

Registered number: 3838585

OPEN ENERGI LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 SEPTEMBER 2014**



OPEN ENERGI LIMITED
YEAR ENDED 30 SEPTEMBER 2014

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OPEN ENERGI LIMITED
COMPANY INFORMATION
For the year ended 30 September 2014

DIRECTORS

S Brooke
D Stevenson

BANKERS

Barclays Bank
86 Town Centre
Hatfield
Herts
AL10 0JP

SOLICITORS

Watson Farley Williams LLP
15 Appold Street
London
EC2A 2HB

INDEPENDENT AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

REGISTERED OFFICE

Lincoln House
300 High Holborn
London
United Kingdom
WC1V 7JH

COMPANY NUMBER

3838585

OPEN ENERGI LIMITED
DIRECTORS' REPORT
For the year ended 30 September 2014

The directors present their report and the audited financial statements for the year ended 30 September 2014.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year consisted of providing a balancing service to National Grid and carrying out research and development work connected with utilisation of domestic electrical loads with a view to their employment in energy balancing.

FINANCIAL RISK MANAGEMENT

The directors have considered the need to disclose the financial risks material to the company. At this stage in the company's development, the directors are of the opinion that there are no material price, credit, liquidity or interest rate risks. The directors recognise, as stated in note 1a) to the financial statements, that additional funding will be required to carry out all desired future development plans. Please refer to that note for more information. The directors will continue to assess the financial risks and their management on a regular basis.

RESULTS AND DIVIDENDS

The loss for the year ended 30 September 2014 amounts to £5,766,995 (2013: Loss £4,732,628). The directors do not recommend payment of a dividend (2013: nil).

DIRECTORS

The directors who served during the financial year and up to the date of signing of the report, unless otherwise noted were:

S Brooke

D Stevenson

CHARITABLE AND POLITICAL DONATIONS

Open Energi Limited made one charitable donation for the amount of £2,250 and no political donations during the year (2013: £nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

OPEN ENERGI LIMITED
DIRECTORS' REPORT
For the year ended 30 September 2014

- state whether applicable UK Accounting Standards have been followed, 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 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.

SMALL COMPANY

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to Companies subject to the small companies' regime.

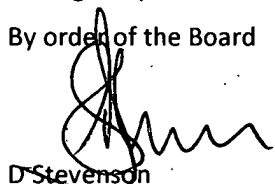
DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITOR

During the year, Baker Tilly UK Audit LLP was appointed as auditors to the company.

By order of the Board



D Stevenson
Director

Date

30TH JUNE 2015

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPEN ENERGI LIMITED
For the year ended 30 September 2014**

We have audited the financial statements on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 more fully explained in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPEN ENERGI LIMITED**
For the year ended 30 September 2014

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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Andrew Westbrook

Andrew Westbrook (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date *30 June 2015*

OPEN ENERGI LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2014

	Note	Year ended 30 September 2014 £	Year ended 30 September 2013 £
TURNOVER		165,701	144,355
Cost of sales		<u>(361,525)</u>	<u>(203,965)</u>
GROSS LOSS		(195,824)	(59,610)
Administrative expenses		<u>(4,895,123)</u>	<u>(4,059,835)</u>
OPERATING LOSS	2	(5,090,947)	(4,119,445)
Interest receivable and similar income		1,490	2,271
Interest payable and similar charges		<u>(893,634)</u>	<u>(719,137)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,983,091)	(4,836,311)
TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES	5	<u>216,096</u>	<u>103,683</u>
LOSS FOR THE FINANCIAL YEAR	11	<u>(5,766,995)</u>	<u>(4,732,628)</u>

THE NOTES ARE ON PAGES 8 TO 16 WHICH FORM PART OF THESE FINANCIAL STATEMENTS.

OPEN ENERGI LIMITED
BALANCE SHEET
As at 30 September 2014

Registered number 3838585

	Note	£	2014 £	2013 £
FIXED ASSETS				
Intangible fixed assets	6		361,582	338,883
Tangible fixed assets	7		561,978	440,308
			923,560	779,191
CURRENT ASSETS				
Stocks		566,954		20,347
Debtors	8	1,050,697		415,522
Cash at bank and in hand		1,376,636		1,855,075
		2,994,287		2,290,944
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(3,642,105)		(2,541,911)
NET CURRENT (LIABILITIES)			(647,818)	(250,967)
TOTAL ASSETS LESS CURRENT LIABILITIES			275,742	528,224
NET ASSETS			275,742	528,224
CAPITAL AND RESERVES				
Called up share capital	10		36,486	26,783
Share premium account	11		11,939,549	6,434,739
Profit and loss account	11		(11,700,293)	(5,933,298)
TOTAL SHAREHOLDER FUNDS			275,742	528,224

These financial statements have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to Companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller entities (effective April 2008).

The financial statements on pages 6 to 16 were approved and authorised for issue by the Board and signed on its behalf on 30/06/2015.


D Stevenson
Director

The notes on pages 8 to 16 form part of these financial statements.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2013

1. ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006. The principal accounting policies which have been applied consistently in the accounting years are set out below.

Going concern

At 30 September 2014, the company had cash at bank of £1,376,636. The financial statements have been prepared on a going concern basis as the directors have prepared appropriate cashflow forecasts and received confirmation from Ombu Limited, its ultimate parent company, of its intention to provide continued financial support to the company for a period of not less than twelve months from the date of approval of these financial statements.

b) Cash flow statement

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is not required to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

c) Intangible fixed assets and amortisation

Patents and trademarks are stated at cost less accumulated amortisation. Amortisation is provided at 5% per annum straight line to write off the cost of the patents over their expected useful lives.

d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the cost of materials and costs attributable to bringing the asset to its working condition for its intended use. During the year depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives as follows:

Fixtures and fittings & office equipment - 25% straight line

IT equipment - 33.3% straight line

Project equipment - 10% straight line

Depreciation is charged in the year of acquisition and in the year of disposal.

e) Stocks

Stock is stated at the lower of cost and realisable value. In respect of work in progress, cost includes assembly and installation as at the reporting date. Net realisable value is the price at which stocks can be disposed of in the normal course of business after allowing for the costs of realisation.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

1. ACCOUNTING POLICIES (CONTINUED)

f) Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The impairment loss is recognised in the profit and loss account.

Financial assets including debtors are also reviewed for impairment, and where the expected future cash flow to be recovered is less than the carrying value, an impairment loss is recognised in the profit and loss account. If future events indicate that the impairment loss is decreased, the reversal of the loss is recognised in the profit and loss account.

g) Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

h) Sales

Revenue from the sale of goods is measured at the fair value of the consideration receivable which equates to the invoiced amount excluding VAT. Invoices for goods and services are generally raised in the month in which title passes to the customer or services have been delivered. Revenue is recognised at the time of invoicing.

Revenue relating to capital grant income is initially recognised as deferred income and credited to the Profit & Loss account, over the life of the relevant asset. Revenue relating to government grants for revenue expenditure is recognised in the Profit & Loss account upon receipt of payment against claims submitted, when conditions for its receipt have been complied with and there is reasonable assurance that the grant will be received.

During the year, capital grants recognised in the Profit & Loss account amounted to £28,689. No capital grants were claimed and recognised as deferred income in the year.

i) Operating Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

j) Pension costs

The company operates a defined contribution pension scheme for staff and directors. The contributions paid by the company and the employees are invested within the pension fund in the month following month of deduction. The amount contributed by the company is charged to profit and loss account as the contributions fall due.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

2. OPERATING LOSS

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Company's auditor for the audit of the company's annual financial statements	13,000	12,000
Company's auditor for other services (tax compliance)	4,400	5,000
Amortisation – intangible fixed assets	22,839	20,562
Depreciation of tangible fixed assets	145,021	115,819
Operating lease rentals in respect of buildings	44,365	151,405
Impairment loss on project assets	276,248	-
Write off amount receivable from subsidiary	-	81,969

3. STAFF COSTS

	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Wages and salaries	2,282,207	1,987,117
Social security costs	266,377	245,991
Other pension costs	46,632	47,591
	<u>2,595,216</u>	<u>2,280,699</u>
The average number of employees (including directors) during the year was as follows:	<u>34</u>	<u>26</u>

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

4. DIRECTORS' REMUNERATION

		Year ended 30 September 2014	Year ended 30 September 2013
		£	£
Aggregate emoluments		238,824	240,875
Highest paid director	- Emoluments	210,609	209,167
	- Pensions	8,300	7,708

5. TAX ON LOSS ON ORDINARY ACTIVITIES

		Year ended 30 September 2014	Year ended 30 September 2013
		£	£
Tax Credits Receivable			
- in respect of prior years		48,968	(14,477)
- current year		167,128	118,160
		<u>216,096</u>	<u>103,683</u>
Tax on Loss on Ordinary Activities		<u>216,096</u>	<u>103,683</u>

The company has carried forward losses of £16,166,294 (2013: £13,820,255). These have not been recognised as the utilisation of these losses in the near future is uncertain.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

6. INTANGIBLE FIXED ASSETS

	Patents and Trademarks £
Cost	
At 1 October 2013	476,134
Additions	45,538
At 30 September 2014	521,672
Accumulated amortisation	
At 1 October 2013	137,251
Charge for the year	22,839
At 30 September 2014	160,090
Net book value	
At 30 September 2014	361,582
At 30 September 2013	338,883

7. TANGIBLE FIXED ASSETS

	Fix/Fitting Office Mach. £	IT equipment £	Project equipment £	Totals £
Cost				
At 1 October 2013	20,260	172,458	1,093,542	1,286,260
Additions	540	121,561	420,838	542,939
Disposals	-	-	(10,947)	(10,947)
At 30 September 2014	20,800	294,019	1,503,433	1,818,252
Accumulated depreciation and impairment				
At 1 October 2013	5,066	139,093	701,793	845,952
Charge for the year	5,200	66,012	73,809	145,021
Impairment	-	-	276,248	276,248
Disposals	-	-	(10,947)	(10,947)
At 30 September 2014	10,266	205,105	1,040,903	1,256,274
Net book value				
At 30 September 2014	10,534	88,914	462,530	561,978
At 30 September 2013	15,194	33,365	391,749	440,308

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

8. DEBTORS

	2014 £	2013 £
Trade debtors	120,691	12,240
Corporation tax	334,256	118,160
Other debtors	595,750	285,122
	<u>1,050,697</u>	<u>415,522</u>

9. CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	530,579	117,965
Other taxation and social security	90,266	178,927
Amounts owed to group undertakings	2,419,987	1,566,982
Other creditors	43,902	217,329
Accruals and deferred income	557,371	460,708
	<u>3,642,105</u>	<u>2,541,911</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed dates of repayment and are repayable on demand. Included within these amounts is a total of £2,407,987 (2013: £1,554,862) of accrued interest of 5% on preference shares, of which £ 853,125 (2013 £679,334) was charged to the profit and loss account during the year.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

10. CALLED UP SHARE CAPITAL
Allotted and fully paid

	2014	2013
Ordinary Shares of £0.0001 each	1,259	746
A Preference Shares of £0.0001 each	69	69
B Preference Shares of £0.0001 each	9,651	9,651
C Preference Shares of £0.0001 each	6,669	6,669
D Preference Shares of £0.0001 each	18,838	9,648
	<u>36,486</u>	<u>26,783</u>

During the financial year the following shares were allotted:

Share Class	Number Allotted	Nominal Value	Cash Received
Ordinary Shares	5,135,660	£0.0001	514
D Preference Shares	91,900,001	£0.0001	5,514,000

The ordinary and preference A, B, C, D shares of the company hold one vote per share.

Preference shares are entitled to a return on all unpaid dividends and money subscribed on a liquidation event, in order of D, C, B, and A. All shareholders are then entitled to pro-rata share of liquidation proceeds after deduction of preference dividends and preference monies subscribed.

Preference B, C and D shares are entitled to 5% fixed cumulative cash dividend on the amounts subscribed. The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities ('FRSSE') (effective April 2008) and as such fall outside the scope of Financial Reporting Standard 25 – "Financial instruments: presentation" ('FRS 25') and Financial Reporting Standard 26 – "Financial instruments: measurement". The directors consider the preference shares to be equity in substance and have therefore presented them as such in line with the FRSSE. The classification of these shares may change in later years if the FRSSE is not applied. The 5% dividend is recognised as interest expense in the profit and loss account and a liability in the balance sheet as it accrues on a yearly basis.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

11. STATEMENT OF MOVEMENTS ON RESERVES

	Share Premium Account £	Profit & Loss Account £
Balance as at 1st October 2013	6,434,739	(5,933,298)
Retained Loss for the financial year	-	(5,766,995)
Premium on issue of new shares	5,504,810	-
Balance as at 30th September 2014	<u>11,939,549</u>	<u>(11,700,293)</u>

12. RELATED PARTY TRANSACTIONS

The Company had a 100% shareholding in RLtec US Inc., a company incorporated in Delaware, USA. During the year the Company incurred costs supporting RLtec US Inc. to the value of £nil (2013: £81,969). During the year RLtec US Inc. was dissolved.

During the year management charges were incurred for directors' services, on an arms-length basis, from Ombu Limited or its subsidiaries as disclosed in note 4.

In addition arrangement and legal fees connected with funding were incurred from Ombu Limited to the value of £55,000 (2013: £45,015).

At 30 September 2014 an amount of £12,000 (2013: £12,120) was owed to Ombu Limited in respect of management services. In addition, at 30 September 2014 £1,145,661 was owed to Ombu Limited in respect of accrued dividends on preference shares.

During the year interest of £833,326 (2013: £429,000) was paid to Ombu OE Limited. At 30 September 2014, an amount of £1,262,326 was due to Ombu OE Limited.

At 30 September 2014 a loan balance of £9,022 (2013: nil) was owed by D Stevenson, Director of Open Energi Limited.

OPEN ENERGI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2014

13. OPERATING LEASE COMMITMENTS

At 30 September 2014, the company had annual commitments under non-cancellable operating leases relating to office space expiring as follows:

	2014 £	2013 £
Within one year	116,400	-
Within two to five years	9,648	171,376
After five years	-	-
	<hr/> 126,048	<hr/> 171,376

14. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Ombu OE limited.

The ultimate controlling party is Ombu Group Limited, Ashford House, Grenadier Road, Exeter EX1 3LH, a company registered in the UK.

Ombu Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

15. POST BALANCE SHEET EVENTS

On the 16 January 2015, a total of 33,414,667 D Preference shares, with a nominal value of £0.0001 were issued for which cash in the amount of £2,005,000 was received.

On the 14 April 2015, a total of 33,414,667 D Preference shares, with a nominal value of £0.0001 were issued for which cash in the amount of £2,005,000 was received.