29 September 2017

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

**Interim results for the six months ended 30 June 2017**

Cogenpower, the low-carbon technology energy business using sustainable generation to supply cost-effective and cleaner energy to urban communities, announces its interim results for the six months ended 30 June 2017.

**Anaconda technology**

Cogenpower designs, builds, transforms, owns and operates high efficiency Combined Heat and Power plants with annexed District Heating/Cooling (DHC) distribution networks, known as CHPDHC. The Group's CHPDHC schemes can be scaled to serve communities from 3,000 to 50,000 people. At the heart of the business is Cogenpower's fully automated Anaconda power plant which has an urban-scale CHPDHC distribution system and a capacity of 3MWe of electric output and 15MWt of thermal output. Cogenpower's technology platform uses intelligent automation for heat storage and has achieved energy efficiency levels of over 90 per cent. Cogenpower is also a provider of energy consultancy and implementation services.

**Update on operations: 6 months to 30 June 2017**

Following an extremely warm March 2017 compared to the corresponding period in 2016, the output for the period for our key asset, the CHPDH unit in Borgaro, was lower, producing 9,962 MWh compared to 10,508 MWh for the same period in 2016. The H1 2017 results do not benefit from the Green Certificate scheme which ended in 2016, therefore to compare on a like for like basis, the true comparison of the results is:

| | 2017 H1 | 2016 H1 |
|---|---|---|
| Revenue excluding green certificates | 1,573 | 1,726 |
| Gross Profit | 380 | 276 |

This demonstrates the value of both the renegotiated gas supply contract and the reduction in overheads from having a completely automated operation. The Group now has a blueprint for a low-capex, biomass/gas hybrid, refinement to the plant, as described more fully in our Final Results announcement released on 29 September 2017, which the Directors' believe will replace a substantial proportion of the Green Certificate margin that the Group no longer benefits from.

**Outlook**

As announced in our Final Results, the Group is in the process of an extensive strategic re-assessment of its future trajectory and further announcements will be made shortly.

**CEO Dr Francesco Vallone commented:** "As we move into a new strategic phase, it has been encouraging to see the benefit of our investment in automated technology. This innovative capability is, and will continue to be, Cogenpower's defining quality."

**Suspension of shares and update on Group strategy**

The Company's ordinary shares were previously suspended from trading on AIM pending publication of the Annual Report and Accounts. Notwithstanding the publication of the Annual Report and Accounts on 29 September 2017, the Group's shares remain temporarily suspended from trading on AIM for the reasons outlined below.

The Group has been undertaking an extensive strategic re-assessment of how it moves forward and is in advanced discussions on a potential fundraising from new investors to strengthen the Company's working capital position. As part of this fundraising, which will require shareholder approval, the Group will be seeking to put a Company Voluntary Arrangement (CVA) proposal to the creditors and shareholders of Cogenpower plc. The strategic re-assessment also includes consideration by the Board of the Group of the potential disposal of the Group's operating subsidiaries.

The Company's ordinary shares will remain suspended from trading on AIM pending a further announcement in respect of such fundraising proposals.

**Further enquiries:**

| | | |
|---|---|---|
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**Notes to Editors**

**Energy efficiency through smart technology: Anaconda technology**

Cogenpower (CGP.L) designs, builds or transforms, owns and operates high efficiency district heating and cooling schemes, scalable to serve communities from 3,000 to 50,000 people. At the heart of the business is Cogenpower's Anaconda Artificial Intelligence technology, an automated, Artificial Intelligence energy generation and control system equipped with a heat storage facility that delivers heat or cooling to customers and electricity to the grid with proven energy efficiency of more than 90%.

Although district heating systems have been available for some time, advances in technology have brought significant new operational and environmental advantages, making them increasingly attractive and reliable energy solutions for communities. With the scalability of schemes such as Cogenpower's, the energy-saving advantages of fully automated CHPDH, usually associated with large towns and cities, can be applied to modest sized communities and new developments

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDING 30 JUNE 2017

| | Notes | Six months to 30 Jun 17 (unaudited) €000's | Six months to 30 Jun 16 (unaudited) Restated €000's | Year to 31 Dec 16 (audited) Restated €000's |
|---|---|---|---|---|
| **Continuing operations** | (2) | | | |
| Revenue from goods and services | | 1,573 | 2,187 | 3,688 |
| Cost of Sales | | (1,193) | (1,450) | (1,947) |
| **Gross Profit** | | **380** | **737** | **1,741** |
| Other operating income | | - | - | 10 |
| Administrative expenses | | (395) | (434) | (1,755) |
| Depreciation and Amortization | | (152) | (308) | (605) |
| Other operating expenses | | (72) | (620) | (793) |
| **Loss from operations** | | **(240)** | **(625)** | **(1,402)** |
| Finance expense | | (117) | (248) | (578) |
| Finance income | | 10 | 11 | 111 |
| **Net finance (expense) income** | | **(107)** | **(237)** | **(467)** |
| **Loss for the period before tax** | | **(347)** | **(862)** | **(1,869)** |
| Taxation | | - | - | 124 |
| **Loss for the period attributable to equity shareholders of the parent company from continuing operations** | | **(347)** | **(862)** | **(1,993)** |
| **Discontinued operations (net of tax)** | **(2)** | **(99)** | **(115)** | **(380)** |
| **Loss for the period attributable to equity shareholders of the parent company from operations** | | **(446)** | **(977)** | **(2,373)** |
| **Other comprehensive income (net of tax)** | | **-** | **-** | **-** |
| **Total comprehensive income attributable to equity holders of the parent company** | | **(446)** | **(977)** | **(2,373)** |

**Loss per share**

| | Notes | Six months to 30 Jun 17 | Six months to 30 Jun 16 | Year to 31 Dec 16 |
|---|---|---|---|---|
| Loss per share from operations: | | | | |
| Basic & diluted (Cents) | (3) | (0.9) | (1.9) | (4.8) |

AS AT 30 JUNE 2017

| | 30 Jun 17 (unaudited) €000's | 31 Dec 16 (audited) €000's |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 10,321 | 10,471 |
| Intangible assets | 57 | 85 |
| Investments | 12 | 12 |
| Deferred tax asset | 448 | 448 |
| **Total non-current assets** | **10,838** | **11,016** |
| **Current assets** | | |
| Inventories | 26 | 26 |
| Trade and other receivables | 2,651 | 2,808 |
| Cash and cash equivalents | 114 | 13 |
| **Total current assets** | **2,791** | **2,847** |
| **Total assets** | **13,629** | **13,863** |
| **Current liabilities** | | |
| Trade and other payables | 4,577 | 4,981 |
| Provisions | 314 | 228 |
| Borrowings | 1,276 | 1,574 |
| Corporation taxes | 1,047 | 1,047 |
| Other taxes | 3,338 | 2,256 |
| **Total current liabilities** | **10,552** | **10,086** |
| **Non-current liabilities** | | |
| Borrowings | 4,100 | 4,116 |
| Fiscal liabilities deferred | 359 | 597 |
| **Total non-current liabilities** | **4,459** | **4,713** |
| **Total liabilities** | **15,011** | **14,799** |
| **Net assets / (liabilities)** | **(1,382)** | **(936)** |
| **Equity attributable to equity holders of the Parent** | | |
| Share capital | 171 | 171 |
| Share premium | 2,129 | 2,129 |
| Revaluation reserve | 3,035 | 3,035 |
| Retained earnings | (6,717) | (6,271) |
| **Total equity** | **(1,382)** | **(936)** |

# STATEMENT OF CHANGES IN EQUITY

| | Share capital €000's | Share premium €000's | Retained earnings €000's | Merger Reserve €000's | Total €000's |
|---|---|---|---|---|---|
| **For the 6 month period ended 30 June 2017** | | | | | |
| **At 1 January 2017** | **171** | **2,129** | **(6,271)** | **3,035** | **(936)** |
| Comprehensive income | | | | | |
| Profit/Loss for the period | | | (446) | | (446) |
| **At 30 June 2017** | **171** | **2,129** | **(6,717)** | **3,035** | **(1,382)** |
| **For the year ended 31 December 2016** | | | | | |
| **At 1 January 2016** | **138** | | **(3,906)** | **3,035** | **(733)** |
| Adjustment on disposal of subsidiary | | | 8 | | 8 |
| Comprehensive income | | | | | |
| Loss for the period | - | - | (2,373) | - | (929) |
| Issue of share capital | 33 | 2,590 | - | - | 2,623 |
| Expenses of share issue | - | (461) | - | - | (461) |
| **At 31 December 2016** | **171** | **2,129** | **(6,271)** | **3,035** | **(936)** |

# CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDING 30 JUNE 2017

| | Six months to 30 Jun 17 (unaudited) | Six months to 30 Jun 16 (unaudited) | Year to 31-Dec-16 (audited) |
|---|---|---|---|
| | €000's | €000's | €000's |
| **Operating activities** | | | |
| Loss before tax | (446) | (963) | (2,249) |
| Amortisation of intangible assets | 28 | 88 | 68 |
| Depreciation of property, plant and equipment | 150 | 247 | 562 |
| Write off of amounts due from former subsidiary | - | - | 104 |
| Fair value movement on investment | - | - | 10 |
| Finance expense | 121 | 270 | 621 |
| Finance income | (11) | (63) | (118) |
| Corporate tax recovery | - | 34 | - |
| (Increase)/decrease in trade and other receivables | 157 | (41) | 1,271 |
| (Increase)/decrease in inventories | - | 1 | - |
| Increase (decrease) in provisions | 86 | 137 | (195) |
| Increase/(decrease) in trade and other payables | (404) | (280) | (297) |
| Increase/(decrease) in other taxes | 844 | 902 | 524 |
| **Cash generated from operations** | **525** | **332** | **301** |
| Income tax recovered / (paid) | - | - | 40 |
| **Net cash flows from operating activities** | **525** | **332** | **341** |
| **Investing activities** | | | |
| Finance income | 11 | 63 | 22 |
| Purchase of property, plant and equipment | - | (179) | - |
| Purchase of investments | - | - | - |
| Purchase of intangibles | - | (22) | (15) |
| Net cash (used)/ recovered on disposal of subsidiary | - | 30 | (74) |
| **Net cash from/(used in) investing activities** | **11** | **(108)** | **(67)** |
| **Financing activities** | | | |
| Repayment of loans | (74) | (749) | (284) |
| Drawdown/(repayment) of bank overdraft | (240) | (496) | (785) |
| Finance expense net of non-cash items | (121) | (270) | (523) |
| Proceeds from sale of shares net of issue costs | - | 1,053 | 1,053 |
| **Net cash used in financing activities** | **(435)** | **(462)** | **(539)** |
| **Cash flow of the period** | **101** | **(238)** | **(265)** |
| Cash and cash equivalents at beginning of period | 13 | 278 | 278 |
| Cash and cash equivalents at end of period | 114 | 40 | 13 |
| **Net change in cash and cash equivalents** | **101** | **(238)** | **(265)** |

Notes to the accounts

1. <u>Basis of Preparation</u>

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006.

The financial information for the six months ended 30 June 2017 is unaudited. In the opinion of the directors, the financial information for the period fairly represents the financial position of the Group. Results of operations and cash flows for the period are in compliance with International Financial Reporting Standards as adopted by the EU ("EUIFRS"). These financial statements should be read in conjunction with the audited financial statements for 31 December 2016 published on 29 September 2017 and available on the Company's website www.cogenpower.co.uk . The accounting policies, estimates and judgements applied in these financial statements are consistent with those disclosed in the audited financial statements for 31 December 2016.

All financial information is presented in Euro, unless otherwise disclosed.

The Directors of the Company approved the financial information included in the results on 29 September 2017

Going concern

The financial information for the six months ended 30 June 2017 has been prepared on the going concern basis. The Company has just released its delayed Annual Report and Accounts and the strategic report contains the following statement:

"As at 31 December 2016, the Group had €7.2 million of net current liabilities – an improvement of €2.3 million compared to one year earlier. After a long and well documented dispute with the Italian authorities in relation to Green Certificates, the Board can now report that the Italian judicial system is fully supportive of the Company's position and the Board is confident that the Company will substantially recover the carrying value of the Green Certificate receivables by the end of the 4th quarter 2017. It is similarly confident of bringing in the amounts due in relation to $CO_2$ incentives. However, the unavailability of the €1.6 million cash represented by those two receivables has meant that the Company was unable to keep to its commitments under deferred payment plans negotiated in 2016. The Company was supported during this difficult period by its main financing banker, which deferred two quarters of capital repayments in order to give the Italian group much needed working capital whilst it assessed its options. We are currently seeking to restructure the indebtedness of the recently closed Italian retail subsidiary – which has the highest level of indebtedness.

This process is being undertaken in the context of discussions with a major infrastructure fund to invest in various Italian projects and also separate discussions with other parties on investment at the parent company level, as detailed in the Chairman's Statement.

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

The only change to that status is that we are now reporting €7.7 million of net current liabilities at the end of June 2017 as a consequence of the inability to keep to our repayment plans.

The programme to bring in new investment is on track and further announcements will be made shortly.

2. Restatement of total comprehensive income for prior periods

   Following the closure of the Cogenpower Gas&Power (Gas&Power) business during the period to 30 June 2017, the consolidated statement of total comprehensive income comparative numbers for the year ended 31 December 2016 and the 6 months to 30 June 2016 have been restated to exclude the results of Gas&Power from continuing operations. The net result attributable to Gas&Power for all three periods reported are shown in the line "Discontinued operations (net of tax)"

3. Earnings per share

   The number of shares used in the calculation of basic and diluted Earnings per share (EPS) for the six months to 30 June 2017 is 50,166,760. There were no shares issued during the period.

   The number of shares used in the calculation of basic and diluted Earnings per share (EPS) for the year to 31 December 2016 was 49,000,083 and for the six months to 30 June 2016 was 47,834,000 being in both cases the weighted average number of shares in issue over the period.