RNS Number : 0727Q
Monreal PLC
01 June 2018

For immediate release

1 June 2018

Monreal plc
("Monreal" or the "Company")
Audited results for the year ended 31 December 2017
Notice of Annual General Meeting

The Board of Monreal announces its audited financial results for the year ended 31 December 2017. The 2017 Audited Annual Report and Accounts, together with the notice of Annual General Meeting, are being posted to shareholders today and are available from the Company's website www.monrealplc.com.

The Annual General Meeting of Monreal will be held at the offices of Peterhouse Capital Ltd, 15 Eldon Street, London EC2M 7LD on 27 June 2018 at 12.00 noon.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. The person who arranged the release of this announcement on behalf of the Company was Martin Groak.

Further enquiries:

Monreal plc	John Treacy Martin Groak	+44 (0) 20 7469 0930 info@monrealplc.com
Beaumont Cornish Limited (Nominated Adviser)	Roland Cornish Michael Cornish	+44 (0)20 7628 3396 www.beaumontcornish.co.uk
Peterhouse Capital Limited (Broker)	Heena Karani Lucy Williams	+44 (0) 20 7469 0930

Chairman's Statement

Dear Shareholder

The Company has entered a new phase, having divested itself of its main asset and restructured its balance sheet. It is now an AIM Rule 15 Cash Shell and its strategy is to identify a suitable Reverse Takeover to conclude later in the year and give shareholders the prospect of an interesting future.

On 25 October 2017, the Company announced that the previous day, the creditors and shareholders of the Company (then called Cogenpower Plc) had approved the terms of a Company Voluntary Arrangement ("**CVA**") to settle the Company's legacy creditors. At the same meeting, shareholders also approved a placing of Ordinary shares at 0.25 pence per share, raising £550,000 before expenses, providing the Company with the necessary funding to complete the CVA and to move forward.

On 14 November 2017 the Company announced that it had entered into a conditional sale and purchase agreement to dispose of its then operating subsidiary Cogenpower srl and as a result to dispose of substantially all its assets and related liabilities (the "**Disposal**"). Shareholders approved the

Disposal at a General Meeting on 1 December 2017, when the Company changed its name to Monreal Plc. and the Disposal completed on 4 December 2017

As a consequence of the Disposal, the Company became a Rule 15 Cash Shell and, as such, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 on or before the date falling six months from completion of the Disposal, or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

On 25 January 2018, the Company announced my own appointment to the Board together with the departure of two former board members and a placing of Ordinary Shares at a price of 0.25 pence per share, raising £675,000 before expenses. As of today, the Company has a cash position of approximately £800,000.

The Board of the Company continues to work hard to source a suitable target for a reverse takeover and a vote of thanks is owed to both our broker, Peterhouse Capital Limited, and Nominated Adviser, Beaumont Cornish Limited, who have supported us in our efforts.

Several of you have been in touch asking for information on potential acquisitions. Whilst this interest is quite understandable, securities laws and regulations restrict the Board from being as forthcoming on our progress with individual shareholders as they would like us to be. We continue to believe that we will deliver a quality acquisition for shareholders.

John Treacy
Chairman

Strategic report

To the members of Monreal Plc

Business Review

Prior to the Disposal described in the Chairman's statement above, the Company (Cogenpower Plc, as it was then named) had been extremely short of working capital and had not succeeded in convincing AIM investors to fund its plans to develop its innovative and energy-efficient CHPDHC (Combined Heat & Power + District Heating and Cooling) business, based in northern Italy.

Nevertheless, the Group did enter into lengthy negotiations with two infrastructure funds, that wanted to buy the main producing asset and build a business with us through acquisition in the sector. Through no fault of the Company's management, neither of those negotiations would succeed. Meanwhile, in the background was a long-running dispute with the Italian state organisation responsible for settling amounts owed under the Green Certificate incentive programme. This organisation was withholding substantial sums that the Company believed (completely reasonably) that it was due; however, the judgement from a court case to decide the matter was not going to be issued until March 2018.

When the second infrastructure fund advised management that it was pulling out, the Board recognised that the working capital deficit could not be cured within a reasonable time frame and so embarked on a full reconstruction of the Company. This was done in two phases. Initially, it got support from creditors and shareholders to do a Company Voluntary Arrangement (CVA) to eliminate its legacy debts. This paved the way for the first of two capital injections from new shareholders. In the second phase, the Company sold its entire business - its investment in the Italian operating holding company - back to the founder, further to an independent valuation which valued the business at £nil.

The Company, now a cash shell and renamed Monreal Plc, raised further fresh capital on 25 January 2018 and has sufficient cash to allow it the breathing space it needs to make a considered selection of a suitable acquisition to take the Company forward.

Review of financial performance

<u>Income Statement</u>
The financial results below reflect only the activities of the Company and do not refer to the activities of the previously owned subsidiaries, other than in terms of the loss on disposal, which was approximately €3 million. Note 5 gives further financial information relating to the Disposal.

<u>Balance Sheet</u>
The Statement of Financial Position at 31 December 2017 is also solely the Balance Sheet of Monreal Plc, and is very simple. The key features are a positive cash position (subsequently bolstered by a second fundraise) and a positive net worth. This is after taking in the loss of balance sheet value in terms of the investment in the subsidiary, which stood at circa € 3 million. This is mitigated by the reduction in liabilities via the CVA, the elimination of a reserve created on acquisition of the subsidiary and the balance being more than covered by share capital and the share premium reserve. It is reasonable to expect that the Company will in due course apply to the courts to cancel most of the accumulated losses against the share premium reserve (a common practice) to allow the Company, when it concludes a future acquisition/reverse takeover, to mitigate the burden of those losses.

Reporting Currency
The figures are reported in Euros; however, the intention is to go forward in £ sterling from 1 January 2018, so we have provided note 19 with the closing balance sheet of Monreal Plc expressed in GBP.

Cash and working capital

As announced on 25 October 2017, the Company successfully raised £550,000 (£522,500 after costs) pursuant to a placing of 220,000,000 ordinary shares at 0.25p (par value) per share. The placing was approved by shareholders on 24 October 2017 and was conditional upon the lifting of the suspension of trading in the Company's shares (Suspension) that had been in place since 26 June 2017. At the same meeting, shareholders approved a Company Voluntary Arrangement (CVA) with creditors that eliminated substantially all of the Company's legacy liabilities as at that date. The Suspension was lifted on 26 October 2017.

As at the year-end, the Company had approximately £300,000 (€336,000) cash at bank.

On 25 January 2018, the Company announced that it had raised a further £675,000 (£641,250 after costs) by way of a placing of 270,000,000 ordinary shares at 0.25 pence (par value) per share.

As at the date of this report, the Company had approximately £800,000 (€910,00) cash at bank.

Directors are of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Risk and responsibility

Risk management and mitigation

The Company seeks to identify and mitigate risk systematically with a continuous proactive assessment of threats to the stability of the Company's income and capital. The key risk that the Company had to deal with in 2017 was working capital.

As described elsewhere, that risk was successfully mitigated by getting support from creditors and shareholders to do a CVA, thereby eliminating legacy debts; the disposal of the loss-making Italian group and 2 injections of fresh capital which have stabilised the Company.

Corporate social responsibility

Environmental focus

Cogenpower Plc (as it then was) was committed to operating responsibly. The Company always respected the environment and the environmental laws when it was operating its Combined Heat and Power + District Heating plant in Italy.

Ethical focus

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

This strategic report was approved by the board of directors on 31 May 2018 and signed on its behalf by:

Martin Groak, Finance Director
31 May 2018

Corporate governance

Board of Directors

As at the date of this report, the Board of Directors consisted of:

John Treacy, Chairman (Appointed 25 January 2018)

- Experienced small cap financier.
- Specialises in working with growing companies.
- Qualified as a solicitor in the London office of a major international law firm. Specialist area: Capital Markets and Mergers & Acquisitions.
- Practised corporate finance in the advisory teams of several prominent UK brokerages.
- Acted on numerous IPOs, acquisitions, debt restructurings and placings.

Martin Groak, Finance Director (Appointed 15 September 2015)

- Over 35 years of international business experience.
- Retired Chartered Accountant (ICAEW: 1978-2012).
- Multi-lingual, with a strong background in finance and financial control.
- Broad sectoral experience: oil exploration, energy, mining, logistics and physical trading.
- Formerly a director of five UK publicly listed companies. Currently Non-Executive Director of Tanfield Group plc, an AIM quoted investment company focused on the engineering sector.
- Various Interim CFO positions, including managing the finances of the UK's second generation nuclear power station fleet.

Directors who served during the year:

David Pickering, Non-Executive Chairman (Appointed 15 September 2015. Resigned 25 January 2018)

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

Francesco Vallone, CEO and Founder of Cogenpower (Founder director. Resigned 4 December 2017)

- Founded the Cogenpower Group in 2004.
- 20 years of experience in technology, of which 13 years in the energy market.

- Worked in international research centres focused on controlled thermonuclear fusion and in the semi-conductor industry, and in engineering, marketing and management roles of a New York Stock Exchange listed company.
- MA in theoretical physics from University of Turin (Italy) and MBA in General Management from Pepperdine University of Malibu (California, USA).

Ilaria Cannata, Corporate Development Director (Founder director. Resigned 6 October 2017)
- More than ten years' experience at Cogenpower.
- Expertise in due diligence activities associated with potential acquisitions, executing market research, feasibility studies, strategic planning and business and strategic development business experience
- Prior to joining Cogenpower in 2006 worked in public relations for Mailander srl and was involved in several projects for publicly listed companies.
- MA in International Political Science, from University of Florence (Italy).

Richard Day, Non-Executive Director (Appointed 15 September 2015. Resigned 25 January 2018)
- Diverse management experience and extensive knowledge of capital markets, fund raisings and corporate governance.
- Founding partner of Arden Partners and was Head of Corporate Finance from 2002 to 2015.
- 12 years at Cazenove & Co and worked for City law firms including Simmons & Simmons and Charles Russell.
- Chairman of Audit and AIM Rules Compliance Committee.

Corporate governance statement

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

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

The Board of Directors

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

Remuneration committee

During the year, the Company's Remuneration Committee comprised David Pickering (Chairman) and Richard Day. The main purpose of the Remuneration Committee is to:

- make recommendations to the Board on an overall remuneration policy for Executive Directors and other senior executives in order to retain, attract and motivate high quality executives capable of achieving the Group's objectives; and
- demonstrate to shareholders that the remuneration of the Executive Directors of the Group is set by a committee whose members have no personal interest in the outcome of their decision and who will have due regard to the interests of the shareholders.

The Remuneration Committee meets on an ad-hoc basis.

Since the departure of Richard Day and David Pickering, the current Board replaces the remuneration committee.

Audit and AIM rules compliance committee

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

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

It is also responsible for assuring compliance with AIM Rules.

The Audit and AIM Rules Compliance Committee meets at least twice per financial year. Since the departure of Richard Day and David Pickering, the current Board replaces the Audit committee.

Directors' remuneration report

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

Name	Fees/ Basic Salary	Reduced by CVA	Total 2017	Total 2016
Francesco Vallone *	179,950	-	179,950	194,138
Maria Ilaria Cannata *	36,733	-	36,733	56923
Martin Groak	60,408	(46,290)	14,118	93,600
David Pickering	-	-	-	54,545
Richard Day	32,844	(32,486)	358	31,602
	309,935	(78,776)	231,159	430,808

* The remuneration of Francesco Vallone and Maria Ilaria Cannata is for the 11 months up to the date of disposal of Cogenpower s.r.l. Their remuneration was paid by Cogenpower s.r.l. and is not included in the Company's Income Statement.

The salaries and other amounts due to David Pickering, Martin Groak and Richard Day totalling £220,022, equivalent to €259,783 (being €183,157 brought forward from the previous year, plus salaries for 2017 of €76,626) were accrued but unpaid as at the date of the Company Voluntary Agreement (CVA). Those debts were reduced down by 98.91% of their original amount pursuant to the CVA and the residual amount paid out during January 2018 by the administrator of the scheme (Antony Batty & Co.).

Pension

The Company had no pension schemes in place during the period under review.

Highest paid director

The Act requires certain disclosures about the remuneration of the highest paid director taking into account emoluments, gain on exercise of share options and amounts receivable under long-term incentive schemes. On this basis, the highest paid director in the year was Dr Vallone and details of his remuneration are disclosed above.

Interest in shares

The following directors had interests in the shares* of the holding Company at the end of the year:

Director	31/12/2017 Shareholding
Martin Groak note 1	143,000
David Pickering	72,000
Richard Day note 2	72,000

* *Ordinary shares of 0.25p*

note 1 *Held through Marker Management Services Ltd., a company controlled by Martin Groak*

note 2 *Held through RJD Corporate Ltd., a company controlled by Richard Day*

Option scheme

An executive option scheme came into effect on 5 February 2016 and the number of Monreal Plc shares over which options were granted to directors were:

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

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

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The results for the year are set out below

The Directors do not recommend payment of a final dividend (31 December 2016: €Nil).

Principal activity

The principal activity of the Group during the year was the design, build, management and ownership of highly energy-efficient Combined Heat and Power plant with integrated District Heating (CHPDH). On 4 December 2017, following the disposal of substantially all of its assets and liabilities, the Company became an AIM Rule 15 Cash Shell. At that date, the Company initiated a search to find a suitable acquisition in order to effect a Reverse Takeover (RTO) as stipulated under AIM Rule 14.

Key Performance Indicators

The directors believe that the only relevant key performance indicators to measure the performance of the company (being a cash shell) are the cash resources and the share price of the company. At the 31 December 2017 the cash at bank was €336k (2016: €10k) and the closing share price was 0.37p (2016: 11.25p)

Going concern

As at 31 December 2017, the Company had cash reserves of approximately £300,000 (€336,000).

On 25 January 2018, the Company announced that it had raised a further £675,000 (£641,250 after costs) by way of a placing of 270,000,000 ordinary shares at 0.25 pence (par value) per share.

As at the date of this report, the Company had approximately £800,000 (€ 910,00) cash at bank.

Having considered the current status of the Company's cash and forecast annual overheads, the Directors are of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

This statement is made in the context of the Company seeking to acquire a business (or a majority holding thereof) in order to effect a Reverse Takeover (RTO) complying with AIM Rule 14. It is assumed that any such RTO would have as a pre-condition the raising or acquiring of sufficient cash resources in order to maintain the Going Concern status.

Financial instruments

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

Directors

The Directors of the Company during the year were:

David Pickering: Non-Executive Chairman (Resigned 25 January 2018)
Dr Francesco Vallone Chief Executive Officer (Resigned 1 December 2017)
Martin Groak Chief Financial Officer

Dr Ilaria Cannata	Corporate Development Director (Resigned 6 October 2017)
Richard Day	Non-Executive Director (Resigned 25 January 2018)

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

Directors' responsibilities

The directors are responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Parent Company financial statements have been prepared in accordance with IFRS. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with IFRS, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

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

Substantial shareholding

According to notifications received, the following persons held 3% or more of the Company's Issued Share Capital on 29 May 2018.

Shareholder	Number of Ordinary Shares of 0.25p each	Percentage of Issued Share Capital
THE BANK OF NEW YORK /NOMINEES/ LIMITED	101,500,000	18.8%
HARGREAVES LANSDOWN /NOMINEES/ LIMITED	44,415,938	8.2%
DR F VALLONE	37,174,998	7.1%
HARGREAVES LANSDOWN /NOMINEES/ LIMITED	26,804,574	5.0%
VIDACOS NOMINEES LIMITED	25,388,083	4.7%
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	24,985,480	4.6%
BARCLAYS DIRECT INVESTING NOMINEES LIMITED	24,775,382	4.6%
THOMAS GRANT AND COMPANY NOMINEES LIMITED	22,000,000	4.1%
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	21,328,658	3.9%
HARGREAVES LANSDOWN /NOMINEES/ LIMITED	20,015,566	3.7%
JIM NOMINEES LIMITED	19,150,771	3.5%
BEAUFORT NOMINEES	17,000,000	3.1%

Auditors

Welbeck Associates were appointed Auditors on 19 June 2017 by the directors, and their appointment was ratified at the Extraordinary General Meeting of Shareholders (EGM) on 24 October 2017.

All the current Directors have taken all reasonable steps to make themselves aware of any information required by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

The Directors are not aware of any relevant audit information of which the auditors are unaware.

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

Martin Groak
Finance Director
31 May 2018

Independent Auditors' Report to the members of Monreal Plc

Opinion

We have audited the financial statements of Monreal Plc (the 'Company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

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

Key audit matter	How we addressed it
Accounting Estimates	
Are prepared on a reasonable and consistent basis and are disclosed adequately in the financial statements.	We have considered the basis of the accounting estimates applied when preparing the financial statements and consider the responses to audit questions with professional scepticism.
Related Parties	
We are required to consider if the disclosures made in the financial statements are complete and accurate and the processes for identifying related parties and related party transactions.	We have assessed the Company's procedures for identifying related parties and ensuring the completeness of the disclosures that are included in the audit planning pack.
Management override	
We are required to consider how management biases could affect the results of the company	We have considered the controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk.
Going Concern	
We consider the company's ability to finance its activities for a period of not less than 12 months from the date the financial statements are approved.	Our going concern review focused on the cash flow forecasts and current and future financing arrangements in place in order to assert the going concern assumption.

Our application of materiality

Overall materiality for the Company financial statements was set at €10,000 (2016: €75,000).

This has been calculated as 2.5% of the benchmark of administrative expenses(2016: 1.5% of revenue), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance.

We report to the Directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of €500 (2016: €2,400), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

We consider management override and related parties to be qualitatively material. Although it is not the responsibility of the auditor to discover fraud, clearly any instances of fraud which we detect are material to the users of the financial statements. We have tested manual and automated journal entries, with a focus on those journal entries at year end. In addition, as part of our audit procedures to address this fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year. For Related Parties, we have inquired with the client as the relevant related parties. We have also assessed the Company's procedures regarding related parties.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 Auditors' 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.

Jonathan Bradley-Hoare (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London, United Kingdom

31 May 2018

Statement of total comprehensive income

	Note	€'000 2017	€'000 2016 (restated)
Administrative expenses	(7)	(266)	(178)
Exceptional items:			
IPO Expenses		-	(533)
Share based payment charge		(166)	(145)
Credit in respect of CVA		1,837	-
Loss on disposal of subsidiary		(3,030)	-
Loss from operations		**(1,625)**	**(856)**
Finance Expense	(9)	(4)	(2)
Finance income	(9)	-	95
Net finance (expense)/income		**(4)**	**93**
Loss before tax		**(1,629)**	**(763)**
Tax expense	(10)	-	-
Loss for the year		**(1,629)**	**(763)**
Total comprehensive loss attributable to equity holders of the parent company		**(1,629)**	**(763)**
Loss per share for loss attributable to the equity holders of the parent during the year			
Basic and diluted (€cents):	(11)	(1.8)	(1.6)

The comparative figures in the statement of comprehensive income have been restated to show the results exclusive of discontinued operations.

Monreal Plc

Statement of financial position at 31 December 2017

	Note	2017 €'000	2016 €'000 (restated)
Non-current assets			
Investments		-	3,030
Total non-current assets		**-**	**3,030**
Current assets			
Trade and other receivables	(14)	30	427
Cash and cash equivalents		336	10
Total current assets		**366**	**437**
Total assets		**366**	**3,467**
Current liabilities			
Trade and other payables	(15)	80	2,344
Total current liabilities		**80**	**2,344**
Total liabilities		**80**	**2,344**
Net assets		**286**	**1,123**
Equity			
Share Capital	(16)	797	171
Share premium account		2,129	2,129
Merger reserve		-	692
Share option and warrant reserve		311	145
Retained earnings		(2,951)	(2,014)
Total equity		**286**	**1,123**

The financial statements of Monreal plc, registered number 09301329, were approved by the Board of Directors and authorised for issue on 31 May 2018.

Signed on behalf of the Board by:

Martin Groak,
Finance Director

Statement of changes in equity

€'000	Note	Share capital	Share premium	Share option & warrant reserve	Retained Earnings	Merger reserve	Total
Equity as at 1 January 2016		**138**	**-**	**-**	**(1,251)**	**692**	**(421)**
Total comprehensive loss for the year		-	-	-	(763)	-	(722)
Issue of shares		33	2,129	-	-	-	2,162
Share based payment		-	-	145	-	-	104
Equity as at 1 January 2017		**171**	**2,129**	**145**	**(2,014)**	**692**	**1,123**
Total comprehensive loss for the year		-	-	-	(1,629)	-	(1,584)
Issue of shares		626	-	-	-	-	626
Share based payment		-	-	166	-	-	121
Transfer on disposal of subsidiary		-	-	-	692	(692)	-
Equity as at 31 December 2017		**797**	**2,129**	**311**	**(2,951)**	**-**	**286**

Statement of cash flows

	Note	Year Ended 31-Dec 2017 €'000	Year ended 31-Dec 2016 €'000
Operating activities			
(Loss) before tax		(1,629)	(763)
Adjustments for:			
Finance expense	(9)	4	-
Share based payment charge		166	145
Write-back of net liabilities under CVA		(1,956)	-
Loss on disposal of subsidiary		3,030	-
(Increase)/Decrease in trade and other receivables		1	(124)
Increase/(Decrease) in trade and other payables		87	781
Net cash (used in) / from operating activities		**(297)**	**39**
Investing activities			
Investment in subsidiary		-	(1,082)
Net cash used in investing activities		**-**	**(1,082)**
Financing activities			
Finance expense net of non-cash item	(9)	(4)	-
Proceeds from issue of shares (net of issue costs)		627	1,053
Net cash from financing activities		**623**	**1,053**
Cash flow for the year		**326**	**10**
Cash and cash equivalents at beginning of year		10	-
Cash and cash equivalents at end of year		**336**	**10**
Net change in cash and cash equivalents		**326**	**10**

Notes to the Financial Statements

1. General information

Description of business

Monreal Plc (formerly Cogenpower Plc) was incorporated in November 2014 in England and in August 2015, through a share-for-share exchange, acquired 100% of Cogenpower S.p.A. (since renamed Cogenpower S.r.l.) a company based near Turin, Italy, which had been in operation since 2004. Cogenpower S.r.l. has two Italian subsidiaries located within suburban Turin, one of which is in the process of being wound up following the withdrawal by the Group from the retail gas and electricity supply business.

In October 2017, the Company announced a number of proposals including a Company Voluntary Arrangement ("CVA") (described in Note 6 to the financial statements) and a conditional Placing to raise £550,000 (before expenses) to enable the Company to implement the CVA, and to provide the Company with working capital to allow it to continue to trade thereafter. The Placing and the CVA were approved on 24 October 2017, following which the Company's shares resumed trading on AIM on 26 October 2017.

At the same time the CVA and Placing were announced, the Board undertook an extensive assessment of the Company's business, which resulted in the disposal of the Company's Italian operating subsidiaries (the 'Disposal') in early December 2017 (more fully described in Notes 5 and 6 to the financial statements).

In accordance with AIM Rule 15, the Disposal constituted a fundamental change of business of the Company as the Company ceased to own, control or conduct all or substantially all, of its existing trading business, activities or assets. Following completion of the Disposal therefore, the Company became an AIM Rule 15 cash shell.

The Company's name was changed to Monreal plc on 1 December 2017.

Prior to the Disposal, the Group was a low carbon energy business focused on the provision and development of 'Combined Heat and Power and District Heating' (CHPDH) networks in towns and cities with populations below 50,000. The Group had three distinct business units, up to the date of the Disposal:

- The operation of CHPDH projects that comprise a power plant, which can run on natural gas and/or other fuel, able to produce simultaneously electricity and heat and a district heating network to deliver the produced heat to private and public residential and office buildings and other facilities;
- Retrofitting blocks of flats and commercial buildings with condensing boilers or micro CHP plants to supply residents with heat and electricity and consultancy services for advanced power solutions.
- Retailing electricity and natural gas to a mixture of domestic and commercial consumers. This business unit ceased acquiring new business in September 2016 and is being wound down.

2. Accounting policies

Basis of preparation

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

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

Transaction costs of equity transactions relating to the issue and admission of the Company's shares are accounted for as a deduction from equity where they relate to the issue of new shares and sufficient share premium is created at the time of the issue and listing costs are charged to the Income Statement.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU. The directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Company in future periods.

IFRS 2	Amendments - Classification and measurement of share-based payments transactions
IFRS 4	Amendment - applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"
IFRS 9	Financial instruments - incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition.
IFRS 9	Amendment - Prepayment features with negative compensation
IFRS 10/ IAS 28	Amendments - Sale or contribution of assets between an investor and its associate or joint venture
IFRS 15	Revenue from contracts with customers, and the related clarifications
IFRS 16	Leases - recognition, measurement, presentation and disclosure
IFRS 17	Insurance contracts
IAS 40	Amendment - Transfers of investment property

Going concern

As at 31 December 2017, the Company had cash of €336,000 and €286,000 of net current assets. As a cash shell, the Company has no operating cash flow and is dependent on the net proceeds of a Placing of its shares or funds from other sources for its working capital requirements. In January 2018, the Company raised a further £675,000 before costs and as at the date of this report, the Company had cash at bank approximately £800,000. Annualised normal running costs of just the PLC as a cash shell are under £200,000.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Impairment of non-financial assets

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

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

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

Financial assets

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

Loans and receivables

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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

Financial liabilities

The Company classified the following financial liabilities as other financial liabilities at amortised cost:

Bank loans are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.

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

Equity

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

Equity comprises the following:

- Share capital represents the nominal value of equity shares issued.
- 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.
- Merger reserve - Land and buildings are shown at cost, or, where there has been a change of fiscal classification, the revised valuation placed on it by the fiscal authorities, following an independent survey. The difference between the revised value and the depreciated cost at the time of the asset(s) in question has been held in the revaluation reserve. Following the share-for-share exchange that transferred ownership of the Group from Cogenpower S.r.l. to Cogenpower (now Monreal) Plc, the former's revaluation reserve was subsumed into a merger reserve.
- Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Share Based Payments
Share options
The Company granted a total of 3,500,000 options to acquire shares to three directors and two key managers on 5 February 2016. The Company has used a Black-Scholes model to calculate the charge to the income statement in respect of the options for the year which was €113,000 (2016 €104,000), using the following key inputs and outputs:

Key inputs

Share Price	£0.2000
Strike (or exercise) Price	£0.2000
Time to expiration at date of grant (i.e. life of option) in years	10
Dividend yield	0.00%
Risk free rate	1.50%
Number of share options	3,500,000
Vesting period in years	3
Vesting conditions	0.0%

Key outputs

Calculated fair value of options	€0.096857
Profit and loss charge (Euros) over 3 years	€475,000

Warrants

On 25 October 2017, The Company issued warrants to acquire shares to the Company's Broker over shares representing 2% of the Company's equity (5,403,335 shares at 31 December 2017) and 1% of the Company's equity to its Nominated Adviser (2,701,668 shares at 31 December 2017). The Company has used a Black-Scholes model to calculate the charge to the income statement in respect of the warrants for the year which was €8,000 (2016 €Nil), using the following key inputs and outputs:

Key inputs

Share Price	£0.0025
Strike (or exercise) Price	£0.0025
Time to expiration at date of issue (i.e. life of warrant) in years	3
Dividend yield	0.00%
Risk free rate	1.50%
Number of warrants	8,105,003

Key outputs

Calculated fair value of options	€0.000987
Profit and loss charge (Euros) for the year	€8,000

Income taxes

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

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

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base.

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

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

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

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

Provisions, contingent liabilities and contingent assets

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

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

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

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

Functional and foreign currencies

i. Functional and presentation currency

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

Following the Company's disposal of Cogenpower, the Company is a cash shell with its principal asset being Sterling denominated cash balances. The Company plans to prepare its financial statements in Pounds Sterling for the year ending 31 December 2018 onwards.

ii. Transactions and balances

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

3. Critical accounting estimates and judgements

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

Key judgements

(a) Provision for doubtful debts

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

(b) Disposal of Cogenpower s.r.l.

For the purposes of calculating the loss on disposal of Cogenpower s.r.l., the investment on the Company's balance sheet was impaired to zero, as the consideration for the disposal was also zero (following an independent valuation). As a result of the CVA, the large intercompany payable by the Company to Cogenpower s.r.l., net of a receivable for management charges, was eliminated.

4. Financial instruments: risk management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Company does not currently use derivative financial instruments.

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

The Company is exposed to the following financial risks:
- Credit risk
- Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

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

€'000	2017 Carrying Value	2017 Fair value	2016 Carrying Value	2016 Fair value
Financial assets				
Trade receivables	19	19	7	7
Other receivables	11	11	420	420
Cash and cash equivalents	336	336	10	10
Financial liabilities				
Trade payables	26	26	2,018	2,018
Other payables	54	54	236	236
Borrowings	-	-	-	-

Basis of determining fair value

Certain assets and liabilities designated and carried at amortised cost are borrowings, receivables and payables. The carrying value of all financial instruments at 31 December 2016 and 2017 approximate to fair value due to their short- term nature.

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

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

Other than share based payments, where the impact has been shown to be not material, the Group does not currently have any financial instruments that are derivative in nature.

Credit risk

The only material credit risk that the Company is exposed to relates to its cash balances. The risk is limited as the Company only deposits its cash with major banking institutions.

Liquidity risk

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

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

31 December 2017

	2017 carrying value	2017 contractual cash flows	0-1year	1-2 years	2-5 years	> 5 years
	€'000	€'000	€'000	€'000	€'000	€'000
Trade and other payables	80	80	80	-	-	-
Totals	80	80	80	-	-	-

Capital and financial risk management

The Company's capital is made up of share capital, including share premium and retained earnings. At 31 December 2017 these totalled €286,000 (2016: €1,123,000)

The Company's objectives when maintaining capital are:

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

The capital structure of the Company consists of shareholders' equity as set out in the statement of changes in equity. In 2017, all working capital requirements were financed from existing cash resources.

5. Loss on disposal of subsidiary

On 14 November 2017, the Company entered into a conditional sale and purchase agreement ("SPA") with Re Sipar srl ("RSS"), an Italian company wholly-owned by Francesco Vallone, the founder and former Chief Executive.

Pursuant to the SPA, RSS agreed to acquire Cogenpower srl (and consequently its controlled subsidiaries of Cogenpower Energia srl and Cogenpower Gas & Power srl) and as a result to assume all its assets and liabilities.

The purchaser, RSS, is wholly-owned by Francesco Vallone, who was a director of the Company and a substantial shareholder as he held 14%. of the issued share capital of Cogenpower Plc when the disposal was put to shareholders for their approval. Accordingly, the Disposal was a related party transaction for the purposes of AIM Rule 13 and Francesco Vallone took no part in any board assessment of the disposal to RSS by the Independent Directors. On Completion, Francesco Vallone resigned as a director of the Company.

The disposal was approved by shareholders on 1 December 2017 and completed on 4 December 2017 by notarial act in Turin, Italy.

As at 30 November 2017, after taking into account the reduction in amounts receivable from the Company pursuant to the CVA, Cogenpower srl and its subsidiaries had net audited liabilities of €4.1 million, including trade creditors of €4.1 million, tax creditors of €4.9 million and total debt owed to third party banks of €5.2 million, with net current liabilities of €7.4 million. Total assets at the same date amounted to €11.1 million. The consideration was a nominal cash payment of £1.

On completion of the SPA, the Company also entered into a deed of termination with Cogenpower srl to terminate the Management Services Agreement dated 9 June 2015, pursuant to which the Company provided certain support and administrative services to Cogenpower srl and Cogenpower srl recharged to the Company all costs it had incurred relating to the admission to AIM of the shares in the Company in February 2016.

The loss from the disposal of the Company's subsidiaries is attributable entirely to the owners of the Company. It represents the difference between the amount shown as investment in subsidiary and the disposal consideration.

6. Company Voluntary Arrangement

On 24 October 2017, the shareholders of the Company approved a Company Voluntary Arrangement (CVA) whereby the Company's creditors received £0.01087 for every £1 of debt. The CVA was conditional on the resumption of trading of the Company's securities on AIM.

On conclusion of the CVA, the Company's unsecured and preferential creditors of £1,625,427 were paid a total of £17,664 on 24 January 2018, as follows:

	Liabilities and expenses £	**Dividend payable £**
Cogenpower S.r.l	1,063,940	11,562

Third party creditors	339,465	3,689
Directors	222,022	2,413
	1,625,427	17,664
CVA expenses	20,336	20,336
	1,645,763	**38,000**

The release of these liabilities, net of amounts paid and CVA expenses has been treated as an exceptional item, expressed in Euros.

Following the CVA, Shareholders retained their existing Ordinary Shares in the Company and the CVA did not result in any distribution being made to Shareholders of the Company in their capacity as Shareholders**.**

Directors' participation in the CVA
As shown in the table above, the Directors, under the terms of their service contracts and other arrangements were owed in aggregate £222,022. Under the terms of the CVA the Directors were entitled to make a claim for these contractual amounts owing to them and received a dividend pari passu with all other creditors, amounting to £2,413 in aggregate in final settlement of these amounts.

7. Operating loss

The operating loss is stated after charging:

	2017 €'000	**2016 €'000**
Staff costs	128	309
Auditors' remuneration:		
Audit fees	49	29
Corporate finance advice for the IPO	-	293
Other accounting services	3	2
Other taxation services	2	2

The auditor of the Company was Welbeck Associates, who provided taxation services to the Company.

8. Staff costs

	2017 €'000	**2016 €'000**
Wages and salaries (including directors)	12	180
Share based payment charge	158	145
Social security costs	3	25
	173	**350**

Key management personnel

	2017	**2016**

	€'000	€'000
Salaries and fees	15	180
Share based payment charge	158	145
Other employment costs	-	25
Total	173	350

Key management personnel are the UK directors of the Company

9. Finance income and expense

	2017 €'000	2016 €'000
Finance income		
Currency exchange profits less losses	-	96
	-	96
Finance expenses		
Other finance expenses	4	1
	4	**1**

10. Income tax

	2017 €'000	2016 €'000
Current tax - continuing operations	–	–

	2017 €'000	2016 €'000
Loss before tax from continuing operations	(1,629)	(763)
Loss before tax multiplied by rate of corporation tax in the UK of 20% (2016: 20%)	(325)	(153)
Expenses not deductible for tax purposes	65	55
Unrelieved tax losses carried forward	260	98
Total tax charge for the year	–	–

No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

11. Earnings per share

	€'000 2017	€'000 2016
Earnings (€'000)		
Loss used in calculating basic and diluted earnings:		
Continuing operations	(1,629)	(763)

Number of shares		
Weighted average number of shares for the purposes of basic and diluted earnings per share	90,550,322	49,000,083

The basic and diluted earnings per share for 2017 and 2016 were determined by dividing the Loss attributable to the equity holders of the parent by the weighted average number of shares outstanding during the periods. Dilutive instruments are ignored when the overall result is a loss.

12. Subsidiaries

Following the disposal of Cogenpower S.r.l. on 4 December 2017, the Company ceased to own, control or conduct all or substantially all, of its then existing trading business, activities or assets and became an AIM Rule 15 cash shell with no subsidiaries. The principal subsidiaries of the Company prior to this date were all owned 100% as follows:

Name	Principal activity	Ownership
Cogenpower S.r.l.	CHPDH	**Cogenpower Plc**
Cogenpower Energia S.r.l.	Energy Services	**Cogenpower S.r.l.**
Cogenpower Gas &Power S.r.l.*	Supply of natural gas and electricity	**Cogenpower S.r.l.**

*Cogenpower Gas & Power stopped accepting new clients at the end of September 2016.

13. Investments

Investments represent investments in the Company's main Italian subsidiary: Cogenpower S.r.l.

	2017 **€'000**
As at 1 January 2016	1,930
Capitalisation of intercompany receivables	18
Cash injected	1,082
As at 31 December 2016	**3,030**
Disposal of investment	(3,030)
As at 31 December 2017	-

14. Trade and other receivables

	2017 **€'000**	**2016** **€'000**
Trade receivables	19	7

Other receivables	1	420
Prepayments	10	-
	30	**427**

15. Trade and other payables

	2017 €'000	2016 €'000
Trade payables	26	2,108
Employment costs	-	205
Other	54	31
	80	**2,344**

Other payables include accruals for audit fees.

16. Share capital

On 25 October 2017, the Company raised £550,000 before expenses by way of placing 220,000,000 new Ordinary Shares at £0.0025 per Placing Share. The Placing Shares rank pari passu in all respects with the existing Ordinary Shares. Following completion of the Placing, and as at 31 December 2017, the Company's issued share capital comprises 270,166,760 Ordinary Shares with voting rights.

The Placing is summarised as follows:

<u>Nominal Share Capital</u>:

Shares issued	Share capital in £	Share capital in €
220,000,000	£550,000	€626,000

<u>As at 31.12.2017</u>	Number of Shares	Nominal Value €
Euros		
As at 1 January 2016	40,000,000	137,500
New equity issued:		
For cash	5,000,000	16,125
To extinguish debt	5,166,760	16,663
As at 1 January 2017	**50,166,760**	**170,288**
New equity issued:		
For cash	220,000,000	626,700
As at 31 December 2017	**270,166,760**	**796,988**

Share Options

Share Options outstanding at 31 December 2017 and their weighted average exercise price are as follows:

	2017		2016	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	3,500,000	-	-	-
Granted	-	20p	3,500,000	20p
Exercised	-	-	-	-
Outstanding at 31 December	3,500,000	20p	3,500,000	20p
Exercisable at 31 December	-	-	-	-

Warrants

Warrants outstanding at 31 December 2017 and their weighted average exercise price are as follows:

	2017		2016	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	-	-	-	-
Issued	8,105,003	0.25p	-	-
Exercised	-	-	-	-
Outstanding at 31 December	8,105,003	0.25p	-	-

17. Operating leases

The Company had no leasing arrangements during 2017 (2016: €Nil)

18. Related party transactions

<u>Invoiced services by Directors of the Company to Cogenpower S.r.l.(SRL)</u>

Amounts invoiced and accrued in respect of the Directors' services (provided through their management service companies to Cogenpower srl) and the amounts paid during the year ended 31 December 2017 were as follows

Name	Service Company	Amounts unpaid as at 31/12/16	Amounts invoiced in 2017	Reduction agreed	Amounts paid during 2017	Amounts unpaid as at 30/11/17
David Pickering	Esprit Partners Ltd*	€57,700	€ Nil	-	-	€57,700

Richard Day	RJD Corporate Ltd	€18,700	€ Nil	-	-	€18,700
Martin Groak (CFO)	Marker Management	€ 8,300**	€ Nil	€ (6,800)	€ (1,500)	-
Total		**€84,700**	**€Nil**	**€(6,800)**	**€(1,500)**	**€76,400**

*Esprit Partners Ltd was wound up during 2016 and its assets assigned to David Pickering.
**This amount was settled in 2017 at 18% of face value.

Guarantees

The Vallone family had provided personal bank guarantees to Unicredit S.p.A. and other banks over a number of years. On disposal of Cogenpower S.r.l these were released. An agreed fee was set at 1.95% of the average value of underwritten loans outstanding. The guarantees cover debt, interest and notional future credit lines and were adjusted to outstanding loan amounts following the IPO in February 2016.

The average amount outstanding in 2017 on which fees were based was €5,846,000 (2016: €5,487,000).

Fees were charged to Cogenpower S.r.l. by ReSipar Investments S.r.l., a company owned and controlled by Francesco Vallone.

Fees €'000	**2017**	**2016**
Fees payable to ReSipar	114	107

Ultimate controlling entity
The ultimate controlling entity until the disposal described in Note 5 was Re Sipar Investments S.r.l., a company entirely controlled by Francesco Vallone, the CEO.

There was no controlling party at 31 December 2017.

19. Statement of Financial Position in Pounds Sterling

Following the Company's disposal of Cogenpower on 4 December 2017, the Company is a cash shell with its principal asset being Sterling denominated cash balances. The Company plans to prepare its financial statements in Pounds Sterling for the year ending 31 December 2018 onwards. For the purposes of comparison only, the Company's Statement of Financial Position as at 31 December 2017 presented in Pounds Sterling terms is set out below.

	2017 **£**
Current assets	
Trade and other receivables	26,567
Cash and cash equivalents	298,604

Total current assets	**325,171**
Current liabilities	
Trade and other payables	(71,381)
Total current liabilities	**(71,381)**
Total liabilities	**(71,381)**
Net assets / (liabilities)	**253,790**
Equity	
Share Capital	708,048
Share premium	1,890,837
Share option and warrants reserve	276,400
Retained losses	(2,621,495)
Total equity	**253,790**

20. Post balance sheet events

Change of Board members

On 25 January 2018, the Company announced that David Pickering had stepped down as Non-executive Chairman, to be replaced by John Treacy.

Richard Day, Non-executive Director, also stood down from the Board and was not replaced.

Placing of £675,000

The Company also announced at the same time a fundraise of £675,000 before expenses pursuant to a placing of 270,000,000 new Ordinary shares of 0.25 pence per share which were admitted to trading the following week. This increased the number of shares in issue to 540,166,760.

CVA Completion Certificate filed

On 30 January 2018, the Company announced that the Company Voluntary Arrangement (CVA) procedures had concluded and the CVA Completion Certificate filed. All former creditors of the Company then received the dividend to which they were entitled. Note 6 to the Consolidated Financial Statements gives full details.

ENDS