which National Grid is consulting to implement these markets. We will be piloting these technologies on our sites once we have established the economic and technical cases.

SolarFlex, which seeks to co-locate firm generation and intermittent generation sources, and investigate installing exhaustible generation to build 'real-world' operational data sets, remains part of our strategy however has been slower to come to fruition as prospective partners have not yet decided their preferred approach. We continue to explore this approach and remain confident we can demonstrate the value to solar operators as our hybrid sites establish themselves.

OUTLOOK

We have a healthy pipeline, and will continue to progress with our strategy to develop, build, own and operate flexible generation capacity. The renewable green diesel sites for Rockpool are secured, with five to be connected by the end of the year and the remaining three by the end of next. We are beginning our gas journey with 80MW in planning with the aim to meet our initial target of 200MW. Although we are closing the chapter on renewable diesel fuel, we will seek to make those assets more valuable by retrofitting appropriate storage technology as it becomes economic.

Despite some regulatory question marks, we remain confident that our FlexGen model is a key part of the solution to the challenges ahead as a result of the structural changes to the UK's energy mix.

Phil Stephens

Chief Executive Officer

13 September 2017

Sustainability

Our flexible, standby sites facilitate the UK's increasing reliance on renewable energy.

By plugging intermittency gaps from renewable energy power generation in a cost-effective manner, our sites will assist in enabling further decarbonisation of the UK energy sector.

Our flexgen facilities are anticipated to run for no more than 150 hours per year in 60 minute blocks of time during peak demand, and may not exceed 300 hours as a result of the commitments made in the planning permission process. Despite providing valuable standby generating capacity, each facility is expected to be switched off for more than 97% of the time, ensuring that annualised emissions are minimal. Our facilities will conform to all UK and EU air quality standards.

Our Rockpool co-investment power generation sites are fired with green renewable fuel from HVO (hydrogenated vegetable oil), which reduces the environmental impact and also stimulates the development of such fuels by providing a proven market. Relative to conventional diesel, this fuel eliminates sulphur oxides (SOx), reduces nitrogen oxides (NOx) by c.30% and reduces particulates.

We also continually evaluate other types of green fuel and look at technology to add to our generators to comply with the more stringent requirements associated with the incoming Medium Combustion Plant Directive.

Our Market

Despite a considerable degree of regulatory uncertainty, the fundamental drivers of demand for flexible electricity generation remain, on account of structural changes to the UK's power generation mix.

INCREASING VOLATILITY

As high carbon sources of energy continue to be retired, renewable power generation has come to account for close to 30% of the UK's energy supply. With the Government's commitment to closing all coal-fired power stations by 2025, and with new gas or nuclear power stations at least 10 to 15 years away from coming online, reliance on diverse and intermittent sources of energy embedded within the distribution network (notably wind and solar) is set to increase. The lower proportion of energy generated from reliable 'baseload' sources has led to increasing challenges in the balancing of supply and demand. As the energy mix changes, there is reduced availability of flexibility in the Balancing Mechanism, and/or this is becoming more costly to access.

CONTINUING TIGHT CAPACITY MARGINS

Capacity margins – the difference between peak electricity demand and the capacity available to meet this – have become tighter in recent years. For winter 2016/17, National Grid continue to warn of tight margins and the volume procured in the Capacity Market remains sizeable. The scheduled closure of coal power stations, coupled with uncertainty and delays in respect of nuclear and gas sites, are likely only to exacerbate these issues.

CHANGING NEED FOR BALANCING SERVICES

As system operator, National Grid is responsible for ensuring that the UK electricity system has sufficient supply to match demand, and operates balancing services to continuously match supply to demand to avoid frequency distortions, brownouts or blackouts.

The current markets are complex, unclear and not future-proof, and not accessible to all potential providers. The changing energy mix and the increasing need for cost-effective flexibility means a review of the current markets is required.

As outlined in its System Needs and Product Strategy (SNAPS) proposal in June 2017, National Grid aims to have in place, by 2021, a smart, flexible system that harnesses all available energy sources – a simple, transparent marketplace for new and established providers and technology types. By simplifying balancing services and improving the sharing of information, the objective is to remove barriers to allow better use to be made of distributed energy sources.

National Grid also recently introduced an Enhanced Frequency Response market, for very rapid response such as could be provided by battery storage units. Battery storage remains markedly higher cost than other short-term generation solutions and has technological limitations. As a result, this new market is likely to complement, rather than remove demand from existing frequency response markets.

MARKET DRIVERS FAVOUR FLEXIBLE POWER GENERATION

In the context of the structural changes to the UK energy sector outlined above and the resulting challenges, flexible power generation plays a vital role in supporting the pillars of the UK's energy strategy, as summarised in the table below.

Keeping the lights on	**Network support** • Improve operational capability by lowering demands on the network • Support the distribution system and provide an important tool to accommodate intermittency of renewable sources
	Frequency control • Maintain system frequency within operating parameters by generating very quickly, supporting local balancing
	System inertia improvement • Lower the risk of failure by increasing the inertia on the system
	Short run back up capacity • Add small scale capacity that can run when larger assets fail
Affordable	**Best value to the consumer** • Derive all revenue through market-delivered processes • Provide opportunity for reduced connection costs by sharing Grid connections with solar
Low carbon	**A system that allows the wider decarbonisation of energy** • Provide operational 'cover' for renewables • Give network operators fine tuning capability rather than large scale capacity

Unlike large power stations, which connect to the high voltage transmission grid, most flexible generating assets connect directly to local distribution networks. This is known as embedded generation, and confers several advantages that result in lower consumer bills, as well as generators earning a premium over wholesale electricity prices:

- Reduced charges: Although embedded generation providers are subject to local distribution network fees, they avoid charges relating to transmission use, distribution system use and system balancing. Embedded generation also reduces the need for investment in the transmission and distribution networks, and saves costs associated with operating and maintaining existing infrastructure.
- Reduced thermal losses;
- Reduced regulation: embedded generation is not subject to regulatory burdens such as the Carbon Price Floor and Climate Change Levy.

Embedded generation also generally reduces the volume from balancing energy and hence can reduce the cost of balancing the system on a half hourly basis. Controllable plants such as generators also facilitate management of intermittency at a local level, allowing greater deployment of renewable generation assets than would otherwise be viable.

The operational benefits and cost efficiencies in the form of avoided charges are typically shared between suppliers and the local producers they contract with, and ultimately benefit consumers through reduced energy bills.

Our Business Model

Our multi-revenue stream model is founded upon the development of 20MW flexible generation facilities, funded through a combination of equity and asset finance via dedicated investments and subsidiaries.

WHAT WE DO

We are applying our management expertise to the establishment of a group of subsidiaries and investments active in the development, construction and operation of stand-by flexible electricity generation sites in the UK.

We sell power to energy suppliers and the National Grid via several mechanisms, and our sites are expected to operate during periods of peak electricity demand or grid instability.

HOW WE OPERATE

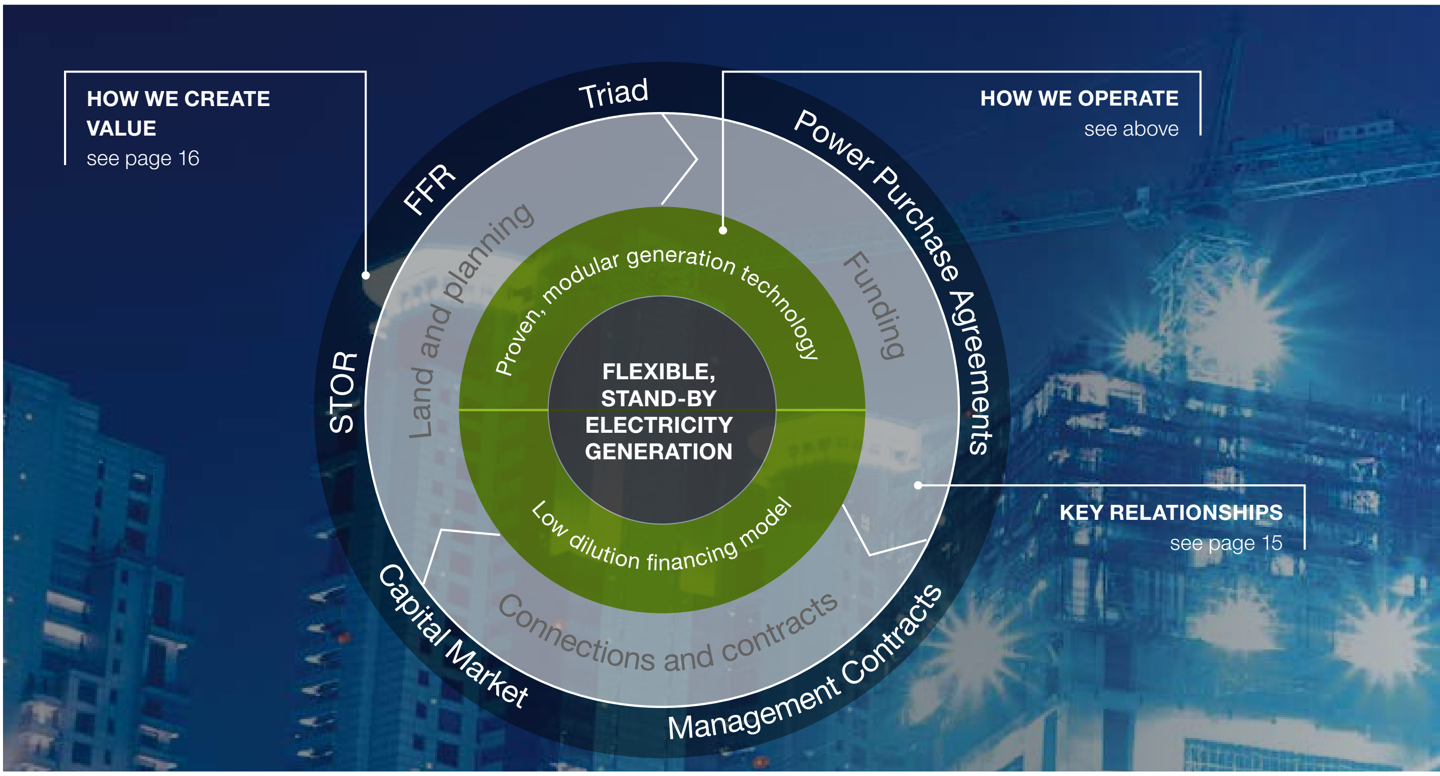
Proven, modular generation technology

We use established, reliable technology based on containerised generators, fired with renewable green fuel and – going forward – gas, and possibly in conjunction with battery storage or independent battery storage projects. Treated as embedded generation, our unmanned gensets supply the local low voltage distribution network and are switched on remotely, reaching full output, depending on generation power type, within 10–150 seconds. Each plant generally has a maximum generating capacity of 20MW. This is optimal for two reasons:

- The planning thresholds – and therefore construction timescales – are reduced; and
- The emissions fall below a European threshold, thereby reducing compliance costs and risk.

Non-dilutive finance model

By setting up a dedicated entity for each site, we have limited medium-term dilution to existing holding Company shareholders. The first nine sites have been financed with equity from clients of Rockpool in each of the nine investment entities established for this purpose, and have advance assurance from Her Majesty's Revenue and Customs to benefit from EIS-related tax benefits. PPG has a 44.5% stake in each of these entities, and currently derives revenue from a management contract with each site. From November 2015, EIS was closed off to new standby power generation projects. Future projects will be held in separate subsidiary companies, in which PPG will seek to obtain an interest of 80%, however PPG may enter into joint ventures or other flexible financing options, the principle generally being that the accounts of each vehicle will be capable of consolidation into the group accounts.



KEY RELATIONSHIPS AND STAKEHOLDERS IN OUR BUSINESS

The keys to success are land, asset funding and grid connection, and we enjoy constructive relationships with partners in each of these core aspects.

Land and Planning

Property developers: we work with developers to identify suitable sites across the UK.

Land owners: we are able to secure attractive sites through our relationships with land owners such as London & Devonshire Trust, with whom we also have a battery storage Joint Venture, and Associated British Ports.

Reliance Energy: we have an established relationship with Reliance Energy, who is working with us to secure sites for gas engines and SolarFlex.

Funding

Debt markets: there are emerging opportunities to provide development capital for management contracts.

Banks: we have strong relationships with a number of banks and other financial institutions to provide debt financing, including JCB.

Third party investors: we continue to work with other potential and credible investors, including a 'Big 6' utility group with whom we agreed an indicative partnership to fund 20% of future projects.

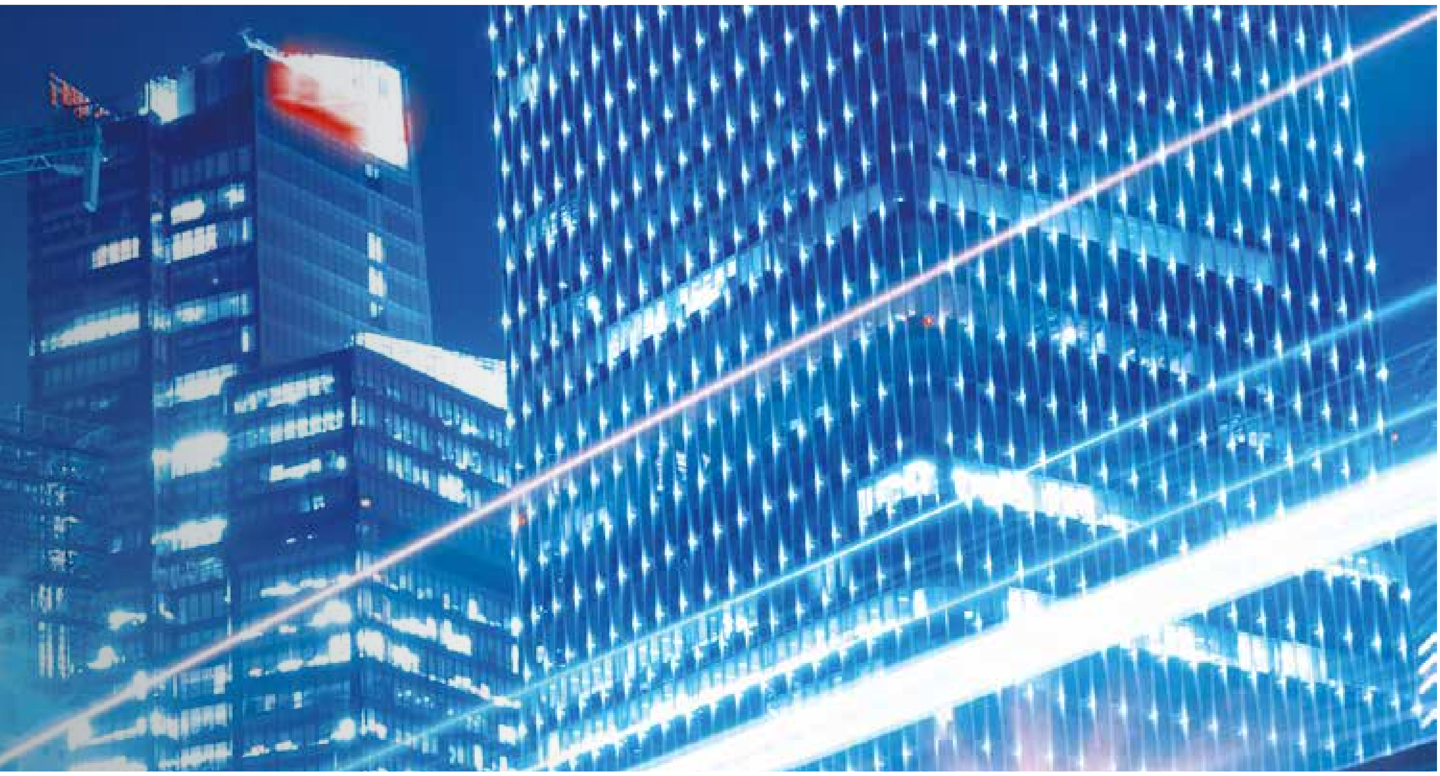
Investors: PPG was readmitted to AIM in August 2014 to capitalise on the opportunity in flexible power generation and intends to raise further funding from a £50m bond issue to enable us to develop further sites.

Connections and Contracts

National Grid: we will secure STOR and FFR contracts with National Grid for our facilities, and we have secured Capacity Market contracts for five sites and are applying for a further eight sites in the Capacity Market Auction in February 2018. We are also entering T-1 CM auction for the 6 facilities that will be operational by 1st October 2018.

Energy suppliers: we have negotiated Power Purchase Agreements (PPAs) with two national suppliers.

Connection business: we have relationships with a number of connection businesses with regard to connections on our sites and the contestable and non-contestable connection costs.



Our Business Model continued

HOW WE CREATE VALUE

Our model is based upon multiple revenue streams. The current mechanisms for generating revenue from power sales are outlined in the table below. Although the precise mechanisms are subject to review as part of National Grid's consultation into Systems Needs and Product Strategy, the strategic importance of flexible generation means that the outcome is thought unlikely to be unfavourable to embedded power generators. The consultation is scheduled for completion by the end of 2018.

Aside from earning revenue from the supply energy, we have a management contract with each Rockpool investor-funded site, which generates revenue of £150,000 per site per year. Under the terms of these contracts, we manage the asset, from identifying the site, obtaining planning permission, to managing the connection, construction and operation of the plant.

Sources of revenue from energy supply

Mechanism	Overview	Counterparty
STOR	The Short Term Operating Reserve is a mechanism used by National Grid to balance the UK's power supply at short notice. The STOR allows required electricity supply to be decreased (by incentivising major consumers to reduce demand) or increased, by calling on a pool of stand-by power generators. Under the terms of two-year contracts, National Grid pays STOR providers for making their capacity available, as well as for delivery of electricity.	National Grid
Firm Frequency Response (FFR)	FFR is a service procured by National Grid to manage system frequency, the system-wide signal that indicates whether energy supply exceeds demand or vice versa. FFR allows a provider to supply a service to reduce demand or increase generation, when instructed by National Grid. FFR is procured via monthly tender. To take part, generators must be able to deliver a minimum of 10MW, and be capable of responding within 30 seconds and for sufficient duration. Similar to STOR, providers are paid for availability as well as for utilisation. PPG will compete in the static market, whereby energy change occurs at a pre-set frequency and remains at a set level. The addition of exhaustible (battery) power to PPG's generators would allow access to the dynamic FFR market, where energy changes in line with system frequency.	National Grid
Triad	Triad is the scheme under which the National Grid charges energy suppliers significant sums according to their use of the high voltage transmission network during Triad periods – the three half-hour periods of highest demand in a year, identified after the winter. The principal means for National Grid to cover its costs, Triad also serves to incentivise users to limit consumption during peak periods, thereby easing the need for investment in the transmission system. Through the PPA, energy supply companies pay flexible generators of electricity to supply power to local distribution networks during anticipated peak periods (both for the power generated and for Triad avoidance), as their generation reduces demand on the transmission network. Generators must operate during each of the Triad periods to be eligible for payments. Ofgem's 'minded to' decision of June 2017 will see Triad benefits earned by small embedded generators such as PPG reduced to close to zero by the winter of 2020/21, effectively reducing over four years as to 100%, 66%, 33% and zero. There are likely, however, to be residual payments which could amount to up to 20% of the original Triad which will still make it a worthwhile income stream. This is not budgeted for in our remodelled projections post the 'minded to' decision.	Energy Suppliers

Mechanism	Overview	Counterparty
Power Purchase Agreements (PPA)	This is simply sales of generated power; when operating with an objective of Triad avoidance, power is sold under a PPA, typically to a large UK energy supplier. PPAs are typically of a 5+ year duration.	Energy Suppliers
Capacity Market	To ensure long-term security of supply, the Capacity Market provides financial incentives to bring forward new investment while maximising existing generation capabilities. The structure of CM ensures technology neutrality, meaning that the lowest cost technologies that will guarantee capacity will be awarded 1, 3 and 15-year contracts, depending on the level of capex incurred. These capacity contracts are procured through a reverse auction, run by National Grid. Generators who are successful in the auction will benefit from a regular, predictable and index-linked revenue stream for every hour they are available. The capacity obligation means providers must be available to deliver energy when needed or face penalties.	UK Government (via National Grid)

Investment Case

We have addressed the financing and costs of FlexGen sites before and below demonstrates the projected costs and illustrative returns that may be achieved from a typical gas site:

Component/activity	Approx % of Total costs
Planning and site assembly	5–10%
Electrical equipment and storage	25–30%
Gas connection/supply	5–10%
Civil engineering/construction	25–30%
Generators	25–30%

Financial Information

Standard Projected Financials for a single 20MW Gas site

Full Year (£'000)	1	2	3	4	5
Turnover	2,454	4,489	4,754	5,285	6,192
EBITDA	1,192	2,311	2,508	2,973	3,826
CASH FLOW	1,192	2,312	2,306	2,754	3,605

(before finance)

There are significant and detailed assumptions behind these projections which have been reviewed and modelled by banks and financial institutions willing to lend to our projects. These projections have satisfied their own internal tests with regard to their sensitivity modelling and provide third party validation of our detailed model.

Financial projections for 10 new gas sites funded from £50m bond or other funding (100% owned)

FULL YEAR	NO OF SITES	EBITDA
1	3	£3,576,689
2	6	£10,511,445
3	9	£18,034,178
4	10	£24,567.293

The potential for the Group to generate excellent returns and cash flow is clearly demonstrated above.

Our Strategy

We have continued to make progress against our strategic priorities. We will achieve 90% of our goal to reach 200MW of flexible generation by the end of 2017, a significant achievement given the fast evolving market in which we operate and the evolution of our business model towards gas power generation and battery storage.

Strategic Priority	Progress
Bring online standalone FlexGen sites	**Green Fuel**
– Nine Rockpool-funded investee company green diesel sites	The facility in Plymouth came online in November 2016. By the end of 2017 we will have 120MW of operational capacity, and the remaining three sites already have secured planning permission. Rockpool have indicated that they will realise their investment in the nine FlexGen sites when the EIS qualification period expires. This will give us the opportunity to make an offer for the shares we do not own or sell our shares in each site alongside Rockpool
– Majority-owned (non-EIS) gas powered sites	**Gas** 80MW of gas powered sites are at the planning stage, and we have a further 160MW in the pipeline. Our goal is to develop at least four sites per year.
Derive revenue from multiple sources	As well as from the secured management contracts for each Rockpool site, we generate income in our investments from different markets for flexible power, although the precise nature of these may be subject to regulatory change. **Triad:** Our Plymouth site earned attractive returns by hitting three Triad periods since becoming operational in November 2016. If Ofgem's 'minded to' decision is implemented, this would reduce the Triad benefit received by small embedded generators such as PPG to close to zero from the winter of 2020/21. **Capacity Market:** PPG has been awarded a total of five Capacity market contracts for 15 years and one annual contract to date. This year the Company is applying for eight 15 year contracts (four FlexGen and four Gas) and six one year contracts **Power Purchase Agreement:** We have Power Purchase Agreements (PPAs) with two national suppliers and are in detailed negotiations with a third. **FFR:** Via our subsidiaries and investee companies, we intend to build power generation units which reach full response within 30 seconds and can sustain supply for 30 minutes, allowing us to compete in the static FFR market. STOR and FFR are mutually exclusive, although PPG may bid for both types and run FFR outside STOR hours. **Management contracts:** PPG has been granted nine management contracts by the entities financed with equity from clients of Rockpool Investments. Under these agreements, PPG receives monthly payments equivalent to £150,000 per annum for each investee company. **STOR:** We intend to secure STOR contracts with National Grid for our facilities.
Continue to pursue our limited dilution investment model, holding majority stakes in non-EIS funded, standalone flexible generation sites with outside investors where attractive	We intend to own majority stakes (typically 80%) in individual entities for future development sites. With that objective, we are in the process of raising £50 million gross through the issue of a 7% five year bond issue to be listed in Frankfurt. The net proceeds of this will – in conjunction with our existing cash resources and asset finance – be used to assist in the development of ten 20MW gas powered flexible generation sites.
Explore viability of battery, capacitor or inertial energy storage	Over the medium to longer-term, our strategy is to explore commercialisation of storage technologies on our green fuel, SolarFlex and gas sites, to compete in more real-time markets and allow us to access potentially more attractive returns.
Progress SolarFlex sites (co-located solar and FlexGen facilities)	We have held promising talks with several solar farm operators to establish SolarFlex sites (with shared connections for solar and non-intermittent generators) and are awaiting their response.

Financial Review

The Group has achieved considerable growth in fees received during the year, contributing materially to substantially reduced losses and attributable losses per share.

The year ended 30 April 2017 is our second full year of operations in the business of the development and operation of flexible energy generation projects, which play a crucial role in the changing UK energy mix as renewable generation replaces carbon intensive generation. 2017 has been a year of continued progress for the Group in the execution of its business plan. Throughout the year we had nine management contracts in place with Rockpool investee companies, each generating £150,000 per annum of fee income which represented an annualised fee income of £1,350,000 for the year ended 30 April 2017.

In addition to the nine Rockpool companies, we continue to make progress towards the Company's plan to add further capacity in the form of gas powered generation sites, with 80MW in planning, a further 120-150MW of viable gas sites in the pipeline for next year and circa 80MW of battery storage schemes in conjunction with LDT. Each site will be a subsidiary of the Company and will ordinarily hold up to 20MW of generating capacity. The Company will also seek to introduce outside investors so as to maintain its anti-dilution funding model in the Holding Company and will normally seek to maintain a shareholding of at least 80%. Our relationship with a leading Big Six multinational utility company to fund up to 20% of any 20MW renewable fuel or gas powered flexible energy projects going forward fits ideally with the Company's strategy to deliver projects and will provide us with extra financing flexibility. Such sites will have the ability to be fully consolidated in the Group's accounts, which will see a strengthening of the Group's balance sheet and the earnings of each subsidiary will be consolidated into the profit and loss account of the Group.

The Company has recently launched a £50 million (gross) five year 7% bond, listed in Frankfurt, to give maximum flexibility to the suite of funding options available to it. The bond, once fully funded, will enable the Company to build up to a further ten new majority owned sites, which together with the Big Six multinational utility company, assists in maximising our financing capability and flexibility. We will be in a good financial position to develop the majority owned portfolio of gas powered, solarflex and battery storage sites.

During the year under review the Group increased its revenue to £1,350,000 (2016: £887,500), a rise of 52%, from the award of management contracts from the Rockpool investee companies. These fees are expected to continue under current management contracts at an annualised rate of £1.35 million in future periods. Plutus Energy Limited, our 100% owned operating subsidiary, will earn management fees from all future sites, in addition to our existing portfolio. Administrative expenses have increased marginally to £1,292,700 (2016: £1,187,998). There are other operating expenses of £236,164 (2016: £79,590) in the year under review. These relate to write offs of expenses disbursed for sites not going forward for various reasons. There will be no further write offs with regard to Rockpool co-investee companies as all nine sites are now allocated and are in various stages of construction and development. Sites may continue to be pursued which do not go forward for various reasons but we expect to be able to minimise such write offs in the future. Because of these write offs the Group has made a loss after taxation of £201,501 (2016: £407,776) and consequently the basic and diluted loss per share from continuing operations was 0.03p (2016: 0.07p). However, if we discount the other non-recurring operating expenses attributable to site construction not proceeding, the Group would have made a maiden profit for the year ended 30 April 2017 of £34,663 (2016: Loss of £328,186), a positive turnaround in pro forma net profits of £362,849.

After the year end, James Longley and Charles Tatnall each exercised 10,000,000 warrants in the Company with a net cash benefit of £180,000. In addition, a new Group share option scheme was implemented after the financial year end. The 2017 Share Option Scheme is designed to incentivise the Directors as Plutus changes direction towards gas, solarflex and battery powered flexgen projects, of which the Company has an overall 700MW pipeline. This is the first share option scheme to be implemented since the reverse acquisition of Plutus Energy Limited in August 2014. Since then, minimal shareholder dilution has been incurred as a result of external equity financing as the Company has ensured that the ongoing development of the Rockpool funded portfolio of 180MW of FlexGen sites have been financed entirely through external equity and debt thus far.

Post year end, the Company granted an aggregate of 60,000,000 share options with an exercise price of 1.485p pursuant to the 2017 Share Option Scheme, all vesting in three equal annual instalments. 15,000,000 Options were granted to each of Paul Lazarevic, James Longley, Phil Stephens and Charles Tatnall on 18

May 2017. Charles Tatnall and James Longley also each hold 4,770,000 existing share options, which were awarded prior to the reverse acquisition of Plutus Energy. All of the Directors have indicated that they will not sell any shares that they hold for at least the next eighteen months. Following the issue of options and exercise of warrants, there are a total of 69,540,000 options in the Company outstanding, representing approximately 9.8% of the Company's issued share capital.

Cash was £71,609 at the year-end (2016: £22,608). Trade and other payables increased to £229,635 (2016: £166,288), due largely to the increased level of activity, particularly with regard to the site planning, lease and connection processes. Our ongoing overheads will be covered by management fees. In addition to which we will have the proceeds from the bond raise coming in to fund new sites and generate further management fees together with the consolidated operations. Overall, the Company is in a good situation financially and will continue to manage cash flow, accounts receivable and accounts payable in a fair and reasonable manner within the Group resources.

Group net assets at the year-end were £995,864 (2016: £1,166,089), a decrease of £170,225 (14.6%) due to net losses in the year generated from other operating costs from site costs written off.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

	2017	2016	Change %
Turnover	£1,350,000	£887,500	+52%
Cash and cash equivalents	£71,609	£22,608	+217%
Closing share price	1.23p	0.925p	+33%
Earnings per share	(0.03)p	(0.07)p	+57%

PRINCIPAL RISKS AND UNCERTAINTIES

The Board regularly reviews the risks facing the Company and seeks to exploit, avoid or mitigate those risks as appropriate.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies of the Company are set out in note 24 to the financial statements.

GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £71,609 and net current liabilities of £89,288 as at 30 April 2017, and incurred a loss of £201,501 for the year then ended.

The Directors have based their opinions on a cash flow forecast, which assumes that sufficient revenue will be generated for working capital purposes and that operating costs will be kept to a minimum until adequate revenue streams are secured. In addition future plans for the Group will be funded externally through a mix of debt and equity financing. So the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

James Longley

Director

13 September 2017

Principal Risks and Uncertainties

We have identified the principal risks to the Group achieving its objectives, and risk management is regularly on the agenda of the Board, Audit Committee and other senior management meetings.

Risk	Potential Impact	Mitigation
Availability of suitable sites	Our ability to build flexible power generation projects depends upon our ability to source suitable sites and to secure these on commercially attractive terms. Should there be a lack of suitable sites or the cost of running the sites be excessive, this would have a material adverse effect on our operations and financial performance.	Our relationships with land owners and developers, and partnership with Reliance Energy underpin our strong pipeline of land, with over 700MW of capacity under review or in progress.
Securing of planning permission	Failure to obtain permits, consents or approvals from third parties in connection with the development of stand-by power generation projects may affect our ability to complete projects. The planning process can be lengthy and delays often occur such that the process may span several accounting periods. Accordingly, there may be delays in realising value from projects.	Our strategy to focus on sites with a maximum 20MW of generating capacity facilitates the planning permission process and limits emissions to below European thresholds. The use of green fuel and gas also eases the planning process where local authorities have policies that favour low carbon power generation.
Ability to tender and win contracts	Our success is dependent on our ability to tender for and win contracts to supply flexible power. While we believe we have a good chance of successfully tendering for such contracts, should competition in the market increase or for any other reason we be unsuccessful in winning contracts to supply flexible power, this would have a material adverse effect on operations and financial performance.	Management's track record, coupled with our success in securing contracts across diverse revenue streams, give us confidence that we will continue to be awarded contracts.
Volatility of electricity prices	Our activities and the viability of future energy generation projects are subject to changes in demand and prices for power. Energy prices fluctuate widely, influenced by diverse factors including supply and demand, political and economic conditions, speculative activities, expectations of inflation, interest rates and currency exchange rates. A significant reduction in global demand for power, leading to a fall in prices, could lead to abandonment of one or more of our projects, should these prove uneconomical to operate, and impact the profitability of existing sites.	Margins are sufficiently attractive to allow us to be able to withstand a certain degree of price fluctuations, and our different revenue streams and contracts also serve to mitigate this risk. The shift towards rewarding capacity rather than simply energy – evidenced in the Capacity Market, with its 15-year contracts – also cushions us from energy price fluctuations. Volatility presents opportunities for us to capitalise on high energy prices.

Risk	Potential Impact	Mitigation
Political risk	The flexible power generation sector is subject to national and regional regulatory oversight, spanning building codes, safety, environmental protection, utility interconnection and metering, and other matters relating to embedded generation. Changes in Government policy could affect the return on investment and may result in changes in tax rates or reliefs. Key near-term uncertainties relate to the outcome of Ofgem's review of embedded benefits, DEFRA's review of air quality and National Grid's review of balancing markets.	The underlying need for flexible stand-by generation is growing, and policymakers are thought to recognise that such assets will have to be rewarded in one way or another in order to maintain security of supply. Ofgem's 'minded to' decision, if implemented, would reduce the Triad benefit received by small embedded generators to close to zero, from the winter of 2020/21. The multiple revenue streams of each site mean that financial returns, even excluding Triad will remain attractive.
Ability to raise further funds	Our business model depends on our ability to raise debt and/or equity funding for the entities we create for stand-by generation projects. There can be no guarantee that we will be able to raise funds on terms that are commercially viable in the context of our business model.	The attractive financial characteristics of our projects underpin our success to date in raising funds. Each 20MW gas project requires capex of circa £12.5m, and will be placed in a newly formed company. We will fund the equity portion with the proceeds of a bond issue and possibly external equity. Each site pays a monthly management fee to PPG. The highly cash generative nature of each site is expected to be sufficient to repay the bond after five years, amongst other repayment options.

The strategic report was approved by the Board of Directors on 13 September 2017 and was signed on its behalf by

James Longley

Chief Financial Officer, Director

Directors

CHARLES TATNALL

Executive Chairman

Charles Tatnall is primarily involved in advising and raising funds for small and medium sized enterprises. Until 2005 he was consultant to Bolton Group, identifying potential investment and acquisition opportunities in a broad range of industry sectors. Previously he held a number of positions with public companies in North America and Canada, where he was responsible for corporate governance and finance. Charles was a co-founder and principal of BioProgress Technology, quoted on the NASD-regulated OTC market, and later migrated to AIM. Charles is also CEO of fully listed Papillon Holdings PLC and is a director of Stranger Holdings PLC and Fandango Holdings PLC, both with standard listings on the LSE.

PHILIP STEPHENS

Chief Executive Officer

Phil Stephens was Head of Commercial at British Energy Group plc, where he led the development of their pure nuclear, low carbon product to industry. This went on to form the basis of EdF's Blue+ product to residential customers following the acquisition of British Energy Group plc by EdF. He was Group Commercial Director of Mears Group plc, a listed social housing and domiciliary care business with revenues in excess of £650m. In this role, Phil signed an exclusive agreement with British Gas to provide energy and low carbon services to social housing. He was previously a partner in global consulting firms within the Energy & Utilities sector. His projects included main Board and Operational strategy development, including assessment of diversification opportunities, the development of the world's first nodal electricity market in Singapore and advice on asset management plans to energy regulators.

PAUL LAZAREVIC

Chief Operating Officer

Paul Lazarevic has a long record in the electricity sector, including most recently as the CEO of Grid balancing technology company, RLtec. He was formerly head of corporate sales at RWE, responsible for a £1.5bn operation, which included sales and operations to the UK's major industrial and commercial users such as J Sainsbury, BT Group and Lafarge. Paul also spent eight years at Exxon Mobil where his experience varied from project-managing the design and construction of embedded refinery power generation projects in the USA and Far East, to setting up a gas trading operation in the UK and running a risk management team.

JAMES LONGLEY

Chief Financial Officer and Company Secretary

James Longley is a chartered accountant whose career has focused on venture capital, private equity and building growth companies. His earlier career was with Arthur Andersen, Creditanstalt-Bankverein Merchant Banking and Touche Ross Corporate Finance. In 1990 he co-led the £10.5m management buy-in of The Wilcox Group, a leading UK trailer manufacturer. He was also co-founder, Director and CFO of BioProgress Technology International, a drug delivery systems developer, formerly a NASD regulated company which subsequently listed on AIM. He was also a co-founder, Director and CFO of PhotoBox Limited, Europe's leading photo finishers. It acquired Moonpig in 2011 for approximately £120 million and PhotoBox Group was sold in early 2016 in a £400 million deal. James is also Chairman of Papillon Holdings PLC and is also a Director of fully listed Stranger Holdings PLC.

TIM COTTIER

Non-Executive Director and Independent Director

Tim Cottier FCA is a Chartered Accountant who has spent many years in the corporate finance, real estate and green energy sectors. He qualified with Thornton Baker (now Grant Thornton) in London and spent several years with Price Waterhouse in the UK and in the Bahamas. He is CEO of Kinloch Corporate Finance who are a corporate advisory company based in London and Leeds which specialises in capital raising, private equity, venture capital and M&A activities within the SME sector dealing with transaction sizes from £1m to £50m. He is involved with a number of sustainable energy projects as advisor and in particular waste to energy sector. He established Kinloch Corporate Finance after exiting from a leading accountancy practice in Leeds where he headed up the corporate finance division. Tim has also been involved in a number of commercial property development schemes both as principal and adviser, finding sites for commercial schemes. He was a partner in Marlin Properties until 2002 and is an investor in several property projects in North Yorkshire. He is a Director of fully listed Fandango Holdings PLC.

Corporate Governance

The Company is not required to comply with the Corporate Governance Code or QCA Code.

However, the Directors recognise the importance of sound corporate governance. The Board intends, so far as is practicable for a Company of its size, to implement certain corporate governance recommendations. Details are provided below.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions. The Company has in place an audit committee, a remuneration committee and an AIM Rules Compliance Committee with formally delegated rules and responsibilities.

AUDIT COMMITTEE

The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than twice in each financial year and has unrestricted access to the Group's external auditors. The Audit Committee comprises of Tim Cottier, James Longley and Philip Stephens; Tim Cottier chairs the committee.

REMUNERATION COMMITTEE

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when is necessary. In exercising this role, the members of the Remuneration Committee regards to the recommendations put forward in the QCA Code and, where appropriate, the UK Corporate Governance Code guidelines. The Remuneration Committee is comprised of Tim Cottier, Paul Lazarevic and James Longley. Tim Cottier chairs the committee.

NOMINATIONS COMMITTEE

In view of the size of the Board, the responsibility for proposing and considering candidates for appointment to the Board is retained by the Board.

AIM RULES COMPLIANCE COMMITTEE

An AIM Rules Compliance Committee has been established. The committee ensures that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules. The committee also ensures that each meeting of the Board includes a discussion of AIM matters and assess (with the assistance of the Company's Nominated Adviser and other advisors) whether the Directors are aware of their responsibilities under the AIM Rules from time to time.

The committee seeks to ensure that all announcements made have been verified and approved by the Company's Nominated Adviser. The committee has particular responsibility for questioning the Directors in the event of any unusual, substantial movement in the Company's share price.

The committee monitors the Company's compliance with the AIM Rules and seek to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis.

The AIM Rules Compliance Committee comprises of Tim Cottier, Paul Lazarevic and Charles Tatnall; Tim Cottier chairs the committee.

SHARE DEALING CODE

The Board has adopted a share dealing code compliant with Rule 21 of the AIM Rules for Companies relating to dealings in the Company's securities by the Directors, Persons Discharging Managerial Responsibilities and Persons closely associated with them and takes all reasonable steps to ensure compliance by the Directors and any relevant employees.

ANTI-CORRUPTION AND BRIBERY POLICY

The Board has adopted an anti-corruption and bribery policy (the "Bribery Policy"). The Bribery Policy applies to all Directors and employees of the Company (and the Group) and sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption as well as providing guidance to those working for the Company on how to recognise and deal with bribery and corruption issues and the potential consequences. The Bribery Policy details a zero tolerance approach, which must be communicated to all contractors and business partners in all business dealings. Training on the Bribery Policy forms part of the induction process for all new employees.

Director's Remuneration Report

REMUNERATION POLICY FOR THE EXECUTIVE DIRECTORS

The remuneration of the Executive Directors is by way of fees and salary.

Executive Directors are entitled to accept appointments outside the Company providing that the Remuneration Committee's permission is sought.

AGGREGATE DIRECTORS' REMUNERATION

The total amounts for Directors' remuneration were as follows:

Name of Director	Fees/basic salary £	Annual bonus £	2017 total £	2016 total £
Executive				
Charles Tatnall*	129,000	37,500	166,500	219,000
James Longley**	129,000	37,500	166,500	219,000
Philip Stephens***	150,000	37,500	187,500	131,667
Paul Lazarevic****	150,000	37,500	187,500	131,500
Tim Cottier*****	22,133	–	22,133	–
Josephine Dixon	3,539	–	3,539	29,583
Total emoluments	583,672	150,000	733,672	730,750

* The remuneration of Charles Tatnall includes £145,500 fees, which were invoiced by Tatbels Limited.

** The remuneration of James Longley includes £145,500 fees, which were invoiced by Dearden Chapman Accountants Limited.

*** The remuneration of Philip Stephens includes £111,417 which was invoiced by PPT Capital, Helvic Limited, Ennerco Limited and Catmadboo Limited.

**** The remuneration of Paul Lazarevic includes £171,000 which was invoiced by PPT Capital, Helvic Limited, Ennerco Limited and Catmadboo Limited.

***** The remuneration of Tim Cottier includes £13,133 which was invoiced by Kinloch Corporate Finance Limited.

DIRECTORS' SHARES, OPTIONS AND WARRANTS

Name	Total number of options held	Total number of warrants held	Number of Ordinary Shares held	% of issued ordinary share capital of Plutus held
Charles Tatnall	4,770,000	10,000,000	65,500,000**	9.47%
James Longley	4,770,000	10,000,000	57,500,000*	8.32%
Philip Stephens	–	–	91,762,823	13.27%
Paul Lazarevic	–	–	85,953,379	12.43%

* 40,283,001 of the Ordinary Shares held by James Longley are held in his own name and 7,216,999 of the Ordinary Shares are held through his self invested personal pension scheme of which James is the sole beneficiary.

** 48,500,000 of the Ordinary Shares held by Charles Tatnall are held in his own name and 7,000,000 of the Ordinary Shares are held through his self invested personal pension scheme of which Charles is the sole beneficiary.

The Company's share option plan (the "**Plan**"), was approved on 8 March 2013, and options were granted over, in aggregate, 14,310,000 ordinary shares of 0.1 pence each ("**Ordinary Shares**") to the Directors of the Company (the "**Grant**").

Each option carries the right to subscribe for one new Ordinary Share in the capital of the Company at a price of 0.675 pence per Ordinary Share, being the closing mid-market price of the Company's Ordinary Shares on 8 March 2013 and the date on which the Plan was adopted. These options vest over a period of three years from the date of the Grant, with a third of the options vesting on the first, second and third anniversaries of the Grant respectively. These options are exercisable for a period of ten years from the date of the Grant subject to the vesting conditions and the terms of the Plan.

10,000,000 warrants each were exercised by James Longley and Charles Tatnall on 1 February 2016 at 0.9p per share. The life of the warrants was extended by one year to 27 August 2017 from the previous expiry date, being 24 months from re-admission of the Company to AIM in August 2014.

APPROVAL

This report was approved by the Board of Directors on 13 September 2017 and signed on its behalf by:

James Longley

Chief Financial Officer, Director

Directors' Report

The Directors present their report and the financial statements for the year ended 30 April 2017.

PRINCIPAL ACTIVITIES

Plutus PowerGen plc ("the Company") is the holding company of Plutus Energy Limited ("Plutus Energy" or "Subsidiary"). The business of the Group is to develop and operate flexible standby electricity generation sites. Plutus Energy will generate revenue through the sale of this power to established national energy suppliers during periods of peak electricity demand or Grid instability.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2016: £nil).

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 18. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

EVENTS AFTER THE REPORTING PERIOD

The Company received planning permission for two 20MW flexible stand-by power generation sites in Marchwood. These sites are equity funded by Rockpool Investments LLP and in which we have a 44.5% interest. With planning permission now obtained for a total of 40MW at the sites in Marchwood, preparations for the civil construction phase of these projects can now commence. The sites will be eligible for prequalification to the Capacity Market and it is expected that power generation from these sites will commence in 2018.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The Directors who served the Company throughout the year together with their beneficial interests, including family holdings, in the shares of the Company were as follows:

	Ordinary shares			
	At 30 April 2017	**At 30 April 2016**	**Options**	**Warrants**
Charles Tatnall	65,500,000	65,500,000	4,770,000	10,000,000
James Longley	57,500,000	57,500,000	4,770,000	10,000,000
Philip Stephens	91,762,823	91,762,823	–	–
Paul Lazarevic	85,953,379	85,953,379	–	–
Josephine Dixon (resigned 13 June 2016)	–	–	–	–
Tim Cottier (appointed 13 June 2016)	–	–	–	–

SUBSTANTIAL SHAREHOLDERS

As at 4 September 2017, the Company had been advised of the following shareholders with interests of 5% or more in its ordinary share capital:

Shareholder	Number of Ordinary Shares	Percentage of issued share capital
Paternoster Resources plc	49,333,334	6.93%
Charles Tatnall	75,500,000	10.61%
James Longley	67,500,000	9.49%
Phil Stephens	91,762,813	12.90%
Mr Paul Lazarevic	85,953,379	12.08%

CREDITOR PAYMENT POLICY

The Company and its subsidiaries agree the terms of payment when agreeing the terms and conditions for their transactions with suppliers. Payment is generally made in compliance with those terms, which is normally within 30 days of the invoice being received. The average number of creditor days during 2017 was 34 days (2016: 42 days).

CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable contributions during the year (2016: £nil). The Company did not make any political donations in either year.

DIRECTORS' SHARE OPTIONS

Share options held by the Directors are as detailed in the Directors' remuneration report.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

AUDITORS

In the case of each person who is a Director of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Welbeck Associates have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Signed by order of the Directors:

James Longley
Director

13 September 2017

Registered office
27/28 Eastcastle Street,
London
W1E 8DH

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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.
- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board:

James Longley
Director

13 September 2017

Independent Auditors' Report

To the members of Plutus PowerGen plc

We have audited the financial statements of Plutus PowerGen plc for the year ended 30 April 2017 which comprise the Group statement of comprehensive income, the Group and Company statement of changes in equity, the Group and Company statement of financial position, the Group and Company cash flow statements, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of Directors' responsibilities set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group and Company's affairs as at 30 April 2017 and of the Group and Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. No material misstatements in the Strategic Report and the Director's Report have been identified.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Rory Heier (Senior statutory auditor)

for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London, United Kingdom

13 September 2017

Group Statement of Comprehensive Income

For the year ended 30 April 2017

	Note	2017 £	2016 £
Continuing operations			
Revenue		1,350,000	887,500
Gross profit		1,350,000	887,500
Administrative expenses		(1,292,700)	(1,187,998)
Other operating expenses	8	(236,164)	(79,590)
Operating loss		(178,864)	(380,088)
Interest charge on loan note	17	(22,637)	(27,688)
Loss before tax	6	(201,501)	(407,776)
Tax	9	–	–
Net loss attributable to equity holders of the Company and total comprehensive loss		(201,501)	(407,776)
Earnings per share (pence per share):			
Basic and diluted loss per share from continuing and total operations	10	(0.03)p	(0.07)p

There are no items of other comprehensive income.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The total comprehensive income for the parent company for the year was £35,987 (2016: loss £389,426).

Group Statement of Changes in Equity

For the year ended 30 April 2017

	Share capital £	Share premium £	Share option reserve £	Loan note equity reserve £	Retained losses £	Total £
At 30 April 2015	1,376,950	6,334,076	74,306	23,657	(7,050,194)	758,795
Comprehensive income for the year	–	–	–	–	(407,776)	(407,776)
Credit to equity in respect of share-based compensation charge	–	–	35,070	–	–	35,070
Issue of share capital	120,000	660,000	–	–	–	780,000
At 30 April 2016	1,496,950	6,994,076	109,376	23,657	(7,457,970)	1,166,089
Comprehensive income for the year	–	–	–	–	(201,501)	(201,501)
Credit to equity in respect of share-based compensation charge	–	–	31,276	–	–	31,276
At 30 April 2017	1,496,950	6,994,076	140,652	23,657	(7,659,471)	995,864

Company Statement of Changes in Equity

For the year ended 30 April 2017

	Share capital £	Share premium £	Share option reserve £	Loan note equity reserve £	Retained losses £	Total £
At 30 April 2015	1,376,950	6,334,076	74,306	23,657	(7,007,122)	801,867
Comprehensive income for the year	–	–	–	–	(389,426)	(389,426)
Credit to equity in respect of share-based compensation charge	–	–	35,070	–	–	35,070
Issue of share capital	120,000	660,000	–	–	–	780,000
At 30 April 2016	1,496,950	6,994,076	109,376	23,657	(7,396,548)	1,227,511
Comprehensive income for the year	–	–	–	–	35,987	35,987
Credit to equity in respect of share-based compensation charge	–	–	31,276	–	–	31,276
At 30 April 2017	1,496,950	6,994,076	140,652	23,657	(7,360,561)	1,294,774

Group and Company Statements of Financial Position

For the year ended 30 April 2017

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
Non-current assets					
Goodwill	13	1,085,000	1,085,000	–	–
Investments in subsidiaries	11	–	–	1,098,333	1,085,000
Investments	12	152	152	152	152
		1,085,152	1,085,152	1,098,485	1,085,152
Current assets					
Trade and other receivables	14	268,738	417,980	455,871	473,929
Cash and cash equivalents	15	71,609	22,608	71,609	20,375
		340,347	440,588	527,480	494,304
Total assets		1,425,499	1,525,740	1,625,965	1,579,456
Current liabilities					
Trade and other payables	16	(229,635)	(166,288)	(131,191)	(158,582)
Borrowings	17	(200,000)	(16,000)	(200,000)	(16,000)
		(429,635)	(182,288)	(331,191)	(174,582)
Net current (liabilities)/assets		(89,288)	258,300	196,289	306,389
Non-current liabilities					
Borrowings	17	–	(177,363)	–	(177,363)
Total liabilities		(429,635)	(359,651)	(331,191)	(351,945)
Net assets		995,864	1,166,089	1,294,774	1,227,511
Equity					
Share capital	18	1,496,950	1,496,950	1,496,950	1,496,950
Share premium account	19	6,994,076	6,994,076	6,994,076	6,994,076
Share option and warrant reserve	20	140,652	109,376	140,652	109,376
Loan note equity reserve	21	23,657	23,657	23,657	23,657
Retained losses	22	(7,659,471)	(7,457,970)	(7,360,561)	(7,396,548)
Equity attributable to owners of the Company		995,864	1,166,089	1,294,774	1,227,511

The financial statements of Plutus PowerGen plc, registered number 5859612, were approved by the Board of Directors and authorised for issue on 13 September 2017. They were signed on its behalf by:

James Longley

Director

Group and Company Statements of Cash Flow

For the year ended 30 April 2017

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
Net cash generated by/(used in) operating activities	26	65,001	(461,772)	38,038	(203,486)
Investing activities					
Investment in associated undertakings		–	(105)	–	(105)
Net repayments by/(advances to) subsidiary undertaking		–	–	29,196	(260,519)
Net cash generated from/(used in) investing activities		–	(105)	29,196	(260,624)
Financing activities					
Proceeds of share issues		–	180,000	–	180,000
Interest paid		(16,000)	(16,000)	(16,000)	(16,000)
Net cash (used in)/generated from financing activities		(16,000)	164,000	(16,000)	164,000
Net increase/(decrease) in cash and cash equivalents		49,001	(297,877)	51,234	(300,110)
Cash and cash equivalents at beginning of year		22,608	320,485	20,375	320,485
Cash and cash equivalents at end of year	15	71,609	22,608	71,609	20,375

Notes to the Financial Statements

For the year ended 30 April 2017

1. GENERAL INFORMATION

Plutus PowerGen plc is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 53. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 8 to 23, Directors' Report on pages 28 and 29, and in the Chairman's Statement on pages 6 and 7.

These financial statements are presented in Pounds Sterling which is the currency of the primary economic environment in which the Group operates.

2. STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. The following new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the Group.

IFRS 12	Disclosures of interests in other entities

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of Plutus PowerGen plc (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Standards Interpretations Committee ("IFRS IC") and there is an ongoing process of review and endorsement by the European Commission.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at amortised cost, as explained in the accounting policies below.

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of Plutus PowerGen plc (the "Company") and entities controlled by the Company (its subsidiaries). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Notes to the Financial Statements continued

For the year ended 30 April 2017

3. SIGNIFICANT ACCOUNTING POLICIES continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is derived from the provision of management services which are invoiced on a monthly basis and are recognised in the period to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: 'available for sale investments', 'loans and receivables' and 'cash and cash equivalents'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale investments

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories are also included in the available-for-sale category.

Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. In respect of quoted investments, this is either the bid price at the period end date or the last traded price, depending on the convention of the exchange on which the investment is quoted, with no deduction for any estimated future selling cost. Unquoted investments are valued by the Directors using primary valuation techniques such as recent transactions, last price or net asset value.

Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

The Group assesses at each period end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

When a decline in the fair value of a financial asset classified as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in profit or loss. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

Fair Value Measurements:

The Group holds investments that are measured at fair value at the end of each reporting period using the IFRS 7 fair value hierarchy as set out below.

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements continued

For the year ended 30 April 2017

3. SIGNIFICANT ACCOUNTING POLICIES continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

The share capital account represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share option reserve represents the fair value, calculated at the date of grant, of options unexercised at the balance sheet date.

The loan note equity reserve represents the fair value, calculated at issuance of the loan notes.

Retained losses include all current and prior period results as disclosed in the statement of comprehensive income.

Financial liabilities

Financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Group's financial liabilities comprise trade and other payables and borrowings.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Borrowings represent convertible loans that are accounted for as compound instruments. The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects, and is not subsequently re-measured.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based Payments'.

The Group issues equity-settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £71,609 and net current liabilities of £89,228 as at 30 April 2017, and incurred a loss of £201,501 for the year then ended.

The Directors have based their opinions on a cash flow forecast, which assumes that sufficient revenue will be generated for working capital purposes and that operating costs will be kept to a minimum until adequate revenue streams are secured. In addition future plans for the Group will be funded externally through a mix of debt and equity financing, which at the time of signing the accounts had not yet been completed. So whilst there are uncertainties, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

(ii) Classification of investments as available for sale

Note 11 describes the investments in nine operating companies where the Group's shareholdings exceed 20% as 'Available for Sale Investments'. Based on the contractual agreements between the Group and other investors, the Group does not have any power to appoint or remove board of directors members of the investees. Therefore the Directors of the Company concluded that the Group does not have significant influence over these companies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

(i) Share options

In order to calculate the charge for share-options as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its Black-Scholes option pricing model as set out in note 23.

(i) Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the future cash flows are less than expected, a material impairment loss may arise.

5. BUSINESS SEGMENTS

In accordance with IFRS 8, the Group is required to define its operating segments based on the internal reports presented to its Chief Operating decision maker in order to allocate resources and assess performance. The Chief Operating decision maker is the Chief Executive. There is only one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

Notes to the Financial Statements continued

For the year ended 30 April 2017

6. LOSS FOR THE YEAR

Loss for the year from continuing operations has been arrived at after charging:

	2017 £	2016 £
Operating lease expense in respect of property	75,426	63,839
Employee costs – including share-based compensation costs (see note 7)	738,354	766,010

The analysis of auditors' remuneration is as follows:

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	20,000	17,500
Other services pursuant to legislation:		
– tax services	2,000	2,000
Total non-audit fees	2,000	2,000

7. EMPLOYEE COSTS (INCLUDING DIRECTORS)

	2017 £	2016 £
Salaries and fees	733,672	752,091
Employee share option charge	–	3,794
Employer's national insurance contributions	4,682	10,125
	738,354	766,010

The average monthly number of employees (including Executive Directors) employed by the Group during the year was 4, all of whom were involved in management and administration activities (2016:4).

Details of Directors' remuneration and gains on the exercise of share options can be found in the section of the Directors' Remuneration Report on page 26.

8. OTHER OPERATING EXPENSES

	2017 £	2016 £
Pre-planning project expenses written off	236,164	79,590
	236,164	79,590

9. TAX

	2017 £	2016 £
Current tax	–	–
Deferred tax	–	–
	–	–

Corporation tax is calculated at 20% (2016: 20%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

Tax reconciliation

	2017 £	2016 £
Loss before tax	(201,501)	(405,426)
Tax at UK corporation tax rate of 20% (2015: 20%)	(40,300)	(81,085)
Effects of:		
Expenses not deductible for tax purposes	8,161	10,650
Tax losses carried forward	32,139	70,435
Total tax charge	–	–

Deferred tax assets of approximately £494,000 (2016: £458,000) have not been recognised as the Directors consider there to be insufficient evidence that the assets will be recovered.

10. EARNINGS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In order to calculate diluted loss per share, the weighted average number of ordinary shares in issue was adjusted to assume conversion of all dilutive potential ordinary shares according to IAS 33. Dilutive potential ordinary shares include share options granted to employees and Directors where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's ordinary shares during the year.

IAS 33 'Earnings per share' requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. Only options that are 'in the money' are treated as dilutive and net loss per share would not be increased by the exercise of such options.

Loss	2017 £	2016 £
Loss for the purposes of basic and diluted earnings per share:		
Continuing and total operations	(201,501)	(405,426)

Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	691,428,935	602,254,768
Earnings per share – basic and diluted, pence per share	(0.03)	(0.07)

Notes to the Financial Statements continued

For the year ended 30 April 2017

11. INVESTMENTS IN SUBSIDIARIES

The Group holds the following investments in subsidiary undertakings:

Subsidiary	Country of Incorporation	Percentage of ordinary shares held	Principal activity
Plutus Energy Limited	England and Wales	100%	Management services to the electricity generating entities (Note 11)
LF Flexgen Limited	England and Wales	100%	Electricity generation (dormant)
KI Power Limited	England and Wales	100%	Electricity generation (dormant)
FC Powergen Limited	England and Wales	100%	Electricity generation (dormant)
NRS Power Limited	England and Wales	100%	Electricity generation (dormant)
GW Power Limited	England and Wales	80%	Electricity generation (dormant)

The carrying value of the investments in the Company is as follows:

	2017 £	2016 £
At 1 May	1,085,000	485,000
Reclassification of investment in Plutus Energy Limited	13,333	–
Purchase of investments	–	600,000
	1,098,333	1,085,000

12. AVAILABLE FOR SALE INVESTMENTS

Available for sale investments comprise investments in nine operating entities. As explained in Note 4, these investments are not equity accounted for as the Group does not meet the criteria for exerting significant influence as set out in IAS 28.

All investments are classified as Level 3 under the IFRS 7 fair value hierarchy as set out under Fair Value Measurements within Note 3.

Level 3 investments	2017 £	2016 £
Brought forward	152	47
Purchase of investments (see note below)	–	105
	152	152

The details of investments classified as available for sale are as follows:

Investment Company	Country of Incorporation	Percentage of ordinary shares held	Principal activity
Attune Energy Limited	England and Wales	44.5%	Electricity generation
Flexible Generation Limited	England and Wales	44.5%	Electricity generation
Balance Power Limited	England and Wales	44.5%	Electricity generation
Equivalence Energy Limited	England and Wales	44.5%	Electricity generation
Precise Energy Limited	England and Wales	44.5%	Electricity generation
Valence Power Limited	England and Wales	44.5%	Electricity generation
Portman Power Limited	England and Wales	44.5%	Electricity generation
Reliance Generation Limited	England and Wales	44.5%	Electricity generation
Selectgen Limited	England and Wales	44.5%	Electricity generation

13. GOODWILL

	2017 £	2016 £
Brought forward	1,085,000	485,000
On issue of deferred consideration shares (Note 18)	–	600,000
Carried forward at 30 April 2017	1,085,000	1,085,000

Goodwill arises on acquisition of a 100% of the equity of Plutus Energy Limited ("PEL").

The recoverable amount is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 12% per annum.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 10% which is based on the average growth for 5 years covered by the projections. The Directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The Directors have reviewed the carrying value of goodwill as at 30 April 2017 and consider that no impairment provision is required.

The Directors continue to review goodwill on an on-going basis and where necessary in future periods will request external valuations to further support the valuation basis.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade receivables	28,339	–	–	–
Amounts due from subsidiary undertakings	–	–	407,870	437,066
Expenses rechargeable to operating entities	192,398	394,450	–	–
Other receivables	24,633	4,600	24,633	4,600
Prepayments and accrued income	23,368	18,930	23,368	18,930
	268,738	417,980	455,871	457,929

The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cash and cash equivalents	71,609	22,608	71,609	20,375
	71,609	22,608	71,609	20,375

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Notes to the Financial Statements continued

For the year ended 30 April 2017

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade payables	135,524	82,665	56,341	74,959
Other payables	19,361	20,273	100	20,273
Accruals and deferred income	74,750	63,350	74,750	63,350
	229,635	166,288	131,191	158,582

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value. No trade payables were older than 90 days.

17. BORROWINGS

Group and Company

Convertible loans

On 22 December 2014 the Company issued £200,000 convertible loan notes, repayable on 18 December 2016 if not converted into shares prior to that date, and bearing interest at 8% p.a, payable quarterly in arrears. In December 2016 the terms of the loan were amended so that the loan notes are repayable on demand.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

The Directors estimate the fair value of the liability component of the loan notes at 30 April 2017 to be approximately £200,000 (2016: £193,363). This fair value has been calculated by discounting the future cash flows at the market rate of 8%.

	2017 £	2016 £
Liability component brought forward	193,363	181,675
Interest charge for the period	22,637	27,688
Interest paid	(16,000)	(16,000)
Liability component of convertible loans at 30 April 2017	200,000	193,363
Other loans	–	–
Total borrowings	193,363	193,363
Current liabilities	200,000	16,000
Non-current liabilities	–	177,363
	200,000	193,363

18. SHARE CAPITAL

	2017		2016	
	Number	£	Number	£
Issued and fully paid				
Ordinary shares of £0.001 each	691,428,935	691,429	691,428,935	691,429
Deferred shares of £0.049 each	16,439,210	805,521	16,439,210	805,521
Total		1,496,950		1,496,950

Share issues

Ordinary shares	Number	Nominal value £	£
Issued shares on 30 April 2015	571,428,935	0.001	571,429
Issue of shares	120,000,000	0.001	120,000
Issued ordinary shares on 30 April 2016 and 30 April 2017	691,428,935	0.001	691,429

19. SHARE PREMIUM ACCOUNT

Share premium account	£
Balance at 30 April 2015	6,334,076
Premium arising on issue of equity shares	660,000
Balance at 30 April 2016 and 30 April 2017	6,994,076

20. SHARE OPTION AND WARRANT RESERVE

	£
Balance at 30 April 2015	74,306
Share-based payment charge	35,070
Balance at 30 April 2016	109,376
Share-based payment charge	31,276
Balance at 30 April 2017	140,652

21. LOAN NOTE EQUITY RESERVE

	£
Balance at 30 April 2016 and 30 April 2017	23,657

22. GROUP RETAINED LOSSES

	£
Balance at 30 April 2015	(7,050,194)
Comprehensive loss for the year	(407,776)
Balance at 30 April 2016	(7,457,970)
Comprehensive loss for the year	(201,501)
Balance at 30 April 2017	(7,659,471)

Notes to the Financial Statements continued

For the year ended 30 April 2017

23. SHARE OPTIONS AND WARRANTS

Options

On 8 March 2013, options over, in aggregate, 14,310,000 ordinary shares of 0.1 pence were granted to the Directors of the Company. Each option carries the right to subscribe to one new Ordinary Share in the capital of the Company at a price of 0.675p per Ordinary Share, being the closing mid-market price of the Company's ordinary shares on 8 March 2013. These options vest over a period of three years from the date of the Grant, with a third of the options vesting on the first, second and third anniversaries of the Grant respectively. These options are exercisable for a period of ten years from the date of the Grant subject to the vesting conditions.

The fair value of the options was calculated using the Black-Scholes model and the Group recognised total expenses of £nil (2016: £3,794) related to the grant of these options during the year. The inputs to the Black-Scholes model were as follows:

Grant date share price	0.675p
Exercise share price	0.675p
Risk free rate	2.5%
Expected volatility	50%
Option life	10 years
Calculated fair value per share	0.420p

The table below summarises the share options extant during the year:

Number of options at 30 April 2016	Issued in the year	Exercised in the year	Lapsed in the year	Number of options at 30 April 2017	Exercisable at 30 April 2017	Exercise price	Expiry date
9,540,000	–	–	–	9,540,000	9,540,000	0.675p	8.03.2023

Warrants

On 22 August 2014, warrants over, in aggregate, 40,000,000 ordinary shares of 0.1 pence each ("Director Warrants") were issued to James Longley and Charles Tatnall, directors of the Company. Each warrant carries the right to subscribe for one new Ordinary Share in the capital of the Company at a price of 0.9p per Ordinary at any time prior to 22 August 2016.

On 28 May 2015, warrants over, in aggregate, 30,075,207 ordinary shares of 0.1 pence each ("Rockpool Warrants") were issued to Rockpool LLP, an advisor to the Company. Each warrant carries the right to subscribe for one new Ordinary Share in the capital of the Company at a price of 1.15p per ordinary share at any time between 27 May 2018 and 27 May 2021.

The fair value of the warrants was calculated using the Black-Scholes model and the Group recognised total expenses of £31,276 (2016: £31,726) in relation to the issue of the Rockpool warrants during the year. The inputs to the Black-Scholes model were as follows:

	Rockpool Warrants	Director Warrants
Grant date share price	0.8p	0.6p
Exercise share price	1.15p	0.9p
Risk free rate	2%	2%
Expected volatility	50%	50%
Life of warrant	6 years	2 years
Calculated fair value per share	0.312p	0.095p

The table below summarises the share warrants extant during the year:

Number of warrants at 30 April 2016	Issued in the year	Exercised in the year	Lapsed in the year	Number of warrants at 30 April 2017	Exercisable at 30 April 2017	Exercise price	Vesting date	Expiry date
20,000,000	–	–	–	20,000,000	20,000,000	0.9p	22.08.2014	27.08.2017
30,075,207	–	–	–	30,075,207	–	1.15p	27.05.2018	27.05.2021
50,075,207	–	–	–	50,075,207	20,000,000			

24. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Carrying value	
	2017 £	2016 £
Financial assets		
Investments designated as available for sale on initial recognition	152	152
Trade receivables	28,339	–
Cash and cash equivalents	71,609	22,608
	100,100	22,760
Financial liabilities at amortised cost:		
Convertible unsecured loan notes	200,000	193,363
Trade and other payables	154,885	102,938
	354,885	296,301

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's finance function monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, in accordance with the Group's policies approved by the Board of Directors, which provide written principles on interest rate risk, credit risk and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The capital structure consists of capital and reserves and convertible loan notes, for capital management purposes.

Interest rate risk

The Group's exposure to interest rate risk is limited to the interest payable on the convertible unsecured loan notes, which are at fixed rates of interest.

Notes to the Financial Statements continued

For the year ended 30 April 2017

25. RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's principal financial assets are bank balances and cash and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

26. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2017 £	**2016 £**	**2017 £**	**2016 £**
(Loss)/profit before tax	(201,501)	(407,776)	35,987	(389,426)
Share-based compensation charge	31,276	35,070	31,276	35,070
Loan note interest charge	22,637	27,688	22,637	27,688
Operating cash flow before movements in working capital	(147,588)	(345,018)	89,900	(326,668)
Decrease/(increase) in receivables	149,242	(139,973)	(24,471)	103,637
Increase/(decrease) in payables	63,347	23,219	(27,391)	19,545
Net cash generated by/(used in) operating activities	65,001	(461,772)	38,038	(203,486)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

27. OPERATING LEASE ARRANGEMENTS

The Group and Company as lessee

	2017 £	**2016 £**
Minimum lease payments under operating leases recognised as an expense in the year	58,000	41,400

Minimum future lease payments under non-cancellable operating lease agreements:

	2017 £	**2016 £**
Due within 1 year	47,700	55,200

28. RELATED PARTY TRANSACTIONS

During the year ended 30 April 2017 £145,500 fees were paid to Tatbels Limited and in 2016 fees of £116,750 were paid to Yum Management Limited in respect of Charles Tatnall's services as Executive Chairman.

During the year ended 30 April 2017, fees of £145,500 (2016: £116,750) were paid to Dearden Chapman Accountants Limited in respect of James Longley's services as Chief Financial Officer.

During the year ended 30 April 2017, fees of £231,125 (2016: £158,167) were paid to PPT Capital Limited in respect of services rendered by Phil Stephens and Paul Lazarevic. Phil Stephens and Paul Lazarevic were both Directors and shareholders of PPT Capital Ltd during the year. Also, fees of £72,375 (2016: £45,000) were paid to Helvic Limited, £26,500 (2016: £nil) to Ennerco Limited, and £12,000 to Catmadboo Limited, in respect of services rendered by Paul Lazarevic and Phil Stephens, and of which either Paul Lazarevic, Phil Stephens or a connected party to the two were the Directors and major shareholders or those three companies.

During the year ended 30 April 2017 fees of £13,133 were paid to Kinloch Corporate Finance Limited in respect of Tim Cottier's services as an independent non-executive director and of which Tim Cottier was a director.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

	2017 **£**	**2016** **£**
Short-term employee benefits	738,354	766,010
	738,354	766,010

In addition to the information disclosed in Note 23, movement on warrants held by the Directors is as follows:

	Exercise price	**Vesting date**	**James Longley** **Number of warrants**	**Charles Tatnall** **Number of warrants**
At 30 April 2015	0.9	27.08.2017	20,000,000	20,000,000
Exercised during the year	0.9	27.08.2017	(10,000,000)	(10,000,000)
At 30 April 2016 and 30 April 2017	0.9	27.08.2017	10,000,000	10,000,000

On 1 February 2016, 10,000,000 shares were issued at 0.9p per share to each of Charles Tatnall and James Longley on the exercise of warrants. The aggregate of the amount of gains made by each director on the exercise of warrants is £20,000.

Notes to the Financial Statements continued

For the year ended 30 April 2017

29. EVENTS AFTER THE YEAR END

Exercise of warrants

On 19 May 2017 10,000,000 Ordinary Shares have been issued to Charles Tatnall, Executive Director, and a further 10,000,000 Ordinary Shares have been issued to James Longley, Chief Financial Officer, following the exercise of an aggregate of 20 million warrants at an exercise price of 0.9p per ordinary share, representing a cash subscription to the Company of £180,000.

New Share Option Incentive scheme

On 18 May 2017 the Company adopted a new share option scheme (the "2017 Share Option Scheme"). On the same day, the Company granted an aggregate of 60,000,000 share options with an exercise price of 1.485p (representing a 7.6% premium to the mid-market closing price on 18 May of the Ordinary Shares of the Company) pursuant to the 2017 Share Option Scheme, all vesting in three equal annual instalments (the "Options"). 15,000,000 Options were granted to each of Paul Lazarevic, James Longley, Phil Stephens and Charles Tatnall.

Charles Tatnall and James Longley hold 4,770,000 existing share options each which were awarded prior to the Reverse Acquisition. All of the Directors have indicated that they will not sell any shares that they hold for at least the next 18 months.

Following the issue of options and exercise of warrants, there are a total of 69,540,000 options in the Company outstanding, representing approximately 9.8% of the Company's issued share capital.

Director Dealings

Following the warrant exercise, the interests of the Directors in the issued share capital of the Company before and after the issue of the New Ordinary Shares is as follows:

Name	Existing interest in ordinary shares of 0.1p each	Number of New Ordinary Shares	Total interest in ordinary shares of 0.1p each	Percentage interest in the issued ordinary share capital of the Company
Philip Stephens	88,012,823	–	88,012,823	12.37%
Paul Lazarevic	82,203,379	–	82,203,379	11.55%
Charles Tatnall	65,500,000	10,000,000	75,500,000	10.61%
James Longley	57,500,000	10,000,000	67,500,000	9.49%

Company Information

COMPANY REGISTRATION NUMBER
05859612 (England and Wales)

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Philip Stephens
Paul Lazarevic
James Longley
Tim Cottier

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