Oxara Energy Group Limited

Directors' report and financial statements

Registered number 05760865

For the year ended 31 December 2012

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31st December 2012

Principal activities

The company is a privately owned venture capital organisation based in London which invests in renewable power projects in Europe The company's expressed business purpose is to be a venture capital organisation In the period under review the principal activities of the Group included identification of investment opportunities in the renewable energy sector and the operation of windfarms in Italy

Business review

The Group loss during the year after taxation was £16,920,000 (December 2011 £23,358,000) The full financial statements are set out on pages 6 to 32 During the period under review the Group reviewed the valuation of its assets in Italy in the light of the change in regulatory regime in that country and reduced the carrying value accordingly Accounting losses arise from that impairment and from foreign exchange losses

Proposed dividend

The directors do not recommend the payment of a dividend (December 2011 nil)

Future Developments

The Group expects to continue to operate its wind farm assets in Italy for the foreseeable future

Key Risks and Uncertainties

Management has considered the key risks and uncertainties facing the Group and consider the following to be the most significant

- Foreign Exchange movements, as much of the Group's activities are conducted in Euros Further information on foreign exchange movements is included in the notes (12 to 15) to the financial statements
- Going concern – for an assessment of the material going concern risk surrounding the Group, refer to note 1 of the financial statements
- Unexpected changes in the tariff regimes operated by various governments

Policy and practice on payment of creditors

The Company's policy is to settle terms of payments with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment The Company makes minimal trade payments

Directors

The directors who held office during the period were as follows

Sir Richard Giordano (Chairman), (resigned 16 October 2013)
David Holford Benson, (resigned 15 October 2013)
Stephen Richard Oxenbridge, (resigned 11 July, 2013)
Dr Raj Mann, (resigned 11 July, 2013)
David James Barbour
David Huw Griffiths was appointed to the Board on 3 June 2013

Directors' report *(continued)*

Employees

The Group is committed to involving its employees in the business through a policy of communication and consultation

The Group is committed to its equal opportunities policies, which include promoting training and career development for all employees Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age, religion or sexual orientation

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year

Post Balance Sheet Event

On 17 December, 2013, the controlling shareholders of the Company, FF&P Private Equity Limited, undertook a restructuring of the debt instruments issued by the Company The holders of the A Loan Notes have agreed to a reduction in the principal outstanding, a reduction in the rate of interest from 30 June 2013 onwards, and a deferral of the repayment dates of both principal and accrued interest, in return for A Preferred Shares in the Company The holders of existing Preferred Ordinary will be issued with B Preferred Shares in the Company Further details are disclosed in Note 22 to the accounts

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

In accordance with Section 487 (2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Registered Office

The Company is incorporated as a limited liability company in the United Kingdom and its registered office is situated at

Rex House,
4th Floor,
4-12 Regent Street,
London,
SW1Y 4RG

By order of the board

DAVID HUW GRIFFITHS

Director

Rex House,
4th Floor,
4-12 Regent Street,
London,
SW1Y 4RG

23 January 2014

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 group and parent company financial statements for each financial year Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Oxara Energy Group Limited

We have audited the financial statements of Oxara Energy Group Limited for the year ended 31 December 2012 set out on pages 6 to 32 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 Directors' Responsibilities Statement set out on page 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 to 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 group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the group's and parent company's ability to continue as a going concern The group made a net loss of £16,920,000 during the period ended 31 December 2012 and, at that date, the group's current liabilities exceeded its current assets by £62,192,000

Subsequent to the year end, the Directors have restructured the debt of the group and reduced this to a level at which the windfarm is forecast to generate sufficient cash to meet the group's contractual liabilities The interest payments on the debt cannot be met under the current cashflow projections as they fall due but can be deferred at the group's discretion until 30 June 2017 The group's ability to settle its loan and any interest deferred to that date when it falls due on 30 June 2017 is likely to be contingent on its ability to either secure replacement funding, or raise funds by some combination of securing additional funding, realising the cash currently held as collateral, and realising some or all of the underlying value of the windfarm

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the group's and parent company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as a going concern

Opinion on other matters 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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Richard Ackland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15, Canada Square
Canary Wharf
London

E14 5GL

23 Janaury 2014

Consolidated Income Statement

for the 12 month period ended 31 December 2012

	Note	12 months ended 31 Dec 2012 £000	12 months ended 31 Dec 2011 £000
Revenue	2	**8,458**	**8,229**
Cost of Sales		**(1,256)**	**(515)**
Gross Profit		**7,202**	**7,714**
Administrative expenses		(1,182)	(1,003)
Other expenses	6	(11,979)	(22,666)
Operating loss		**(5,959)**	**(15,955)**
Finance expense	7	(10,943)	(10,801)
Profit on disposal of investment		-	17
Profit/(loss) before tax		**(16,902)**	**(26,739)**
Taxation	8	(18)	3,381
Profit/(loss) for the period		**(16,920)**	**(23,358)**

The Group's results for the current and prior period were entirely from continuing operations No profit in the period is attributable to non-controlling interest

Consolidated Statement of Comprehensive Income

for the 12 month period ended 31 December 2012

	Group 12 months ended 31 December 2012 £000	Group 12 months ended 31 December 2011 £000
Profit/(Loss) for the period	**(16,920)**	**(23,358)**
Other comprehensive income		
Exchange gains / (losses) arising on translation of foreign operations	620	616
Total comprehensive income	**(16,300)**	**(22,742)**

No total comprehensive income in the period is attributable to non-controlling interests

Statements of Financial Position

as at 31 December 2012

	Note	Group 12 months ended 31 December 2012 £000	Company 12 months ended 31 December 2012 £000	Group 12 months ended 31 December 2011 £000	Company 12 months ended 31 December 2011 £000
Non-current assets					
Property, plant and equipment	9	58,587	-	62,931	-
Intangible assets	10	4,337	-	11,185	-
Investments in non equity accounted investees		-	42	265	330
		62,924	**42**	**74,381**	**330**
Current assets					
Trade and other receivables	12	7,551	17,432	7,627	27,643
Cash and cash equivalents	13	11,113	120	12,473	163
		18,664	**17,552**	**20,100**	**27,806**
Total assets		**81,588**	**17,594**	**94,481**	**28,136**
Current liabilities					
Trade and other payables	14	6,156	474	5,840	438
Accruals	14	1,245	101	1,353	96
Shares classified as debt	15	37,033	37,033	36,285	36,285
Loans and borrowings	15	19,525	19,525	16,686	16,686
Finance lease	15	3,934	-	3,643	-
Preference dividend accrual	15	12,963	12,963	8,642	8,642
		80,856	**70,096**	**72,449**	**62,147**
Net current assets/ (liabilities)		**(62,192)**	**(52,544)**	**(52,349)**	**(34,341)**
Non-current liabilities					
Finance lease	15	51,165	-	56,165	-
Total Liabilities		**132,021**	**70,096**	**128,614**	**62,147**
Net assets/(liabilities)		**(50,433)**	**(52,502)**	**(34,133)**	**(34,011)**
Equity attributable to equity holders of the parent					
Share capital	17	1	1	1	1
Retained earnings		(50,648)	(52,503)	(33,728)	(34,012)
Translation reserve		214		(406)	-
Total equity		**(50,433)**	**(52,502)**	**(34,133)**	**(34,011)**

These financial statements were approved by the board of directors on 22 January 2014 and were signed on its behalf by DAVID HUW GRIFFITHS

Director

Company Number 05760865

Statements of Changes in Equity - Group
for the 12 month period ended 31 December 2012

	Share capital £000	Retained earnings £000	Translation reserve £'000	Total parent equity £000
Balance at 1st January 2011	**1**	**(10,598)**	**(794)**	**(11,391)**
Recycling of transfer reserve on disposal of subsidiary		228	(228)	-
Total comprehensive income		(23,358)	616	(22,742)
Balance at 31st December 2011	**1**	**(33,728)**	**(406)**	**(34,133)**
Balance at 1st January 2012	**1**	**(33,728)**	**(406)**	**(34,133)**
Total comprehensive income		(16,920)	620	(16,300)
Balance at 31st December 2012	**1**	**(50,648)**	**214**	**(50,433)**

Statements of Changes in Equity - Company
for the 12 month period ended 31 December 2012

	Share capital £000	Retained earnings £000	Total parent equity £000
Balance at 1st January 2011	**1**	**(10,440)**	**(10,439)**
Total comprehensive income		(23,572)	(23,572)
Balance at 31st December 2011	**1**	**(34,012)**	**(34,011)**
Balance at 1st January 2012	**1**	**(34,012)**	**(34,011)**
Total comprehensive income		(18,491)	(18,491)
Balance at 31st December 2012	**1**	**(52,503)**	**(52,502)**

The aggregate current and deferred tax relating to items that are charged or credited to equity is £nil

The Preferred Ordinary Shares met the definition of a financial liability so the Preferred Ordinary Shares and the related Share Premium related to these shares were accounted for as a financial liability See note 15

Statements of Cash Flows

for the 12 month period ended 31 December 2012

	Note	Group 12 months ended 31 December 2012 £000	Company 12 months ended 31 December 2012 £000	Group 12 months ended 31 December 2011 £000	Company 12 months ended 31 December 2011 £000
Cash flows from operating activities					
Profit/(Loss) for the period before tax		(16,902)	(18,491)	(26,739)	(23,572)
Adjustments for					
Depreciation, amortisation and impairment	*6,9,10,11*	10,371	9,105	20,352	14,684
Financial expense/(income)	*7*	10,195	7,825	10,801	7,900
Loss on disposal of investment	*11*	-	-	(17)	-
Fair value movement on Preferred Ordinary shares	*7*	748	748		
		4,412	**(813)**	**4,397**	**(988)**
(Increase)/decrease in trade and other receivables		240	41	245	13
(Decrease)/increase in trade and other payables		33	1	(619)	(192)
Net cash from operating activities		**4,685**	**(771)**	**4,023**	**(1,167)**
Cash flows from investing activities					
(Increase)/decrease in loans to group undertakings	*12*	-	730	-	967
Cash receipt for disposal of French JV		-	-	67	-
Net cash from investing activities		**-**	**730**	**67**	**967**
Cash flows from financing activities					
Interest received/(paid)		(211)	-	(272)	170
Payments on finance leases		(5,545)	-	(5,873)	-
Net cash from financing activities		**(5,756)**	**-**	**(6,145)**	**170**
Cash and cash equivalents at 31 December					
Foreign exchange on cash and cash equivalents		12,473	163	14,943	193
Net increase/(decrease) in cash and cash equivalents	*13*	(289)	(2)	(415)	-
		(1,071)	(41)	(2,055)	(30)
Cash and cash equivalents at 31 December	*13*	**11,113**	**120**	**12,473**	**163**

Notes

1 Accounting policies

Oxara Energy Group Limited (the "Company") is a company incorporated in the UK

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") The parent company financial statements present information about the Company as a separate entity and not about its group

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements Key judgements made by management in applying those policies which have the most significant effect on the amounts recognised in the accounts are also set out below

Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons

The Company has no bank facilities and is dependent for its existing and future working capital funding on its cash balance and cash generation At 31 December 2012, its shareholders had amounts due in respect of Preferred Ordinary shares classified as debt of £37 0million, an accrued preference dividend of £13 0million, and convertible loan notes of £2 6million In addition, the Company had taken out Senior A Loan Notes of £10 1 million for which Butterfield Bank acted as Security Trustee The Senior A Loan Notes attracted an interest rate of 30%, interest of £6 8million had accrued at 31 December 2012 The terms of repayment for these liabilities are set out in note 15 The Group's net current liabilities exceeded its net current assets at 31 December 2012 by £62 2million

After year end, the Directors took action to restructure the Company's debt arrangements The existing preferred ordinary shares and convertible loan notes have been converted into new equity in the Company, with the accrued preference share dividend forgiven In addition, the Directors have agreed with the holders of the Senior A loan notes that £5 0million (€6 1million) of the principal will be converted into equity in the Company The remaining Senior A loan note principal will bear an interest rate of 8% rather than the current 30% to 30 June 2015, with a subsequent increase in the interest rate to 19 5% Interest previously accrued on the Senior A Loan Notes will remain on the balance sheet but will not accrue any further interest Both the remaining principal and the interest previously accrued will be repayable on 30 June 2017 The result of this restructuring and the terms of the remaining debt are described in more detail in note 22, but will result in an accounting gain of approximately €69 2million (£56 7million) in the year ending 31 December 2013

Going forwards, the Company's debt profile will consist of accrued interest with a fair value of €5 8million (£4 7million) attracting zero cash interest payments and Senior A Loan Notes with a fair value of €6 1million (£5 0million) attracting cash interest payments at 8% to 30 June 2015 and 19 5% thereafter

Using the value of the debt immediately post restructuring and the remainder of the balance sheet as at 31 December 2012, the effect of the debt converted into equity, the fair valuing of the new debt arrangement and the extension of the debt repayment date to greater than 12 months from the balance sheet date would result in net assets of approximately £9 4million and net current assets of approximately £7 3million, including €12 4million (£10 1million) of cash held as collateral for the finance lease assets A proforma balance sheet showing the financial position at 31 December 2012, adjusted for the effect of the restructuring, is set out below

1 **Accounting policies** *(continued)*

£'000	Audited balance sheet	Adjustments	Restated balance
Non-current assets	62,924	-	62,924
Current assets	18,664	-	18,664
Total assets	**81,588**	**-**	**81,588**
Working capital (creditors and accruals)	7,401	-	7,401
Current finance lease payable	3,934	-	3,934
Loans and borrowings	19,525	(19,525)	-
Shares classified as debt	37,033	(37,033)	-
Preference dividend accrual	12,963	(12,963)	-
Current liabilities	**80,856**	**(69,521)**	**11,335**
Net current (liabilities) / assets	**(62,192)**	**(69,521)**	**7,329**
Non-current finance lease payable	51,165	-	51,165
Loans and borrowings	-	9,713	9,713
Non-current liabilities	**51,165**	**9,713**	**60,878**
Net (liabilities) / assets	**(50,433)**	**59,808**	**9,375**

In addition to this debt restructuring, the Directors have taken the opportunity to adjust the operational structure of the Company, creating cost savings which have been reflected in the forecasts

The directors have also been in discussion with the finance lease providers to negotiate a short term reduction in the lease payments to July 2014 The shortfall will be repaid over the remaining life of the lease to 2024 Final agreement has been reached with one set of leasing banks, and the new leasing arrangements included in the current cashflow forecasts Although agreement has been reached in principle with the second set of leasing banks, final confirmation has not been received at the time of these accounts being published, and so to be prudent this reduction has not been included in the current cashflow forecasts The securing of final agreement for the second lease reduction period would further strengthen the short-term cash position

The directors have prepared forecasts for a period exceeding 12 months from the date of authorisation of these financial statements and have considered at a high level the period through to December 2016 Those forecasts include estimates in respect of a number of areas such as wind levels where third party projections have been used to inform the calculation on the basis that the windfarm generates cash from energy produced as scheduled

The forecasts include all estimated contractual payments on existing funding, but not the Senior A Loan Note interest (which can at the discretion of the Company be deferred until 30 June 2017) These cash flows indicate that, although there can be no certainty as to achieving them, the group will have sufficient cash for at least 12 months from the date of authorisation of these financial statements and, based on these forecasts, the Directors have indicated that for 12 months from the date of approval of these financial statements, the Company can continue as a going concern without the need for external funding However, the cash flows indicate that without either securing replacement funding, or raising funds by some combination of securing additional funding, realising the cash currently held as collateral, and realising some or all of the underlying value of the windfarm, it is unlikely that the Company will be able to repay the loan principal and any interest deferred to that date on 30 June 2017

Based on these indications, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis, as the Group and Company are realistically expected to be able to meet all liabilities as they fall due until the loan repayment date of 30 June 2017 However, the Directors consider that the need to take action as described above in order to settle the current loans gives rise to a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern and, therefore, that they may be unable

Notes *(continued)*

1 Accounting policies *(continued)*

to realise their assets and discharge their liabilities in the normal course of business The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Measurement convention

The financial statements are prepared on the historical cost basis except where noted below in respect of investments Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell

Basis of consolidation

Subsidiaries are entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that are currently exercisable or convertible are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Under IAS 31, investments in jointly controlled entities held by venture capital organisations or similar entities do not have to be subject to equity accounting or proportional consolidation

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the income statement Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions

Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve expect where the investment in question is held at fair value through the income statement under IAS 39 They are released into the income statement upon disposal

Revenue Recognition

Revenue arising from generation of electricity is recognised in the income statement when the electricity has been provided

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions

(a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of finance expenses Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity

Investments in debt and equity securities

Investments in subsidiaries in the parent company financial statements are carried at cost less impairment

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment Land is not depreciated The estimated useful lives of operating plant and machinery are based on the terms over which a feed-in tariff is guaranteed for the electricity produced

The estimated useful lives are as follows

- plant and equipment 3 years
- fixtures and fittings 3 years
- capitalised development costs 20 years

1 Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease Lease incentives received are recognised in the income statement as an integral part of the total lease expense

Financing costs

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method Dividend income is recognised in the income statement on the date the entity's right to receive payments is established

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The following temporary differences are not provided for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Notes *(continued)*

1 Accounting policies *(continued)*

Business combinations

The Group is required to bring assets and liabilities acquired in business combinations into the Group's financial statements at the date of acquisition at their fair value The acquisition in 2009 was accounted for under IFRS 3 (2004) Subsequently, IFRS 3 (Business Combinations) (Revised) was adopted, and will be applied prospectively to business combinations effected by the Group after 1 January 2010 Business combinations which took place before 1 January 2010 do not need to be restated as a result of the adoption of this policy The most significant changes to the Group's previous accounting policies for business combinations are as follows

- acquisition related costs which previously would have been included in the cost of a business combination are expensed in the income statement as they are incurred, and
- for business combinations achieved in stages goodwill will be measured at the date at which control is achieved only as the requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree Goodwill is measured at cost less accumulated impairment losses The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use The estimated useful lives for the current are equal to the lives of the licensing agreements on each wind farm

Finance lease

Where the Group determines that a plant is selling its power under a power purchase agreement or other long-term arrangement, this arrangement may be considered to be or to contain a finance lease Payments are apportioned between the finance expense and the reduction of the outstanding liability

Notes *(continued)*

2 Revenue

	2012 £000	2011 £000
Sale of goods	8,458	8,229
Total revenues	**8,458**	**8,229**

3 Expenses and auditor's remuneration

Included in profit/loss are the following

Auditor's remuneration

	2012 £000	2011 £000
Audit of these financial statements	80	81
Amounts receivable by the Company's auditor and its associates in respect of		
Tax services	9	3
	89	**84**

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the group and company (including directors) during the period, analysed by category, was as follows

	Number of employees Group 12 months ended 31 December 2012	Number of employees Company 12months ended 31 December 2012	Number of employees Group 12 months ended 31 December 2011	Number of employees Company 12months ended 31 December 2011
Directors	5	5	5	5
Management and other administrative	6	4	6	4
	11	**9**	**11**	**9**

The aggregate payroll costs of these persons were as follows

	Group 12 months ended 31 December 2012 £000	Company 12 months ended 31 December 2012 £000	Group 12 months ended 31 December 2011 £000	Company 12 months ended 31 December 2011 £000
Wages and salaries	499	365	660	380
Social security and tax costs	308	308	306	306
Other pension costs	36	36	37	37
	843	**709**	**1,003**	**723**

5 Directors' remuneration

	12months ended 31 December 2012 £000	12 months ended 31 December 2011 £000
The directors, who are the key management personnel, received the following remuneration		
Directors' emoluments	300	300
Company contributions to defined pension plans	30	30
	330	**330**

Notes *(continued)*

6 Other operating expenses

	12months ended 31 December 2012 £000	12months ended 31 December 2011 £000
Professional fees	(1,118)	(917)
Write off of bad debts	(54)	-
Depreciation & Amortisation	(3,442)	(4,267)
Impairment of intangible asset	(6,595)	(16,085)
Impairment of investments	(280)	-
Other expenses	(490)	(1,397)
Other operating expenses	**(11,979)**	**(22,666)**

7 Finance income and expense

	12months ended 31 December 2012 £000	12months ended 31 December 2011 £000
Interest expense	(3,253)	(3,339)
Finance lease expense	(1,773)	(2,256)
Preference share dividend accrual	(4,321)	(4,321)
Net change in fair value of Preferred Ordinary shares	(748)	-
Foreign exchange loss	(848)	(885)
Finance expense	**(10,943)**	**(10,801)**

The interest income and expense represents interest on bank accounts and external creditors Foreign exchange loss arises on loans in the parent company to its subsidiaries denominated in Euros

8 Taxation

Recognised in the income statement

	12months ended 31 December 2012 £000	12months ended 31 December 2011 £000
Current tax expense		
Current period	**18**	**(164)**
	18	**(164)**
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Unwind of deferred tax liabilities		**(3,217)**
	-	**(3,217)**
Total tax in income statement	**18**	**(3,381)**

	12months ended 31 December 2012	12months ended 31 December 2011

Notes *(continued)*

8 Taxation (continued)

	£000	£000
Profit/ (loss) for the period	(16,902)	(26,739)
Income tax using the Company's domestic tax rate 24 5% (2011 26%)	(4,141)	(6,952)
Less Non taxable gains	(1,831)	(1,264)
Add back Expenses not deductable for tax purposes	4,849	7,229
Add back Depreciation in excess of capital allowances	852	809
Unutilised tax losses carried forward	215	271
Effect of higher rate overseas and for reversal of deferred tax liability	74	(3,474)
Income tax expense in the income statement	**18**	**(3,381)**

Deferred tax accounted for in the consolidated statement of financial position and the potential amounts of deferred tax are

	12months ended 31 December 2012 £000	12months ended 31 December 2011 £000
Total gross deferred tax assets	-	**3,167**
Less deferred tax assets not recognised	-	**(3,167)**
Total deferred tax assets	-	-
Total deferred tax liabilities	-	-
Net deferred tax liabilities	-	-

No deferred tax assets have been recognised where it is not considered more likely than not that there will be suitable taxable profits from which the future reversal of any of the underlying differences can be deducted Deferred tax assets not recognised as at 31 December 2012 for the parent company totalled £2,547k (31 December 2011 £2,395k)

Notes *(continued)*

9 Property, plant and equipment – Group

	Land and buildings	Plant and equipment	Fixtures & fittings	Total
	£000	£000	£000	£000
Cost				
Balance at 1st January 2011	50	73,731	13	73,794
Other acquisitions	-	700	-	700
Effects of movement in foreign exchange	-	(2,911)	-	(2,911)
Balance at 31st December 2011	50	71,520	13	71,583
Balance at 1st January 2012	50	71,520	13	71,583
Effects of movement in foreign exchange	-	(1,405)	-	(1,405)
Balance at 31st December 2012	50	70,115	13	70,178
Depreciation and impairment				
Balance at 1st January 2011	50	5,462	13	5,525
Depreciation charge for the period	-	3,281	-	3,281
Effect of movement in foreign exchange	-	(154)	-	(154)
Balance at 31st December 2011	50	8,589	13	8,652
Balance at 1st January 2012	50	8,589	13	8,652
Depreciation charge for the period	-	3,168	-	3,168
Effect of movement in foreign exchange	-	(229)	-	(229)
Balance at 31st December 2012	50	11,528	13	11,591
Net book value at 31st December 2011	-	**62,931**	-	**62,931**
Net book value at 31st December 2012	-	**58,587**	-	**58,587**

Leased plant and machinery

At 31st December 2012 the net carrying amount of leased plant and machinery was £58,483,000 (31st December 2011 £61,702,000)

Parent company property, plant and equipment

The net book value of the property plant and equipment held by the parent company for the year ended 31 December 2012 was £nil (2011 £nil)

Notes *(continued)*

10 Other intangible assets

	Licensing agreement	Total
	£000	£000
Cost		
Balance at 1st January 2011	37,221	37,221
Effects of movement in foreign exchange	(603)	(603)
Balance at 31st December 2011	36,618	36,618
Balance at 1st January 2012	36,618	36,618
Effects of movement in foreign exchange	(714)	(714)
Balance at 31st December 2012	35,904	35,904
Amortisation and impairment		
Balance at 1st January 2011	(9,131)	(9,131)
Amortisation charge for the period	(986)	(986)
Fair value impairment in the period	(16,085)	(16,085)
Effects of movement in foreign exchange	769	769
Balance at 31st December 2011	(25,433)	(25,433)
Balance at 1st January 2012	(25,433)	(25,433)
Amortisation charge for the period	(274)	(274)
Fair value impairment in the period	(6,595)	(6,595)
Effects of movement in foreign exchange	735	735
Balance at 31st December 2012	(31,567)	(31,567)
Carrying amount at 31st December 2011	**11,185**	**11,185**
Carrying amount at 31st December 2012	**4,337**	**4,337**

The intangible assets acquired in 2009 relate to the licensing agreements held by the two wind farms owned by Oxara Energy Italia SRL These will be amortised over the life of the agreements There are no intangible assets with indefinite useful lives

Notes *(continued)*

11 Acquisitions of subsidiaries and joint ventures

The Group and Company have the following investments in subsidiaries and joint ventures

	Country of Incorporation	Class of shares held	Ownership
Company			
Subsidiaries			
Oxenbridge Energy UK Operations Limited	UK	Ordinary	100%
Oxenbridge Energy UK Trading Limited	UK	Ordinary	100%
Oxara Italia SARL	Luxembourg	Ordinary	100%
Marengo SA	Luxembourg	Ordinary	100%
Oxara Energy Italia SRL	Italy	Ordinary	100%
Anemos Wind SRL	Italy	Ordinary	100%
Loritello Wind SRL	Italy	Ordinary	100%
San Andrea SRL	Italy	Ordinary	100%

At 31 December 2010, as part of its annual impairment testing of goodwill, the Group considered the impact of the proposed legislation, approved by the Italian government on 30 November 2010, relating to the Italian windfarms This led to the recognition of an impairment on goodwill of £7,104,000 based on estimated value in use, reducing the balance to zero, and a further impairment of the intangible asset of £8,301,000 As at 1 January and 31 December 2011 and 2012, no goodwill was recognised

Following a further change by the Italian Government to the process for calculating tariffs for electricity produced by new wind farms, a further impairment of the intangible asset of £16,085,000 based on estimated value in use was recognised in the year ended 31 December 2011

Further changes in the Green Certificate regime led to a further impairment of the intangible asset of £6,595,000 in the year ended 31 December 2012, based on estimated value in use The pre-tax risk adjusted discount rate used in measuring value in use in all three years was 14%

The remaining intangible asset relates to licensing agreements in the two wind farms, and will be amortised over the life of the contracts This is shown in Note 10

Notes (continued)

12 Trade and other receivables

	Group 31 December 2012 £000	Company 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2011 £000
Trade receivables	3,510	-	2,224	-
Other debtors and prepayments	3,433	115	4,322	116
Tax receivable	608	-	1,081	-
Intercompany receivable	-	17,317	-	27,527
	7,551	**17,432**	**7,627**	**27,643**

Intercompany receivables are in respect of funding provided to overseas subsidiaries for the purchase of overseas investments

The Group's exposure to currency risk related to trade and other receivables is disclosed in Note 18

13 Cash and cash equivalents/ bank overdrafts

	Group 31 December 2012 £000	Company 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2011 £000
Cash and deposits	11,113	120	12,473	163
Cash and cash equivalents per cash flow statement	**11,113**	**120**	**12,473**	**163**

Cash denominated in currencies other than Sterling comprise £10,993,000 which is denominated in Euro Included in cash there is an amount of €12 4 million (2011 €12 4 million) that is held as collateral for finance lease assets

14 Trade and other payables

	Group 31 December 2012 £000	Company 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2011 £000
Trade payables	3,640	366	3,637	370
Other payables	2,516	58	2,203	18
Intercompany payables	-	50	-	50
Accrued expenses	1,245	101	1,353	96
	7,401	**575**	**7,193**	**534**

Notes (continued)

Trade and other payables and accrued expenses denominated in currencies other than Sterling comprise £5,732,000 of trade and other payables which are denominated in Euro

15 Other financial liabilities

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings and other financial liabilities For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 18

	Group 31 December 2012 £000	Company 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2011 £000
Current liabilities				
Shares classified as debt	37,033	37,033	36,285	36,285
Convertible Loan Notes	2,577	2,577	2,577	2,577
Senior Loan Notes	16,948	16,948	14,109	14,109
Preference share dividend accrual	12,963	12,963	8,642	8,642
Current Portion of finance lease liabilities	3,934	-	3,643	-
	73,455	**69,521**	**65,256**	**61,613**
Non-current liabilities				
Finance Lease Liabilities	51,165	-	56,165	-
	51,165	-	**56,165**	-

The holders of the Preferred Ordinary shares are entitled to a 10% dividend from 31 December 2010 in the event that a liquidity event has not occurred Preference shares may be redeemed only when the company undergoes a sale, disposal, listing or liquidation

The Preferred Ordinary shares met the definition of a financial liability so the Preferred Ordinary Shares and the related Share Premium related to these shares are accounted for as a financial liability Redemption of these shares did not take place before the dividend was payable and therefore the carrying amount of the preference shares has therefore been adjusted to reflect the present value of estimated future cash flows The discount rate has been estimated to be 14%, commensurate with an equity investment in Oxara A 1% increase in the discount rate would decrease the value of the liability by circa £609,000

The convertible loan notes of £2,577,000 are redeemable at par on 31 December 2014 No interest is payable

During the year to 31st December 2009 the Company issued €12,390,000 in Senior Loan Notes to its shareholders, repayable in November 2014 25% interest is payable on these loan notes, rising to 30% from 1 January 2011 This loan is shown as a current liability in the accounts as at 31 December 2012 as the interest was to fall due on 31 July 2013 and the Company was not in a position to make this payment Prior to the signing of the financial statements for the year ended 31 December 2012 the terms of this loan were renegotiated, details are given in Note 22

For information of the debt restructuring post year-end, please see Note 22

Notes (continued)

16 Finance Lease Liabilities

Group	Principal 2012 £000	Interest 2012 £000	Minimum lease payment 2012 £000	Principal 2011 £000	Interest 2011 £000	Minimum lease payment 2011 £000
Less than one year	1,965	1,969	3,934	1,507	2,136	3,643
Between one and five years	9,980	6,405	16,385	8,982	7,104	16,086
More than five years	29,692	5,088	34,780	34,014	6,065	40,079
	41,637	**13,462**	**55,099**	**44,503**	**15,305**	**59,808**

17 Capital and reserves

The aggregate current and deferred tax relating to items that are charged or credited to equity is £nil

The Preferred Ordinary shares met the definition of a financial liability so the Preferred Ordinary Shares and the related Share Premium related to these shares were accounted for as a financial liability See note 15

Share capital

(In thousands of shares)	A Ordinary Shares	Preferred Ordinary Shares
On issue at 1 January 2011– fully paid	**1,200**	3,601
On issue at 31 December 2011 – fully paid	1,200	3,601
On issue at 1 January 2012– fully paid	**1,200**	3,601
On issue at 31 December 2012 – fully paid	1,200	3,601

	2012 £	2011 £
Authorised		
A Ordinary shares of £0 001 each	1,250	1,250
Preferred Ordinary Shares of £ 0 001 each	3,750	3,750
Deferred Shares	1,250	1,250
	6,250	**6,250**
Allotted, called up and fully paid		
A Ordinary shares of £0 001 each	1,200	1,200
Preferred Ordinary Shares of £ 0 001 each	3,601	3,601
	4,801	**4,801**

Notes (continued)

17 Capital and reserves *(continued)*

	2012 £	2011 £
Shares classified as liabilities	3,601	3,601
Shares classified as equity	1,200	1,200
	4,801	**4,801**

The holders of both A Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company The holders of the Preferred Ordinary shares are entitled to a 10% dividend from 31st December, 2010 in the event that a liquidity event has not occurred

The Preferred Ordinary shares met the definition of a financial liability so the Preferred Ordinary Shares and the related Share Premium related to these shares were accounted for as a financial liability

18 Financial Instruments

Foreign currency risk

The Group and the Company are exposed to foreign currency risk on assets, loans and investments in overseas entities that are denominated in Euros rather than the functional currency of the Group (Sterling) Over the longer-term, permanent changes in foreign exchange rates would have an impact on consolidated earnings

It is estimated that a general decrease of one percentage point in the value of the Euro against Sterling would have decreased the Group's loss before tax by approximately £67,000 for the year ended 31 December 2012

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, The Group's approach to managing liquidity is to ensure that, as far as possible, they will have access to sufficient funding to meet their liabilities when due, under both normal and stressed conditions Budgets setting out funding requirements and cash outflows are prepared and monitored at regular Board meetings

Group liquidity

	Book Value £'000	Fair Value £'000	Maturing <1 year	Maturing >1 year
Financial Assets				
Investment – joint ventures	-	-	-	-
Trade and other receivables	7,551	7,551	7,551	-
Cash and cash equivalents	11,113	11,113	11,113	-
Financial Liabilities				
Trade and other payables	6,156	6,156	6,156	-
Accruals	1,245	1,245	1,245	-
Shares classified as debt	37,033	37,033	37,033	-
Preference share dividend accrual	12,963	12,963	12,963	-
Convertible Loan Notes	2,577	2,577	2,577	-
Senior Loan Notes	16,948	16,948	16,948	
Finance Lease Liabilities				
	55,099	55,099	3,934	51,165

Notes (continued)

18 Financial Instruments *(continued)*

Company liquidity

	Book Value £'000	Fair Value £'000	Maturing <1 year	Maturing >1 year
Financial Assets				
Investment	42	42	42	
Trade and other receivables	17,432	17,432	17,432	-
Cash and cash equivalents	120	120	120	-
Financial Liabilities				
Trade and other payables	474	474	474	-
Accruals	101	101	101	-
Shares classified as debt	37,033	37,033	37,033	-
Preference share dividend accrual	12,963	12,963	12,963	-
Convertible Loan Notes	2,577	2,577	2,577	-
Senior Loan Notes	16,948	16,948	16,948	-

Fair Value

Due to their short maturities, the fair values of trade payables, other payables, accruals, and trade and other receivables been stated at their carrying amounts Loans expected to mature within one year are also stated at carrying value

Preference shares classified as debt have been shown at the present value of their future cash flows, using a discount rate of 14%

Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order eventually to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares or buy back existing shares

19 Operatıng leases

Non-cancellable operatıng lease rentals are payable as follows

	Group 31 December 2012 £000	Company 31 December 2012 £000	Group 31 December 2011 £000	Company 31 December 2011 £000
Less than one year	64	64	64	64
Between one and five years	81	81	145	145
	145	**145**	**209**	**209**

Durıng the year ended 31 December 2012, £64,000 (year ended 31 December 2011, £65,000) was recognısed as an expense ın the ıncome statement ın respect of operatıng leases

20 Capital commıtments

There were no capıtal commıtments at 31 December 2012 (31 December 2011 none)

21 Crıtical accountıng ȷudgements and key sources of uncertaınty

The Group's accountıng polıcıes are set out ın note 1 to the financıal statements Management ıs requıred to exercıse sıgnıficant ȷudgement ın the applıcatıon of these polıcıes Areas whıch management belıeve requıre the most crıtıcal accountıng or whıch contaın the greatest sources of uncertaınty are as follows

ı Valuatıon of ıntangıbles – the Group ıs requıred to brıng assets and lıabılıtıes ın to the consolıdated statement of financıal posıtıon on the date of acquısıtıon at theır faır value Power plants usually have long operatıng lıves and often have assocıated long-term contracts and the determınatıon of the faır value of these long-lıfe assets and contracts can requıre a sıgnıficant amount of ȷudgement Management ıs then requıred to regularıty consıder whether there are any ındıcators of ımpaırment to the carryıng amounts of the Group's long-lıfe assets, ıncludıng the power plant lıcence agreements Thıs ıncludes a revıew of market condıtıons ın both the short-term and long-term, ımpaırment revıews requıre a comparıson of the current carryıng amount of the asset wıth the present value of the expected future cash flows of the comparable cash generatıng unıt and ıts faır value less costs to sell These revıews requıre estımates of dıscount rates and future market prıces over the remaınıng lıves of the assets

ıı Valuatıon of preference shares – the Group ıs requıred to value preference shares classıfied as a lıabılıty at the present value of theır estımated future cash flows Thıs valuatıon requıres a sıgnıficant amount of ȷudgement over the appropriate dıscount rate to use to state future cash flows at theır present value, and over the date of redemptıon of the preference shares

ııı Goıng concern – refer to note 1 for dısclosures about uncertaıntıes and ȷudgements made ın formıng the goıng concern assumptıon

22 Subsequent events

On 17 December 2013, the Dırectors, undertook a restructurıng of the debt ınstruments ıssued by the Company

The Preferred Ordınary shares of £37 0m and the convertıble loan notes of £2 6m have been converted ınto 3,765,350 new B Ordınary Shares B Ordınary Shares hold the same votıng rıghts as A Ordınary Shares, but have dıfferent repayment prıorıtıes ın the event of the Company beıng wound up Accrued dıvıdends of £13 0m owed to the holders of Preferred Ordınary shares have been forgıven and wrıtten back, formıng part of the accountıng gaın under IFRIC 19

The holders of the Senıor A Loan Notes agreed to a reductıon ın outstandıng prıncıpal from €12 4m (£10 1m) to €6 3m (£5 2m) ın return for the ıssue of 3,765,350 new A Ordınary Shares The ınterest rate on the remaınıng Senıor A Loan Notes was reduced from 30% to 8% per annum from 1 July, 2013, wıth a step-up ın rate to 19 5% from 30 June 2015 Interest already accrued of €10 2m (£8 3m) at 30th June 2013 wıll remaın on the balance sheet as a lıabılıty but wıll not accrue any further ınterest

The repayment date for both the remaınıng Senıor A Loan note prıncıpal and the brought forward accrued ınterest ıs deferred untıl 30 June, 2017 The terms of the loan allow subsequent ınterest payments to be deferred at the dıscretıon of the Company and the loan can be repaıd at any tıme from 17 December 2014 at ıts nomınal value at the optıon of the Company

The restructurıng of the debt arrangements wıll be accounted for ın the 2013 fınancıal statements ın accordance wıth IFRIC 19, whereby the value of the equıty granted has been calculated wıth reference to the faır value of the lıabılıtıes extınguıshed, wıth any dıfference between the book value and faır value of the lıabılıtıes extınguıshed beıng shown as an accountıng gaın ın the year On thıs basıs, the lıabılıtıes extınguıshed have created an accountıng gaın of €64 6m (£52 9m)

In addıtıon, IFRSs account for a sıgnıficant modıficatıon ın the terms of an ınstrument as the extınguıshment of the exıstıng lıabılıty and the creatıon of a new lıabılıty at faır value By calculatıng the net present value of antıcıpated cashflows (ınterest plus repayment of prıncıpal at the excepted repayment date) resultıng from the remaınıng Senıor A loan note prıncıpal and accrued ınterest dıscounted at 15%, usıng that coupon as a realıstıc market rate for short-term fundıng ın current market condıtıons, the faır value of the remaınıng lıabılıtıes are derıved Thıs calculatıon suggests that the faır value of the remaınıng debt ıs €11 9m (£9 7m), gıvıng a gaın on the modıficatıon of €4 6m (£3 8m)

The total accountıng gaın from restructurıng, ıncludıng the adjustment for faır values, ıs therefore €69 2m (£56 7m) to be shown ın the fınancıal statements to 31 December 2013 In the same year, the unwınd of the faır value to be charged to the Income Statement wıll be approxımately €0 6m (£0 5m)

Goıng forwards, the Company's debt profile wıll consıst of accrued ınterest wıth a faır value of €5 8m (£4 7m) attractıng zero cash ınterest payments and Senıor A Loan Notes wıth a faır value of €6 1m (£5 0m) attractıng cash ınterest payments at 8% to 30 June 2015 and 19 5% thereafter

Usıng the value of the debt ımmedıately post restructurıng and the remaınder of the balance sheet as at 31 December 2012, the effect of the debt converted ınto equıty, the faır valuıng of the new debt arrangement and the extensıon of the debt repayment date to greater than 12 months from the balance sheet date would result ın net assets of approxımately £9 4mıllıon and net current assets of approxımately £7 3mıllıon, ıncludıng €12 4m (£10 1m) of cash held as collateral for the finance lease A proforma balance sheet showıng the fınancıal posıtıon at 31 December 2012, adjusted for the effect of the restructurıng, ıs shown ın note 1

Notes *(continued)*

23 Related party transactions

The following intercompany investment loans were made to subsidiaries and joint ventures during the year

Loans	*Brought Fwd £'000*	*Loans in Yr £'000*	*Disposal £'000*	*Provided £'000*	*Carried Fwd £'000*
Oxara Energy Italia SRL	-	464	-	-	464
Anemos Wind Srl	6,887	(1,448)	-	-	5,439
Oxara Italia Sarl	20,486	(403)	-	(8,719)	11,364
Oxara Hellas Renewable Sources SA	51	-	-	(51)	-
	27,424	**(1,387)**	-	**(8,770)**	**17,267**
Investments					
Oxara Hellas Renewable Sources SA	53	-	(53)	-	-

Control relationships

Funds and investors managed by FF&P Private Equity Limited ("FPE"), a wholly owned subsidiary of Fleming Family & Partners Limited, are the controlling shareholders of the Company