

REGISTERED NUMBER 07703877 (England and Wales)

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012
FOR
TAMAR ENERGY LIMITED**

THURSDAY



A1MPJVXM

A53

29/11/2012

#46

COMPANIES HOUSE

TAMAR ENERGY LIMITED (REGISTERED NUMBER 07703877)
CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors	4
Consolidated Income Statement	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Company Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Company Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Company Statement of Cash Flows	12
Notes to the Consolidated and Company Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14 to 26
Consolidated Income Statement Summary	27

TAMAR ENERGY LIMITED
COMPANY INFORMATION
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

DIRECTORS

A C Lovell
P Crewe
N E H Ferguson
O P Hopkes
D A Kunzer
Sir Michael Peat
M J Powell
Lord James Russell
M Shakil
G D M Thomas
W B Weil
A Zafar

SECRETARY

S C Hilton Knox

REGISTERED OFFICE

52 Jermyn Street
London
SW1Y 6LX

REGISTERED NUMBER

07703877 (England and Wales)

AUDITORS

Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

TAMAR ENERGY LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

The directors present their report with the financial statements of the company and group for the period 13 July 2011 to 31 March 2012

The consolidated accounts consist of the parent company Tamar Energy Limited and its wholly owned subsidiaries,

COMMENCEMENT OF TRADING

Tamar Energy Limited was incorporated on 13 July 2011 and commenced trading on 22 February 2012

Adgen Energy Limited, which was acquired by Tamar Energy Limited on 21 February 2012, has been a fully operational trading company since incorporation on 11 October 1999

PRINCIPAL ACTIVITY

The principal activity of the group is the acquisition, development, construction and operation of anaerobic digestion and composting plants and their related activities

REVIEW OF BUSINESS

The company was established in February 2012 in order to focus on producing energy from organic waste matter. Backed by a strong investor group, including RiT Capital Partners, Fajr Capital, Lord Rothschild, the Duchy of Cornwall, Sainsbury's, Ludgate and other private investors, the company has raised £97 million of commitments to help it develop a network of over forty anaerobic digestion plants, generating 100MW of green electricity over the next five years

The company and its shareholders aim to lead the development of the industry in the UK, simultaneously dealing with the handling of waste and green energy generation. The focus of the management team has been to build capability within the business to help the company address the key risk areas, including feedstock, delivery of the project pipeline and the level of FITs and ROCs. The company currently has two projects under construction

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements

DIRECTORS

The directors who have held office during the period from 13 July 2011 to the date of this report are as follows

Name	Date appointed	Date resigned
I Bogdaneris	13 July 2011	27 January 2012
A C Lovell	13 July 2011	
F N J Adams	21 February 2012	26 June 2012
P Crewe	21 February 2012	
N E H Ferguson	21 February 2012	
O P Hopkes	21 February 2012	
D H W Poulson	21 February 2012	25 April 2012
M J Powell	21 February 2012	
G R Power	21 February 2012	25 April 2012
G D M Thomas	21 February 2012	
A Zafar	21 February 2012	
W Elliott	28 March 2012	25 April 2012
D A Kunzer	28 March 2012	
Lord James Russell	23 May 2012	
W B Weil	23 May 2012	
M Shakil	27 June 2012	
Sir Michael Peat	27 June 2012	

All the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting

FINANCIAL INSTRUMENTS

The group's financial instruments at the end of the period comprised convertible loans, fixed rate loan notes, cash and liquid resources. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments should be undertaken

TAMAR ENERGY LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

FINANCIAL INSTRUMENTS - continued

The Board recognises the group's exposure to liquidity risk and that the group's ability to continue operating is dependent on there being sufficient cash to sustain day-to-day operations whilst seeking a route to developing the existing operations and new investment opportunities. The Board continually monitors this situation, and further details of the group's financial risk management objectives and policies are set out in note 18 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 the group 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,
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD



A C Lovell - Director

Date 17 October 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TAMAR ENERGY LIMITED

We have audited the financial statements of Tamar Energy Limited for the period 13 July 2011 to 31 March 2012 on pages 5 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 and the parent company'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 Report of the Directors 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 period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



W J B Payne (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

Date 17 October 2012

TAMAR ENERGY LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

	Notes	£
CONTINUING OPERATIONS		
Revenue		-
Cost of sales		-
		<hr/>
GROSS PROFIT		-
Other operating income	3	8,876
Administrative expenditure		(230,416)
Development expenditure		(232,863)
		<hr/>
OPERATING LOSS		(454,403)
Finance costs	5	(15,973)
Finance income	5	3,617
Exceptional item	6	(218,251)
		<hr/>
LOSS BEFORE INCOME TAX	6	(685,010)
Income tax	7	110,643
		<hr/>
LOSS FOR THE PERIOD		(574,367)
		<hr/>
Loss attributable to Owners of the parent		(574,367)
		<hr/>

The notes form part of these financial statements

TAMAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

	£
LOSS FOR THE PERIOD	(574,367)
OTHER COMPREHENSIVE INCOME	—
	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(574,367)
	<hr/>
Total comprehensive income attributable to Owners of the parent	(574,367)
	<hr/>

The notes form part of these financial statements

TAMAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2012

	Notes	£
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	9	5,071,572
Property, plant and equipment	10	11,368
Taxation	20	491,940
		<hr/>
		5,574,880
		<hr/>
CURRENT ASSETS		
Trade and other receivables	13	318,790
Cash and cash equivalents	14	14,823,794
		<hr/>
		15,142,584
		<hr/>
TOTAL ASSETS		20,717,464
		<hr/>
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	15	174,292
Share premium	15	17,186,252
Other reserves	17	915,361
Retained earnings		(574,367)
		<hr/>
TOTAL EQUITY		17,701,538
		<hr/>
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities - borrowings		
Interest bearing loans and borrowings	17	2,544,639
		<hr/>
CURRENT LIABILITIES		
Trade and other payables	16	471,287
		<hr/>
TOTAL LIABILITIES		3,015,926
		<hr/>
TOTAL EQUITY AND LIABILITIES		20,717,464
		<hr/>

The financial statements were approved by the Board of Directors on 17 October 2012 and were signed on its behalf by


A C Lovell – Director

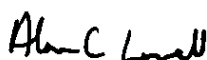
Company Number 07703877

The notes form part of these financial statements

TAMAR ENERGY LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
31 MARCH 2012

	Notes	£
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10	6,482
Investments	12	4,523,100
Taxation	20	108,473
		<hr/>
		4,638,055
		<hr/>
CURRENT ASSETS		
Trade and other receivables	13	134,445
Cash and cash equivalents	14	14,756,599
		<hr/>
		14,891,044
		<hr/>
TOTAL ASSETS		19,529,099
		<hr/>
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	15	174,292
Share premium	15	17,186,252
Other reserves	17	915,361
Retained earnings		(525,083)
		<hr/>
		17,750,822
		<hr/>
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities - borrowings		
Interest bearing loans and borrowings	17	1,584,639
		<hr/>
CURRENT LIABILITIES		
Trade and other payables	16	193,638
		<hr/>
TOTAL LIABILITIES		1,778,277
		<hr/>
TOTAL EQUITY AND LIABILITIES		19,529,099
		<hr/>

The financial statements were approved by the Board of Directors on 17 October 2012 and were signed on its behalf by



A C Lovell – Director

Company Number 07703877

The notes form part of these financial statements

TAMAR ENERGY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Changes in equity					
Issue of share capital	134,292	–	13,226,252	–	13,360,544
Issue of shares related to business combinations	40,000	–	3,960,000	–	4,000,000
Equity component of convertible loan notes issued	–	–	–	915,361	915,361
Total comprehensive income	–	(574,367)	–	–	(574,367)
Balance at 31 March 2012	174,292	(574,367)	17,186,252	915,361	17,701,538

The notes form part of these financial statements

TAMAR ENERGY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Changes in equity					
Issue of share capital	134,292	–	13,226,252	–	13,360,544
Issue of shares related to business combinations	40,000	–	3,960,000	–	4,000,000
Equity component of convertible loan notes issued	–	–	–	915,361	915,361
Total comprehensive income	–	(525,083)	–	–	(525,083)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2012	174,292	(525,083)	17,186,252	915,361	17,750,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

TAMAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	(597,286)
		<hr/>
Net cash from operating activities		(597,286)
		<hr/>
Cash flows from investing activities		
Purchase of subsidiary (net of cash)		(435,803)
Purchase of tangible fixed assets		(4,736)
Interest received		1,075
		<hr/>
Net cash from investing activities		(439,464)
		<hr/>
Cash flows from financing activities		
Proceeds from issue of convertible loan notes		2,500,000
Proceeds from issue of share capital		13,360,544
		<hr/>
Net cash from financing activities		15,860,544
		<hr/>
Increase in cash and cash equivalents		14,823,794
Cash and cash equivalents at beginning of period	2	–
		<hr/>
Cash and cash equivalents at end of period	2	14,823,794
		<hr/>

The notes form part of these financial statements

TAMAR ENERGY LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	(600,282)
		<hr/>
Net cash from operating activities		(600,282)
		<hr/>
Cash flows from investing activities		
Purchase of subsidiary		(499,999)
Purchase of tangible fixed assets		(4,736)
Interest received		1,072
		<hr/>
Net cash from investing activities		(503,663)
		<hr/>
Cash flows from financing activities		
Proceeds from issue of convertible loan notes		2,500,000
Proceeds from issue of share capital		13,360,544
		<hr/>
Net cash from financing activities		15,860,544
		<hr/>
Increase in cash and cash equivalents		14,756,599
Cash and cash equivalents at beginning of period	2	–
		<hr/>
Cash and cash equivalents at end of period	2	14,756,599
		<hr/>

The notes form part of these financial statements

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

1 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Group £	Company £
Loss before income tax	(685,010)	(656,656)
Depreciation charges	498	197
Finance costs	15,973	12,329
Finance income	(3,617)	(3,614)
Transfer of property, plant and equipment from subsidiary	–	(1,943)
	<u>(672,156)</u>	<u>(649,687)</u>
Increase in trade and other receivables	(137,189)	(131,903)
Increase in trade and other payables	212,059	181,308
	<u>(597,286)</u>	<u>(600,282)</u>
Cash generated from operations	(597,286)	(600,282)

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Period ended 31 March 2012

	31 March 2012 £	13 July 2011 £
Cash and cash equivalents - group	14,823,794	–
	<u>14,823,794</u>	<u>–</u>

	31 March 2012 £	13 July 2011 £
Cash and cash equivalents – company	14,756,599	–
	<u>14,756,599</u>	<u>–</u>

TAMAR ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

1 GENERAL INFORMATION

Tamar Energy Limited ('the company' or 'the parent company') and its subsidiaries (together 'the group') are involved in the acquisition, development, construction and operation of anaerobic digestion and composting plants and their related activities. The group's interests are located in the UK.

The company is a limited company incorporated in England and Wales and domiciled in England. The registered office and principal place of business is 52 Jermyn Street, London SW1Y 6LX.

2 ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRICs) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the valuation of intangible assets acquired in business combinations, and the revaluation of certain financial instruments.

There are no comparative figures for the previous period as the company is a newly formed entity.

The significant accounting policies that have been applied in the preparation of these financial statements are summarised below.

Basis of consolidation

The financial statements consolidate the accounts of Tamar Energy Limited and all of its subsidiary undertakings made up to 31 March 2012. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting and their results consolidated from the date of acquisition, being the date on which the company obtains control, and continue to be consolidated until the date such control ceases.

Business combinations

All business combinations are accounted for by applying the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange of assets given, liabilities assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. All costs directly attributable to the business combination are recorded in the income statement.

New accounting standards and interpretations

These are the first financial statements and the group has adopted all applicable IFRSs and IFRICs effective for the period.

At the date of approval of these Financial Statements, the following Standards and Interpretations, endorsed by the European Union, which have not been applied were in issue but not yet effective:

- Amendments to IAS 19 Employee Benefits. This standard is effective for accounting periods commencing on or after 1 January 2013.
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (OCI). The amendments require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. They are effective for accounting periods commencing on or after 1 July 2012.

The directors anticipate that the adoption of these standards will have no material impact on the group financial statements.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed on the acquisition of a subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment in value is charged to the consolidated income statement.

TAMAR ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

2 ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any provision for impairment losses. Depreciation is provided at the following annual rates in order to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful life.

Fixtures and fittings	33% per annum
Computer equipment	50% per annum

Anaerobic digestion plants are recognised in the statement of financial position at the point at which they are considered to be virtually certain to proceed to completion. Expenses incurred prior to the point of virtual certainty are charged against income when incurred.

Financial instruments

Financial assets

The group's financial assets comprise of cash and cash equivalents and trade debtors.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Any instrument that includes a repayment obligation is classified as a liability.

Where the contractual liabilities of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities, and are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any features meeting the definition of a financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound instruments

Compound financial instruments, being convertible loans, comprise both liability and equity components.

For compound instruments including equity components, at issue date the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability. The difference between the net issue proceeds and the liability component, at the time of issue, is the residual or equity component, which is accounted for as an equity reserve.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated using tax rates enacted or substantially enacted by the period end.

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made at current rates for deferred tax in respect of all timing differences that have originated but not reversed at the period end. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

TAMAR ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

2 ACCOUNTING POLICIES - continued

Investments in subsidiaries

Subsidiary undertakings are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefit from their activities

The investments in subsidiaries held by the company are valued at cost less any provision for impairment that is considered to have occurred, the resultant loss being recognised in the income statement

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the consolidated income statement on a straight line basis over the period of the lease

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the consolidated income statement in the period to which they relate

Cash and cash equivalents

Cash and cash equivalents in the consolidated and company statement of financial position and the consolidated statement of cash flows comprise cash at bank and in hand

Equity

Equity comprises the following

- "Share capital" represents the nominal value of equity shares, consisting of investor ordinary shares, performance shares, sponsor warrant shares, management warrant shares and loan enforcement shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares consisting of investor ordinary shares, performance shares and loan enforcement shares, net of expenses of the share issues
- "Other reserves" represents the equity component of convertible loan notes issued
- "Retained earnings" include all current results as disclosed in the consolidated income statement

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years

The most critical accounting policies and estimates in determining the financial condition and results of the group are those requiring a greater degree of subjective or complete judgement. These relate to

- Impairment reviews covering investments and goodwill
- Fair values of acquired investments
- Capitalisation and depreciation of plant and machinery
- Calculation of the equity component of convertible loan notes

3 OTHER OPERATING INCOME

Rents received

£

8,876

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

4 EMPLOYEES AND DIRECTORS

	£
Wages and salaries	75,569
Social security costs	8,811
	<u>84,380</u>

The average monthly number of employees during the period was as follows

Directors and administrative staff	2
Operational staff	1
	<u>3</u>

	£
Directors' remuneration	53,982
Employer's national insurance	7,157
Directors' pension contributions	1,000
	<u></u>

The number of directors to whom retirement benefits were accruing was as follows

Defined contribution scheme	2
-----------------------------	---

5 NET FINANCE COSTS

	£
Finance income	
Interest receivable	3,617
	<u></u>
Finance costs	
Loan interest	15,973
	<u></u>
Net finance costs	12,356
	<u></u>

6 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting)

	£
Other operating leases	14,019
Operating lease income	(8,876)
Depreciation - owned assets	498
Auditors' remuneration	25,000
Auditors' remuneration for non audit work	9,200
	<u></u>
Exceptional item legal and professional fees in respect of fundraising and acquisition activities of the company in the period under review	218,251
	<u></u>

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

7 INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period. The relationship between the expected tax expense based on the corporation tax rate of 26% for the period 13 July 2011 to 31 March 2012 and the tax expense actually recognised in the consolidated income statement can be reconciled as follows

	£
Group loss for the period before tax	(685,010)
	<hr/>
Loss on activities at effective rate of corporation tax of 26%	(178,103)
Expenses not deductible for tax purposes	59,925
Capital allowances in excess of depreciation	(1,685)
Loss carried forward	119,863
	<hr/>
Current tax expense, net	-
Deferred tax credit	110,643
	<hr/>
	110,643
	<hr/>

Factors that may affect future tax charges

At the period end there were group tax losses of approximately £2,050,000 available for set off against future assessable profits. The related deferred tax asset of £491,940 has been recognised in respect of these losses as the directors consider the level and timing of future profits to be sufficiently certain. The deferred tax asset of £110,643 arising on post acquisition tax losses has been credited to the income statement.

8 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(525,083).

9 INTANGIBLE ASSETS

Group	Goodwill £
COST	
Additions	5,071,572
	<hr/>
At 31 March 2012	5,071,572
	<hr/>
NET BOOK VALUE	
At 31 March 2012	5,071,572
	<hr/>

Goodwill is reviewed annually for impairment, and where applicable, any impairment charge is included in the consolidated income statement.

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

10 PROPERTY, PLANT AND EQUIPMENT

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
Additions	–	4,736	4,736
Acquisitions through business combinations	5,663	3,780	9,443
	<hr/>	<hr/>	<hr/>
At 31 March 2012	5,663	8,516	14,179
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
Charge for period	301	197	498
Acquisitions through business combinations	476	1,837	2,313
	<hr/>	<hr/>	<hr/>
At 31 March 2012	777	2,034	2,811
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2012	4,886	6,482	11,368
	<hr/>	<hr/>	<hr/>

Company

	Computer equipment £	Totals £
COST		
Additions	4,736	4,736
Acquisition through business combinations	3,780	3,780
	<hr/>	<hr/>
At 31 March 2012	8,516	8,516
	<hr/>	<hr/>
DEPRECIATION		
Charge for period	197	197
Acquisition through business combinations	1,837	1,837
	<hr/>	<hr/>
At 31 March 2012	2,034	2,034
	<hr/>	<hr/>
NET BOOK VALUE		
At 31 March 2012	6,482	6,482
	<hr/>	<hr/>

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

11 BUSINESS COMBINATIONS

Adgen Energy Limited

On 21 February 2012, the group acquired the entire share capital of Adgen Energy Limited, a company incorporated in England. The company has operations in the United Kingdom. The cash consideration was £499,999 and the equity instruments issued were as follows:

Number	Class	Nominal Value	Share Capital	Share Premium
1,250,000	Performance shares	1p	12,500	1,237,500
2,750,000	Investor ordinary shares	1p	27,500	2,722,500
			<u>40,000</u>	<u>3,960,000</u>

The equity instruments were issued at £1 per share, which is considered by the directors to be the fair value.

Adgen Energy Limited incurred losses of £26,228 in the period between the date of acquisition and the period end.

The carrying value and the fair value of the assets and liabilities at the date of acquisition were as follows:

	Recognised on acquisition
	£
Property, plant and equipment	7,130
Trade and other receivables	179,059
Taxation – deferred tax asset	381,297
Cash and cash equivalents	64,196
Interest bearing loans and borrowings	(960,000)
Trade and other payables	(243,255)
Net liabilities acquired	(571,573)
Goodwill arising on acquisition	5,071,572
	<u>4,499,999</u>

The goodwill is attributable to the project pipeline, the assembled workforce, expected synergies and other intangible assets, which do not qualify for separate recognition.

Purchase consideration	
Cash	499,999
Share capital	40,000
Share premium	3,960,000
	<u>4,499,999</u>
Consideration on acquisition	4,499,999
Purchase consideration settled in cash	499,999
Cash and cash equivalents in subsidiary acquired	(64,196)
	<u>435,803</u>
Net cash outflow on acquisition	435,803

TAMAR ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

12 INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	4,523,100
At 31 March 2012	4,523,100
NET BOOK VALUE	
At 31 March 2012	4,523,100

Adgen Energy Limited

Tamar Energy Limited owns the entire share capital, comprising ordinary shares of 0 1p each and 100% of the voting rights, of Adgen Energy Limited, which is registered in England and Wales and is included in the consolidated financial statements. The principal activity of Adgen Energy Limited is the acquisition, development, construction and operation of anaerobic digestion plants and their related activities.

Holbeach Biogas Limited

At the year end the entire share capital of Holbeach Biogas Limited, comprising 1 ordinary share of £1 and 100% of voting rights, was held in trust by F N J Adams, a former director, on behalf of Adgen Energy Limited. On 17 May 2012 the share was transferred to Tamar Energy Limited.

Holbeach Biogas Limited is registered in England and Wales and is included in the consolidated financial statements. The principal activity of Holbeach Biogas Limited is the acquisition, development, construction and operation of anaerobic digestion plants and their related activities.

Gentube Limited

Adgen Energy Limited has an investment in a 100% owned subsidiary undertaking, Gentube Limited (previous name - Tubergen Limited), which is registered in England and Wales. There has been no income or expenditure in this subsidiary undertaking during the year and at 31 March 2012 its net assets stood at 1p, being the issued share capital of that company. As the company is dormant, it is not included in these consolidated financial statements.

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

13 TRADE AND OTHER RECEIVABLES

	Group £	Company £
Current		
Trade receivables	9,052	–
Amounts owed by group undertakings	–	65,991
Other receivables	118,009	3,123
Other taxes	128,598	62,789
Prepayments and accrued income	63,131	2,542
	<u>318,790</u>	<u>134,445</u>

The short-term carrying values are considered to be a reasonable approximation of the fair value. The amounts owed by group undertakings are repayable on demand.

14 CASH AND CASH EQUIVALENTS

	Group £	Company £
Bank accounts	14,823,794	14,756,599
	<u>14,823,794</u>	<u>14,756,599</u>

15 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal Value	Share Capital £
92,750,000	Investor Ordinary shares	1p	927,500
1,250,000	Performance shares	1p	12,500
29,150	Sponsor warrant shares	1p	292
45,850	Management warrant shares	1p	458
2	Loan enforcement shares	1p	–
25,000	SSL warrant shares	1p	250
10,000,000	Investor preference shares	1p	100,000
			<u>1,041,000</u>

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

15 CALLED UP SHARE CAPITAL - continued

Allotted, issued and fully paid

Number	Class	Nominal Value	Share Capital £	Share Premium £
16,125,000	Investor Ordinary shares	1p	161,250	15,963,750
1,250,000	Performance shares	1p	12,500	1,237,500
29,150	Sponsor warrant shares	1p	292	–
25,000	Management warrant shares	1p	250	–
2	Loan enforcement shares	1p	–	2
			174,292	17,201,252
Less share issue costs				(15,000)
				17,186,252

The above shares were issued and fully paid during the period

Rights, preferences and conditions

Ordinary shares carry one vote per investor if voting on a show of hands and one vote per share if voting on a poll or by written resolution

Loan Enforcement shares carry one vote per investor if voting on a show of hands and one vote for each £1 of investor loan held if voting on a poll or by written resolution

Performance shares, sponsor warrant shares and management warrant shares do not carry voting rights but shareholders are entitled to attend general meetings

Further details regarding the rights attached to the various classes of share capital are set out in the company's Articles of Association which can be obtained from the company's registered office

16 TRADE AND OTHER PAYABLES

	Group £	Company £
Current		
Trade payables	266,809	117,999
Social security and other taxes	20,969	–
Other creditors	20,937	12,665
Accruals and deferred income	162,572	62,974
	471,287	193,638

The above listed payables were all unsecured

The short-term carrying values are considered to be a reasonable approximation of the fair value

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

17 FINANCIAL LIABILITIES - BORROWINGS

	Group £	Company £
Non current		
Convertible loans	1,584,639	1,584,639
Other loans	960,000	–
	<u>2,544,639</u>	<u>1,584,639</u>

Terms and debt repayment schedule

	1-2 years £	2-5 years £	More than 5 years £	Total £
Convertible loans (group and company)	–	–	1,584,639	1,584,639
Other loans (group)	100,000	860,000	–	960,000
	<u>100,000</u>	<u>860,000</u>	<u>1,584,639</u>	<u>2,544,639</u>

Convertible loans

The principal sum drawn down on the unsecured convertible loans of £2,500,000 may be converted to Investor Preference Shares at the conversion rate, being one share for each £1 of principal sum held at the date of conversion. This may occur at any time by mutual agreement or immediately prior to, but conditional upon, an exit, being a sale, listing or other return of assets in accordance with the company's Articles of Association.

Details regarding the rights and restrictions attached to the Investor Preference Shares are set out in the company's Articles of Association which can be obtained from the company's registered office.

No capital repayments are due on the convertible loans until the repayment date in 2037.

Interest is payable on the convertible loans at a rate of 6% per annum on the principal sum drawn down.

The present value of the liability element of the convertible loans is £1,584,639, and the equity element is £915,361.

Other loans

Other loans consist of fixed rate unsecured loan notes issued to Adgen Energy Limited in two instalments on 7 April 2011 (£560,000) and 19 October 2011 (£400,000). The loan notes are redeemable in 3 annual instalments of £100,000, £250,000 and £610,000 starting in December 2013 and the final redemption date is 13 December 2015. However any amount of the loan may be recalled or redeemed by the company at any time given two weeks' notice. The loan is guaranteed by Tamar Energy Limited.

Interest is payable on the loan notes at the following rates:

From the date of issue until the 2nd anniversary of the date of issue	0%
From 2nd anniversary to 3rd anniversary	7%
From 3rd anniversary to 4th anniversary	8%
From 4th anniversary to 5th anniversary	9%
From the 5th anniversary to the redemption date	10%

TAMAR ENERGY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012**

18 FINANCIAL INSTRUMENTS

Risk management objectives and policies

The group's principal financial assets comprise cash and cash equivalents, trade and other receivables, other taxes and prepayments. The group's liabilities comprise trade payables, other payables including taxes and social security, accrued expenses and borrowings.

All the group's financial assets are classified as cash or receivables. All the group's financial liabilities are measured at amortised cost.

The Board determines as required the degree to which it is appropriate to use financial instruments to mitigate financial risks.

Credit risk

The group's cash at bank is held with reputable international banks. Cash is held either on current account or on short-term deposit at fixed rates of interest. The fair value of cash and cash equivalents at 31 March 2012 did not differ materially from their carrying value.

Interest rate risk

The group has no material exposure to interest rate risk.

Fair value of financial instruments

The fair values of the group's financial instruments at 31 March 2012 did not differ materially from their carrying values.

The group's long term convertible loan note borrowing, a compound financial instrument, did not differ from its carrying value.

Liquidity risk

The group at its present stage of development is not funded by revenue from operations. It therefore finances its operations through the issue of equity share capital and debt in order to ensure sufficient cash resources are maintained to meet short-term liabilities and future project development requirements. Management monitors availability of funds in relation to forecast expenditures in order to ensure timely fundraising.

19 LEASING AGREEMENTS

Group

	Non-cancellable operating leases
	£
Between one and five years - land and buildings	67,728
- other	1,808
	<hr/>

Company

	£
Between one and five years	-
	<hr/>

20 DEFERRED TAX

	Group	Company
	£	£
Tax losses	491,940	108,473
	<hr/>	<hr/>

The deferred tax asset has been recognised in respect of group and company tax losses available for set off against future assessable profits. The directors consider the level and timing of future profits to be sufficiently certain to allow recognition of the deferred tax asset.

TAMAR ENERGY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 13 JULY 2011 TO 31 MARCH 2012

21 CAPITAL MANAGEMENT

The group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its investment in new anaerobic digestion plants and other waste management activities to provide returns for shareholders and benefits for other stakeholders

The group's capital structure comprises all the components of equity (all share capital, share premium, retained earnings when earned and other reserves) When considering the future capital requirements of the group and the potential to fund specific project development via debt, the directors consider the risk characteristics of the underlying assets in assessing the optimal capital structure

22 RELATED PARTY DISCLOSURES

Adgen Energy Limited has a loan agreement with Sustainable Technology Investments (Guernsey) Limited, a shareholder of Tamar Energy Limited At the period end, £960,000 was owing to Sustainable Technology Investments (Guernsey) Limited

£5,000 of rent was recharged to Sustainable Technology Investments (Guernsey) Limited by the group during the period under review

Fees for accountancy services of £7,500 were charged to the group by C Poulson, the sister of former director D H W Poulson

Fees for consultancy services of £32,485 were charged to the group by William Elliott Consultancy, a consultancy firm controlled by former director W Elliott In addition, £7,715 of directors fees were charged to the group by W Elliott

At the period end Tamar Energy Limited was owed £53,012 by Adgen Energy Limited, its wholly owned subsidiary

At the period end Tamar Energy Limited was owed £12,979 by Holbeach Biogas Limited, the wholly owned subsidiary of Adgen Energy Limited

At the period end Adgen Energy Limited was owed £3,874 by Holbeach Biogas Limited

Details of directors' emoluments are disclosed in note 4

23 EVENTS AFTER THE REPORTING PERIOD

An amount of £759,000 was paid to F N J Adams, a former director of the company, in August and September, as compensation for loss of office, legal fees and the repurchase of his shares and warrants 708,333 Investor Ordinary shares, 625,000 Performance shares and 7,500 Management warrant shares were repurchased as part of this settlement

An amount of £14,117,543 has been received by the company after the balance sheet date, on the issue of 14,117,500 Investor Ordinary shares and 4,250 Management warrant shares