

Green Frog Power Limited

(Registered number 7056616)

Report and Financial Statements

31 March 2012

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COMPANIES HOUSE

Green Frog Power Limited

(Registered number 7056616)

Directors

R K Gudgeon

M W Jones

J W K Taylor

J Hall-Smith

R Crawford

Secretary

R K Gudgeon

Auditors

Ernst & Young LLP

Citygate

St James' Boulevard

Newcastle upon Tyne

NE1 4JD

Bankers

Royal Bank of Scotland

135 Bishopsgate

London

EC2M 3UR

Yorkshire Bank

Temple Point

1 Temple Row

Birmingham

B2 5YB

Lloyds TSB Bank plc

125 Colmore Row

Birmingham

B3 2SD

Registered Office

17 The Courtyard

Gorsey Lane

Coleshill

Birmingham

B46 1JA

Green Frog Power Limited

(Registered number 7056616)

Directors' report

The directors present their report and the Group financial statements for the year ended 31 March 2012

Results and dividends

The Group loss for the year, after taxation, amounted to £ 2,344,662 (2011 - £931,924) The directors do not recommend the payment of an ordinary dividend

Principal activities, review of the business and future developments

Green Frog Power Limited ("GFP") was incorporated on 26 October 2009 GFP identified an opportunity in the UK market to become a niche power generator, providing a back up service to National Grid under its Short Term Operating Reserve (STOR) contract programme

The Group has built out, at the balance sheet date, and is operating four sites totalling 38MW of STOR capacity A further three sites are in construction (60MW) with the remaining sites programmed to commence construction during the coming financial year The Board is satisfied that the construction programme continues to be delivered to plan

On 19 April 2011, a subsidiary undertaking Green Frog Power 214 Limited was incorporated to carry out the construction and operation of the generation plants This subsidiary posted a £3,105,236 loss for the period which is in line with expectations

The completed sites have all been called by National Grid and performed in line with expectations

Performance of the group in terms of capital expenditure, delivery timetable and cash generation from operating income is measured against detailed budgets approved by all stakeholders at the inception of the STOR project

Financing

On 8 June 2011, the Group secured £4,000,000 equity investment from InfraRed Environmental Infrastructure GP Limited in its capacity as general partner for and on behalf of the InfraRed Environmental Infrastructure Fund ('InfraRed') and £16,000,000 long term junior debt from European Investments (GFP) Limited, a subsidiary of InfraRed On 22 August 2011 the Group agreed long term senior debt funding from the Royal Bank of Scotland of £60,000,000 (comprising a term development loan of £55,000,000 and a VAT facility of £5,000,000) This funding secured the entire construction programme financing and will see the group through to full commercial operations at the beginning of 2013

Future Developments

The funding already secured is sufficient to enable the Group to complete its development programme over the next twelve months

Once the development phase is completed, the group will be in a strong operating position within the STOR market with its current agreements with National Grid extending to September 2025 The Group will be perfectly placed to bid for any new long term contracts that are offered by National Grid

The Group continues to explore other similar or related opportunities within the energy market, utilising the expertise it has gained in developing its initial STOR sites

Green Frog Power Limited

(Registered number 7056616)

Directors' report (continued)

Principal risks and uncertainties

The Group's only operating activity is its STOR project, on which it has secured fifteen year contracts with National Grid. The business model is based on the minimum amounts receivable under these contracts. The major business risk is failure to be available to National Grid as and when required. The directors seek to minimise this risk by maintaining all plant & machinery to the highest possible standards and test the operational capability on a regular basis.

The group's principal financial investments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the group's operating activities.

The main risks associated with the Group's financial assets and liabilities are set out below.

Interest rate risk

The Group invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility. Term loans are entered into at floating interest rates. The Group's interest income and expenses are therefore affected by movements in interest rates. The Group uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

Credit risk

The Group has external debtors, however, the group undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generated by its operations.

Foreign currency risk

The Group does not have any significant foreign currency transactions and therefore is not exposed to any material foreign currency risk.

Directors

The directors of the Company during the year were as follows:

R K Gudgeon

M W Jones

J W K Taylor

J E Hall-Smith (appointed 7 June 2011)

R Crawford (appointed 7 June 2011)

Green Frog Power Limited

(Registered number 7056616)

Directors' report (continued)

Going concern

The directors have performed an assessment of the Group's ability to continue trading as a going concern, by reference to trading forecasts and financing requirements for a period of 12 months from the approval of these financial statements. The directors are satisfied that the going concern basis of preparation for these financial statements is appropriate.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Group's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



R K Gudgeon

Secretary

3rd September 2012

Green Frog Power Limited

(Registered number 7056616)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group and to 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 of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Green Frog Power Limited

(Registered number 7056616)

Independent auditors report

to the members of Green Frog Power Limited

We have audited the Group and parent undertaking financial statements ("the financial statements") of Green Frog Power Limited for the year ended 31 March 2012 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 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 Group'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 Group Report and Financial Statements to identify material inconsistencies with the audited financial statements. 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's and the parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Green Frog Power Limited

(Registered number 7056616)

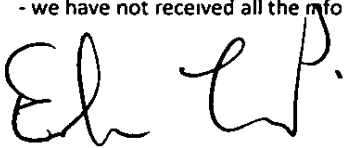
Independent auditors report

to the members of Green Frog Power Limited

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's 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



Darren Rutherford (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle upon Tyne

3 September 2012

Green Frog Power Limited

(Registered number 7056616)

Group profit and Loss account

for the year ended 31 March 2012

| | Notes | Year ended 31 March 2012 £ | 17 months ended 31 March 2011 £ |
|--|-------|-------------------------------------|--|
| Turnover | 2 | 278,705 | - |
| Cost of sales | | (109,150) | - |
| Gross profit | | <u>169,555</u> | <u>-</u> |
| Administrative expenses | | (1,516,220) | (922,691) |
| Operating loss | 3 | <u>(1,346,665)</u> | <u>(922,691)</u> |
| Interest payable and similar charges | 5 | (1,956,332) | (9,233) |
| Loss on ordinary activities before taxation | | <u>(3,302,997)</u> | <u>(931,924)</u> |
| Tax credit on loss on ordinary activities | 6 | 958,335 | - |
| Loss retained for the financial year/period | 13 | <u><u>(2,344,662)</u></u> | <u><u>(931,924)</u></u> |

Group statement of total recognised gains and losses

for the year ended 31 March 2012

There are no recognised gains or losses other than the loss attributable to shareholders of the Group of £2,344,662 (2011 loss £931,294)

Green Frog Power Limited

(Registered number 7056616)

Group balance sheet


at 31 March 2012

| | Notes | 2012 £ | 2011 £ |
|---|-------|-------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 16,899,417 | 110,621 |
| | | <u>16,899,417</u> | <u>110,621</u> |
| Current assets | | | |
| Stock - fuel stocks | | 89,818 | - |
| Debtors | 9 | 3,669,469 | 197,210 |
| Cash at bank and in hand | | 13,707,614 | 52,572 |
| | | <u>17,466,901</u> | <u>249,782</u> |
| Creditors amounts falling due within one year | 10 | (6,628,941) | (582,327) |
| Net current assets/(liabilities) | | <u>10,837,960</u> | <u>(332,545)</u> |
| Total assets less current liabilities | | 27,737,377 | (221,924) |
| Creditors amounts falling due after more than one year | 11 | (26,522,964) | - |
| Net assets/(liabilities) | | <u>1,214,413</u> | <u>(221,924)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 1,440 | 1,000 |
| Share premium account | 13 | 4,489,559 | 709,000 |
| Profit and loss account | 13 | (3,276,586) | (931,924) |
| Shareholder funds/(deficit) | 13 | <u>1,214,413</u> | <u>(221,924)</u> |

These financial statements were approved by the Board of Directors on 3rd September 2012 and signed on their behalf by



R K Gudgeon
Director



J W K Taylor
Director

Green Frog Power Limited

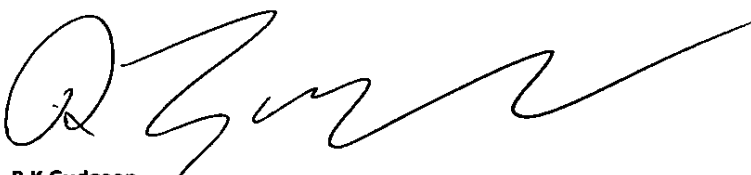
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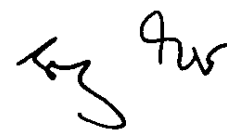
Company balance sheet

at 31 March 2012

| | Notes | 2012 £ | 2011 £ |
|--|-------|------------------|------------------|
| Fixed assets | | | |
| Investments | 7 | 4,000,000 | - |
| Tangible assets | 8 | 44,002 | 110,621 |
| | | <u>4,044,002</u> | <u>110,621</u> |
| Current assets | | | |
| Debtors | 9 | 481,417 | 197,210 |
| Cash at bank and in hand | | 932,417 | 52,572 |
| | | <u>1,413,834</u> | <u>249,782</u> |
| Creditors amounts falling due within one year | 10 | (1,138,344) | (582,327) |
| Net current assets/(liabilities) | | <u>275,490</u> | <u>(332,545)</u> |
| Net assets/(liabilities) | | <u>4,319,492</u> | <u>(221,924)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 1,440 | 1,000 |
| Share premium account | 13 | 4,489,559 | 709,000 |
| Profit and loss account | 13 | (171,507) | (931,924) |
| Shareholder funds/(deficit) | 13 | <u>4,319,492</u> | <u>(221,924)</u> |

These financial statements were approved by the Board of Directors on 3rd September 2012 and signed on their behalf by


R K Gudgeon
 Director


J W K Taylor
 Director

Green Frog Power Limited

(Registered number 7056616)

Group statement of cash flows

for the year ended 31 March 2012

| | <i>Notes</i> | <i>Year ended 31 March 2012 £</i> | <i>17 months ended 31 March 2011 £</i> |
|--|--------------|---|--|
| Group operating loss | | (1,346,665) | (922,691) |
| Depreciation | | 46,179 | - |
| Increase in stocks | | (89,818) | - |
| Increase in debtors | | (2,513,924) | (197,210) |
| Increase in creditors | | 4,463,095 | 273,094 |
| Net cash outflow from operating activities | | 558,867 | (846,807) |
| Returns on investments and servicing of finance | | | |
| Interest paid (including capitalised interest) | | (745,628) | (9,233) |
| Loan issuance costs paid | | (8,229,745) | - |
| | | (8,975,373) | (9,233) |
| Capital expenditure | | | |
| Purchases of fixed assets | | (16,448,370) | (110,621) |
| Receipt from sale of fixed assets | | 5,400 | - |
| | | (16,442,970) | (110,621) |
| Financing | | | |
| New short term loans | | - | 309,233 |
| New bank loans and facilities | | 35,042,752 | - |
| Repayment of loan | | (309,233) | - |
| Issue of new share capital | | 4,000,000 | 710,000 |
| Share issue costs | | (219,001) | - |
| | | 38,514,518 | 1,019,233 |
| Increase in cash during the year/period | 18 | 13,655,042 | 52,572 |

Green Frog Power Limited

(Registered number 7056616)

Notes to the financial statements

at 31 March 2012

1 Accounting policies

Accounting convention

The Group financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

Basis of consolidation

The Group financial statements consolidate the financial statements of Green Frog Power Limited and its subsidiary undertaking as at 31 March each year. No profit and loss account is presented for Green Frog Power Limited as permitted by section 408 Companies Act 2006. The profit on ordinary activities after taxation dealt with in the financial statements of the parent undertaking was £760,417 (2011 loss of £931,924)

Going concern

Based on future cash flow projections for 2012/13 and beyond, the directors have a reasonable expectation that the Company has adequate financial resources to continue in business for the foreseeable future. Accordingly, the directors consider that it is appropriate to continue to adopt the going concern in preparing the financial statements

Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Useful economic lives of operating plant is estimated to be 40 years for generators and 50 years for electrical installations. IT equipment and other fixtures & fittings have estimated useful economic lives of 5 years

Investments

Investments in subsidiary companies are carried at cost

Stock

Fuel stock is held at the lower of average cost and net realisable value

Capitalisation of Interest

Interest is capitalised to the extent that it is directly attributable to assets under development. Interest so capitalised is expensed over the useful economic life of the asset to which it relates in accordance with the group's normal depreciation policy

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more tax, or a right to pay less or receive more tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable future taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantially enacted at the balance sheet date

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease

Green Frog Power Limited

(Registered number 7056616)

Notes to the financial statements

at 31 March 2012

1 Accounting policies (continued)

Capital instruments

Shares are included in shareholders' funds. Other instruments, such as bank loans, are classified as liabilities if they contain an obligation to transfer economic benefits and if they are not included in shareholders' funds. The finance cost recognised in the profit & loss account in respect of bank loans is allocated to periods over the term of the loan in proportion to the balance outstanding. In accordance with FRS4, issue costs and fees incurred in raising loan finance are deducted from bank loans within the balance sheet and are amortised to the profit & loss account over the term of the loans. Finance costs incurred in raising equity is charged to the share premium account.

2. Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance.

All turnover arises in the United Kingdom and is attributable to the continuing principal activities of the Group.

3. Operating loss

| | <i>Year ended</i> <i>31 March</i> <i>2012</i> <i>£</i> | <i>17 months ended</i> <i>31 March</i> <i>2011</i> <i>£</i> |
|---|---|--|
| Operating loss is stated after charging the following | | |
| Operating lease rentals -land & buildings | 42,422 | - |
| - plant & machinery | 55,097 | - |
| Auditors' remuneration - audit services | 18,000 | 7,500 |
| Auditors' remuneration - non-audit services - taxation advice | - | 24,000 |
| - taxation compliance | 4,000 | 2,000 |
| Depreciation of owned fixed assets | <u>46,179</u> | <u>-</u> |

4 Staff costs and directors emoluments

| | <i>Year ended</i> <i>31 March</i> <i>2012</i> <i>£</i> | <i>17 months ended</i> <i>31 March</i> <i>2011</i> <i>£</i> |
|-------------------------------------|---|--|
| Wages, salaries and directors' fees | 657,701 | 70,728 |
| Social security costs | 46,405 | 6,920 |
| | <u>704,106</u> | <u>77,648</u> |

The average monthly number of employees (excluding directors) during the period was as follows

| | <i>Year ended</i> <i>31 March</i> <i>2012</i> <i>No</i> | <i>17 months ended</i> <i>31 March</i> <i>2011</i> <i>No</i> |
|----------------|--|---|
| Administration | <u>10</u> | <u>5</u> |

Green Frog Power Limited

(Registered number 7056616)

Notes to the financial statements

at 31 March 2012

| | <i>Year ended</i> <i>31 March</i> <i>2012</i> <i>£</i> | <i>17 months ended</i> <i>31 March</i> <i>2011</i> <i>£</i> |
|---|---|--|
| Directors' emoluments for the year/period | <u>306,988</u> | <u>118,900</u> |

Directors' emoluments include £256,250 (2011 £118,900) relating to amounts payable for the services of a director, to a third party

| | <i>£</i> | <i>£</i> |
|-----------------------|----------------|---------------|
| Highest paid director | <u>104,250</u> | <u>41,950</u> |

5 Interest payable and similar charges

| | <i>Year ended</i> <i>31 March</i> <i>2012</i> <i>£</i> | <i>17 months ended</i> <i>31 March</i> <i>2011</i> <i>£</i> |
|----------------------------------|---|--|
| Loan interest payable | 1,533,994 | 9,233 |
| Amortisation of loan issue costs | 422,338 | - |
| | <u>1,956,332</u> | <u>9,233</u> |

Shown above is the net amount of interest payable during the year after deducting an amount of £392,005 (2011 £nil) which has been capitalised and transferred to fixed assets

6. Tax on loss on ordinary activities

(a) The tax credit is made up as follows

| | <i>Year ended</i> <i>31 March</i> <i>2012</i> <i>£</i> | <i>17 months ended</i> <i>31 March</i> <i>2011</i> <i>£</i> |
|---|---|--|
| UK Corporation Tax (note 6(b)) | - | - |
| Deferred tax credit @23% | 917,188 | - |
| Recognition of prior year unutilised losses @ 23% | 41,147 | - |
| Tax credit on loss on ordinary activities | <u>958,335</u> | <u>-</u> |

Green Frog Power Limited

(Registered number 7056616)

Notes to the financial statements

at 31 March 2012

6. Tax on loss on ordinary activities (continued)

(b) Factors affecting current tax

Tax assessed on the loss on ordinary activities for the year is different to the standard rate of Corporation Tax in the UK of 26%

(2011 28%) The differences are reconciled below

| | <i>Year ended 31 March 2012 £</i> | <i>17 months ended 31 March 2011 £</i> |
|---|---|--|
| Loss on ordinary activities before tax | <u>(3,302,997)</u> | <u>(931,924)</u> |
| Loss on ordinary activities at standard rate of Corporation Tax 26% (2011 28%) | (858,779) | (260,939) |
| Depreciation in excess of capital allowances | 12,006 | - |
| Utilisation of brought forward losses | (190,048) | - |
| Unrelieved tax losses carried forward | 1,036,821 | 260,939 |
| Total current tax (note 6(a)) | <u>-</u> | <u>-</u> |

(c) factors that may affect future tax charges

The UK government has announced its intention to reduce the UK corporation tax rate to 22% by 1 April 2014. The reduction from 28% to 26% was substantively enacted on 29 March 2011 and came into effect on 1 April 2011. A rate of 26% therefore applies to current tax liabilities arising during the period. A reduction from 26% to 25% was substantively enacted on 5 July 2011 and was intended to come into effect on 1 April 2012. However, in the Budget Speech on 21 March 2012 the chancellor announced that the rate from 1 April 2012 would instead be reduced to 24% rather than the enacted rate of 25%. At the balance sheet date, the change in the tax rate to be enacted 25% has no effect on current tax liabilities arising prior to the effective date of change. A reduction to 23% has however been applied to deferred tax assets arising at the balance sheet date.

The future tax charge will also be affected by the Governments intention to reduce the main rate of capital allowances from 20% to 18% and from 10% to 8% with effect from 1 April 2012.

7 Investments

| COMPANY | <i>2012 £</i> | <i>2011 £</i> |
|--|-------------------|-------------------|
| Investment in Green Frog Power 214 Limited | <u>4,000,000</u> | <u>-</u> |

During the year, the Company invested £4,000,000 in the ordinary share capital its wholly owned subsidiary, Green Frog Power 214 Limited, a company registered in England and Wales (registered number 7609301), which operates as a power generation company in the UK.

Green Frog Power Limited

(Registered number 7056616)

Notes to the financial statements

at 31 March 2012

8 Tangible fixed assets

| GROUP | Capitalised interest £ | Motor vehicles £ | Plant & machinery £ | Total £ |
|------------------------------------|------------------------------|------------------------|---------------------------|-------------------|
| Cost | | | | |
| At 1 April 2011 | - | 5,400 | 105,221 | 110,621 |
| Additions | 392,005 | - | 16,448,370 | 16,840,375 |
| Disposals | - | (5,400) | - | (5,400) |
| At 31 March 2012 | <u>392,005</u> | <u>-</u> | <u>16,553,591</u> | <u>16,945,596</u> |
| Depreciation | | | | |
| At 1 April 2011 | - | - | - | - |
| Charge for the year | - | - | (46,179) | (46,179) |
| At 31 March 2012 | <u>-</u> | <u>-</u> | <u>(46,179)</u> | <u>(46,179)</u> |
| Net book value 31 March 2012 | <u>392,005</u> | <u>-</u> | <u>16,507,412</u> | <u>16,899,417</u> |
| Net book value 31 March 2011 | <u>-</u> | <u>5,400</u> | <u>105,221</u> | <u>110,621</u> |
| COMPANY | | Motor vehicles £ | Plant & machinery £ | Total £ |
| Cost | | | | |
| At 1 April 2011 | | 5,400 | 105,221 | 110,621 |
| Additions | | - | 92,402 | 92,402 |
| Disposals | | (5,400) | - | (5,400) |
| Transfer to subsidiary undertaking | | - | (142,621) | (142,621) |
| At 31 March 2012 | | <u>-</u> | <u>55,002</u> | <u>55,002</u> |
| Depreciation | | | | |
| At 1 April 2011 | | - | - | - |
| Charge for the year | | - | (11,000) | (11,000) |
| At 31 March 2012 | | <u>-</u> | <u>(11,000)</u> | <u>(11,000)</u> |
| Net book value 31 March 2012 | | <u>-</u> | <u>44,002</u> | <u>44,002</u> |
| Net book value 31 March 2011 | | <u>5,400</u> | <u>105,221</u> | <u>110,621</u> |

Included above are assets totalling £5,768,992 (2011 £105,221) which are in the course of construction and therefore have not yet been depreciated

Green Frog Power Limited

(Registered number 7056616)

Notes to the financial statements

at 31 March 2012

9 Debtors

| GROUP | 2012 £ | 2011 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 47,087 | - |
| Prepayments | 885,802 | 165,817 |
| Other debtors | 1,763,334 | 31,393 |
| Deferred tax asset (see below) | 958,335 | - |
| Due from related undertakings | 14,911 | - |
| | <u>3,669,469</u> | <u>197,210</u> |

| COMPANY | 2012 £ | 2011 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 5,742 | - |
| Prepayments | 419,616 | 165,817 |
| Other debtors | - | 31,393 |
| Deferred tax asset (see below) | 41,148 | - |
| Due from related undertakings | 14,911 | - |
| | <u>481,417</u> | <u>197,210</u> |

Deferred tax

| | Group £ | Company £ |
|---|----------------|---------------|
| At 1st April 2011 | - | - |
| Credit to the profit and loss account (unrelieved tax trading losses) | 958,335 | 41,148 |
| At 31st March 2012 | <u>958,335</u> | <u>41,148</u> |

The Group has decided to recognise a deferred tax asset in respect of its unrelieved tax trading losses carried forward as it can now foresee the recoverability of tax losses with reasonable certainty. The deferred tax asset relating to depreciation charged in excess of capital allowances of £10,621 has not been provided for as it is immaterial.

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Notes to the financial statements

at 31 March 2012

10 Creditors amounts falling due within one year

| | 2012 | 2011 |
|---------------------------------------|------------------|----------------|
| | £ | £ |
| GROUP | | |
| Trade creditors | 4,408,253 | - |
| Loans - revolving VAT facility | 1,892,752 | - |
| Loans | - | 309,233 |
| Other taxes and social security costs | 23,382 | 4,625 |
| Accruals | 304,554 | 268,469 |
| | <u>6,628,941</u> | <u>582,327</u> |

| | 2012 | 2011 |
|---------------------------------------|------------------|----------------|
| | £ | £ |
| COMPANY | | |
| Trade creditors | 495,056 | - |
| Loans | - | 309,233 |
| Other taxes and social security costs | 227,128 | 4,625 |
| Accruals | 22,000 | 268,469 |
| Due to subsidiary undertaking | 394,160 | - |
| | <u>1,138,344</u> | <u>582,327</u> |

11 Creditors amounts falling due after more than one year

| | 2012 | 2011 |
|---|-------------------|----------|
| | £ | £ |
| GROUP | | |
| Loans - senior debt | 17,150,000 | - |
| Loans - junior debt (including Payment in Kind notes see note 14) | 17,180,371 | - |
| Loan issuance costs (see below) | (7,807,407) | - |
| | <u>26,522,964</u> | <u>-</u> |

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11 Creditors amounts falling due after more than one year (continued)

Loans are repayable as shown below and are secured by fixed charges and debentures over the assets to which they relate

| | Interest basis | Senior Debt £ | Junior Debt £ | Total £ |
|---|-----------------|-------------------|-------------------|-------------------|
| Facility - development | LIBOR plus 2.5% | 55,000,000 | - | 55,000,000 |
| Facility - development | 12.0% fixed | - | 16,000,000 | 16,000,000 |
| Total facilities | | 55,000,000 | 16,000,000 | 71,000,000 |
| Undrawn | | (37,850,000) | - | (37,850,000) |
| Drawn | | 17,150,000 | - | 17,150,000 |
| Payment in Kind Notes (accrued loan interest) | | - | 1,180,371 | 1,180,371 |
| Loan issuance costs | | (5,959,450) | (1,847,957) | (7,807,407) |
| | | <u>11,190,550</u> | <u>15,332,414</u> | <u>26,522,964</u> |
| Final maturity date | | 24 March 2024 | 30 September 2025 | |

Loans are repayable in instalments based on the date of completion of the development of the assets. The estimated instalments are:

| | £ | £ | £ |
|----------------------|-------------------|-------------------|-------------------|
| 1 to 2 years | 3,877,454 | - | 3,877,454 |
| 2 to 5 years | 11,073,066 | - | 11,073,066 |
| Greater than 5 years | 2,199,480 | 17,180,371 | 19,379,851 |
| | <u>17,150,000</u> | <u>17,180,371</u> | <u>34,330,371</u> |
| Loan issuance costs | (5,959,450) | (1,847,957) | (7,807,407) |
| | <u>11,190,550</u> | <u>15,332,414</u> | <u>26,522,964</u> |

Loan issuance costs are amortised evenly over the life of the loans to which they relate. An aged analysis of the issuance cost prepayment is shown below:

| | £ | £ | £ |
|----------------------|------------------|------------------|------------------|
| Less than 1 year | 496,621 | 136,886 | 633,507 |
| 1 to 2 years | 496,621 | 136,886 | 633,507 |
| 2 to 5 years | 1,489,862 | 410,657 | 1,900,519 |
| Greater than 5 years | 3,476,346 | 1,163,528 | 4,639,874 |
| | <u>5,959,450</u> | <u>1,847,957</u> | <u>7,807,407</u> |

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11 Creditors amounts falling due after more than one year (continued)

Derivative Contracts

The Group has entered into a fixed interest rate swap at 2.87% based on a varying notional amount ranging between £7,162,500 and £40,500,000 throughout the life of the senior loan. At the year end the fair value of this swap was £2,106,015 net liability. The Group has also entered into an interest rate cap of 2.87% at varying notional amounts ranging from £8,937,500 to £21,275,000 until September 2013. At the year end the fair value of this contract was £1,778 net asset. The Group has also entered into an RPI swap on a notional amount of £4,991,834 commencing 1 April 2013, on which the Group receives 3.13% fixed return and pays the percentage change in RPI since 2010. The fair value of the RPI swap was £1,164,763 net liability at the year end.

12 Share capital

| | 2012 £ | 2011 £ |
|--|--------------|--------------|
| <i>Authorised, allotted called up and fully paid</i> | | |
| 1,000 ordinary shares of £1 each | - | 1,000 |
| 1,439,786 ordinary shares of 0.01p each | 1,440 | - |
| | <u>1,440</u> | <u>1,000</u> |

On 5 May 2011, the Company's share capital was sub-divided into 1,000,000 shares of 0.01p each. On 8 June 2011 the Company issued 439,786 0.01p ordinary shares for a total cash consideration of £4,000,000. Costs associated with the raising of this equity were £219,001.

13 Reconciliation of movements in shareholders' funds

| GROUP | Share capital £ | Share premium £ | Profit and loss account £ | Total £ |
|-------------------|-----------------------|-----------------------|------------------------------------|------------------|
| At 1 April 2011 | 1,000 | 709,000 | (931,924) | (221,924) |
| Share issue | 440 | 3,999,560 | - | 4,000,000 |
| Share issue costs | - | (219,001) | - | (219,001) |
| Loss for the year | - | - | (2,344,662) | (2,344,662) |
| At 31 March 2012 | <u>1,440</u> | <u>4,489,559</u> | <u>(3,276,586)</u> | <u>1,214,413</u> |

| COMPANY | Share capital £ | Share premium £ | Profit and loss account £ | Total £ |
|---------------------|-----------------------|-----------------------|------------------------------------|------------------|
| At 1 April 2011 | 1,000 | 709,000 | (931,924) | (221,924) |
| Share issue | 440 | 3,999,560 | - | 4,000,000 |
| Share issue costs | - | (219,001) | - | (219,001) |
| Profit for the year | - | - | 760,417 | 760,417 |
| At 31 March 2012 | <u>1,440</u> | <u>4,489,559</u> | <u>(171,507)</u> | <u>4,319,492</u> |

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14 Related party transactions

European Investments (GFP) Limited has provided the Group with a loan facility of £16,000,000 on which accrued interest of £1,180,371 was outstanding at the year end, evidenced by way of Payment in Kind notes. Fees of £3,000,000 were paid to the noteholder in respect of the loan facility. These fees form part of the loan issuance costs.

During the year Green Frog Power 214 Limited paid £50,000 for consultancy services to GFP (Holdings) Limited, a company controlled by Mark Jones and Jeremy Taylor. In Green Frog Power Limited made a loan to the company of £14,911 which was outstanding at the year end.

The Group leases a property owned by Mark Jones for £10,500 per annum under a twelve month Assured Shorthold Tenancy which was renewed on 14 March 2012. The charge for the year was £10,500 (2011 £875). The Company pays monthly in advance and £875 was due at 31 March 2012 (2011 £875).

15 Operating lease commitments

At 31 March 2012 the Group had annual commitments under non-cancellable operating leases as follows

| | <i>Plant & machinery</i> | <i>Land & buildings</i> | <i>Total</i> |
|----------------------|----------------------------------|---------------------------------|----------------|
| | £ | £ | £ |
| Expiry date | | | |
| Less than 1 year | - | 10,500 | 10,500 |
| 1 to 2 years | - | 20,000 | 20,000 |
| 2 to 5 years | 41,230 | - | 41,230 |
| Greater than 5 years | - | 104,000 | 104,000 |
| | <u>41,230</u> | <u>134,500</u> | <u>175,730</u> |

16 Capital commitments

At the year end the Group had capital commitments of £12,414,608 (2011 £nil).

17 Controlling party

The directors consider the controlling party to be InfraRed Capital Partners.

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18 (a) Reconciliation of net cash flow to movement in net debt

| | 2012 £ | 2011 £ |
|---|--------------|-----------|
| Increase in cash | 13,655,042 | 52,572 |
| Cash flow from increase in loans and facilities | (35,042,752) | (309,233) |
| Repayment of short term loans | 309,233 | - |
| Issue costs of new long-term loans | 8,229,745 | - |
| Change in net debt resulting from cash flows | (12,848,732) | (256,661) |
| Amortisation of loan issue costs | (422,338) | - |
| Payment in Kind Notes (accrued loan interest) | (1,180,371) | - |
| Net debt 1 April | (256,661) | - |
| Net debt 31 March | (14,708,102) | (256,661) |

18 (b) Analysis of net debt

| | At 1st April 2011 £ | Cash flow £ | Non-cash movement £ | At 31st March 2012 £ |
|---------------------------|------------------------|----------------|------------------------|-------------------------|
| Cash at bank and in hand | 52,572 | 13,655,042 | - | 13,707,614 |
| Short term loan | (309,233) | 309,233 | - | - |
| Bank loans and facilities | - | (35,042,752) | (1,180,371) | (36,223,123) |
| Loan issuance costs | - | 8,229,745 | (422,338) | 7,807,407 |
| Net debt | (256,661) | (12,848,732) | (1,602,709) | (14,708,102) |