GREEN SKY ENERGY LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the Year Ended 31 December 2015

Registered No: 07023717

GREEN SKY ENERGY LIMITED
STRATEGIC REPORT
for the Year Ended 31 December 2015

The directors present their strategic report of the Company for the year ended 31 December 2015.

Fair review of the business

Both the level of business during the year and the financial position of the Company at the year end were as expected. At 31 December 2015, the Company had net assets of £3,347,082 (2014: net assets of £1,958,656). Further information regarding the financial position of the Company at the year end is provided in the Directors' Report.

The directors believe that the present level of activity will be sustained in the current year.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company relate primarily to the extent to which UK corporates are prepared to take seriously the need to focus on energy efficiency. This is, in part, impacted by government policy and legislation in this area. There is also a degree of risk associated with execution of the Company's major contracts, a number of which contain performance guarantees. The management of risks is undertaken at E.ON SE consolidated ("group") level. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided within the financial review section of the group's annual report which does not form part of this report.

Key performance indicators ('KPIs')

The Board of Management of E.ON SE manage the group's operations on a divisional basis. For this reason the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the E.ON Connecting Energies division of E.ON SE, which includes the Company, is discussed within the financial review section of the group's annual report which does not form part of this report.

Approved by the Board of Directors on 10 August 2016 and signed on its behalf by:

M C Brown
Director

Green Sky Energy Limited
Company No: 07023717
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

Directors of the Company

The directors who held office during the year and up to the date of signing are given below:

R Hienz	
P Baan	
I F Kelly	(resigned 30 June 2015)
P M Middlebrook	(resigned 1 March 2016)
M C Brown	(appointed 1 March 2016)

Principal activity

The principal activity of the Company in the year under review was that of a holding company for a group of companies involved in the provision of energy management services.

Results and dividends

The Company's profit for the financial year is £1,388,426 (2014: loss of £1,273,308). The directors do not recommend a final dividend (2014: £nil).

Financial risk management

Objectives and policies

The Company, in common with other E.ON SE subsidiaries, must comply with the E.ON SE group finance guidelines that set out the principles and framework for managing group-wide finances. The Company also utilises the E.ON UK plc operational treasury team which services the treasury requirements of the business. Further information on the E.ON SE group's policies and procedures is available in the financial statements of the E.ON SE group.

Political donations

No political donations were made during the year (2014: £nil).

Future developments

Present level of activity is likely to continue.

Directors' indemnities

The E.ON SE Group maintains liability insurance for the directors and officers of the Company as with all E.ON SE subsidiaries. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This insurance cover was in force during the year and is still in force at the date of approving the financial statements.

Disclosure of information to auditors

In accordance with the Companies Act 2006 a resolution to reappoint PricewaterhouseCoopers LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors on 10 August 2016 and signed on its behalf by:

M C Brown
Director

Green Sky Energy Limited
Company No: 07023717
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

Independent Auditors' Report to the Members of
GREEN SKY ENERGY LIMITED

Report on the financial statements

Our opinion

In our opinion, Green Sky Energy Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities 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 express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Matthew Walker

Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

10 August 2016

GREEN SKY ENERGY LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

	Note	2015 £	2014 £
Operating result	**2**	**-**	**-**
Income from shares in group undertakings	5	5,991,728	-
Amounts written off investments	5	(3,486,647)	-
Interest payable and similar charges	3	(1,400,134)	(1,478,112)
Profit/(loss) on ordinary activities before taxation		**1,104,947**	**(1,478,112)**
Tax on profit/(loss) on ordinary activities	4	283,479	204,804
Profit/(loss) for the financial year		**1,388,426**	**(1,273,308)**

All amounts relate to continuing activities.

The Company has no other comprehensive income for the year, therefore no separate statement of comprehensive income has been presented.

GREEN SKY ENERGY LIMITED
BALANCE SHEET
as at 31 December 2015

	Note	**2015** £	**2014** £
Fixed assets			
Investments	5	33,004,805	36,491,452
Current assets			
Debtors	6	488,283	204,804
Cash at bank and in hand		1,255	2,891
		489,538	207,695
Creditors: amounts falling due within one year	7	(6,363,320)	(9,356,789)
Net current liabilities		**(5,873,782)**	**(9,149,094)**
Total assets less current liabilities		**27,131,023**	**27,342,358**
Creditors: amounts falling due after more than one year	8	(23,783,941)	(25,383,702)
Net assets		**3,347,082**	**1,958,656**
Capital and reserves			
Called up share capital	9	389,562	389,562
Share premium account		529,364	529,364
Profit and loss account		2,428,156	1,039,730
Total shareholders' funds		**3,347,082**	**1,958,656**

The financial statements on pages 6 to 15 were approved by the Board of Directors on 10 August 2016 and signed on its behalf by:

M C Brown
Director
Green Sky Energy Limited
Company No: 07023717

GREEN SKY ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
At 1 January 2014	**389,562**	**529,364**	**2,313,038**	**3,231,964**
Loss for the financial year	-	-	(1,273,308)	(1,273,308)
At 31 December 2014	**389,562**	**529,364**	**1,039,730**	**1,958,656**
Profit for the financial year	-	-	1,388,426	1,388,426
At 31 December 2015	**389,562**	**529,364**	**2,428,156**	**3,347,082**

The notes on pages 9 to 15 form part of these financial statements.

1. Accounting Policies

General information

The Company is a holding company for a group of companies involved in the provision of energy management services.

The Company is a private company and is incorporated and domiciled in the United Kingdom.

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the going concern basis historical cost convention and in accordance with the Companies Act 2006. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company has adopted disclosure exemptions in relation to the following:

- The requirements of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of Paragraph 17 of IAS 24 Related Party Disclosures (key management compensation)
- The requirements of Paragraph 17 of IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of IFRS 10 Consolidated Financial statements
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

Exemption from preparing group financial statements

The Company is a wholly-owned subsidiary undertaking of E.ON SE, the ultimate parent undertaking, and is included in the publicly available consolidated financial statements of E.ON SE. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

The company's financial statements present information about it as an individual entity and not about its group.

Judgement in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the reporting year. These judgements are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in these financial statements.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1. Accounting Policies (Continued)

- **Current and deferred income tax**

The tax credit for the period comprises current tax.

The current income tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in respect of the relevant years, in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Financial instruments

Loans and receivables (including trade receivables) are primarily financial assets with fixed or determinable payments that are not traded in an active market. Loans and receivables are reported on the Balance Sheet under "Debtors: amounts falling due within one year." Initial measurement takes place at fair value plus transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Valuation allowances are provided for identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss.

Financial liabilities (including trade payables and borrowings) are measured at amortised cost, using the effective interest method. Initial measurement takes place at fair value net of transaction costs incurred. In subsequent periods, the amortisation and accretion of any premium or discount is included in finance costs/income.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Inter-company balances

Inter-company payable and receivable trading balances within the E.ON SE Group (ultimate controlling party) are consolidated at each period end into a single balance with each group company. These transactions are net settled. As a result the directors consider it appropriate to present inter-company balances within these financial statements on a net basis. Formal loan balances are settled and presented gross.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet, when the Company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

1. Accounting Policies (Continued)

Cash and short-term deposits

Short-term deposits include cash at bank and in hand.

Functional currency

These financial statements are presented in Great British Pounds ("GBP") which is the Company's functional currency. All financial information is presented in GBP has been rounded to the nearest pound.

Related party transactions

The Company is exempt from the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions with entities that are part of the E.ON SE group or investees of E.ON SE group.

2. Operating result

Administration

All administration costs were borne by Matrix Control Solutions Limited, a subsidiary undertaking and not recharged.

There were no employees during the year (2014: none).

Auditors' remuneration for the audit of the financial statements of £nil (2014: £nil) was borne by Matrix Control Solutions Limited, a subsidiary undertaking and not recharged.

3. Interest payable and similar charges

	2015 £	2014 £
Interest payable to group undertakings	1,078,570	1,192,526
Other finance charges payable to group undertakings	321,564	285,586
	1,400,134	**1,478,112**

4. Tax on profit/(loss) on ordinary activities

	2015 £	2014 £
Current tax:		
UK corporation tax on profits/(losses) for the year	(283,479)	(204,804)
Total current tax credit	**(283,479)**	**(204,804)**
Tax credit on profit/(loss) on ordinary activities	**(283,479)**	**(204,804)**

Factors affecting tax charge for the year

The tax for the current period is lower (2014: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.49%). The differences are explained below.

The tax rate for the current period is lower than the prior period due to changes in the UK corporation tax rate which decreased from 21% to 20% from 1 April 2015 resulting in a standard rate of corporation tax in the UK of 20.25% for the year ended 31 December 2015.

	2015 £	2014 £
Profit/(loss) on ordinary activities before taxation	**1,104,947**	**(1,478,112)**
Tax on profit/(loss) on ordinary activities before taxation at 20.25% (2014: 21.49%)	223,714	(317,693)
Effects of:		
Deferred tax not recognised	-	(787)
Dividend income not taxable	(1,213,120)	-
Goodwill impairment non tax-deductible	705,927	-
Group relief not paid for	-	113,676
Tax credit for the year	**(283,479)**	**(204,804)**

Reductions to the UK corporation tax rates were included in Finance Act (No.2) 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted at the balance sheet date and therefore the deferred tax impact of these changes have been included in these financial statements. A further reduction in the UK corporation tax was announced in the March 2016 Budget Statement to reduce the rate to 17% from 1 April 2020 (instead of the previously announced 18% rate). This further change has not been substantively enacted at the balance sheet date and therefore the impact has not been included in these financial statements.

The corporation tax receivable has been reduced by £283,479 because of group relief surrendered to a fellow group undertaking for which a payment will be received (2014: £204,804). Accordingly no tax losses are available for carry forward.

5. Investments

	2015	2014
	£	£
Shares in group undertakings and participating interests	**33,004,805**	**36,491,452**

Shares in group undertakings and participating interests

	Subsidiary undertakings	Total
	£	£
Cost or valuation		
At 1 January 2015	36,491,452	36,491,452
At 31 December 2015	**36,491,452**	**36,491,452**
Provision for impairment		
At 1 January 2015	-	-
Charge for the year	(3,486,647)	(3,486,647)
At 31 December 2015	**(3,486,647)**	**(3,486,647)**
Net book value		
At 31 December 2015	**33,004,805**	**33,004,805**
At 31 December 2014	36,491,452	36,491,452

Details of undertakings

Details of the investments which the Company holds or indirectly holds are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal Activity
Subsidiary undertakings			
Matrix Control Solutions Limited	Ordinary shares	100%	Energy services
ACME Group Limited	Ordinary shares	100%	Dissolved 31 December 2015
ACME Technical Services Limited	Ordinary shares	100%	Dissolved 31 December 2015

All of the undertakings disclosed above are incorporated in the United Kingdom. Green Sky Energy Limited is the beneficial owner of all the equity share capital, either itself or through subsidiaries, of the above companies.

During the year, the Company performed a restructuring exercise with the aim to remove subsidiaries no longer required. As a result of this restructuring the Company received a dividend of £2,991,728 from ACME Group Limited and then immediately impaired its investment in this subsidiary by £3,486,647 to equal the remaining net asset value. The Company also received a dividend of £3,000,0000 from Matrix Control Solutions Limited during the year. On 31 December 2015, ACME Group Limited and ACME Technical Services Limited were both dissolved.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

6. Debtors

	2015 £	2014 £
Amounts owed by group undertakings	488,283	204,804

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7. Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	6,363,320	9,356,789

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

8. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	23,783,941	25,383,702

Amounts owed to group undertakings include a loan of £23,783,941 (2014: £25,383,702) which is unsecured, bears interest at a rate of LIBOR plus 375 basis points and is a drawdown from a credit facility of £50,000,000 (2014: £50,000,000) which has a maturity date of 14 December 2018. All other amounts are unsecured, interest free and repayable on demand.

The maturity profile of the carrying amount of the Company's long term borrowings was as follows:

	2015 £	2014 £
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	23,783,941	25,383,703
In more than five years	-	-
	23,783,941	**25,383,703**

9. Called up share capital

	2015 £	2014 £
Allotted, called-up and fully paid		
389,562 (2014: 389,562) ordinary shares of £1.00 each	389,562	389,562

10. Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet and profit and loss account, the Company had no adjustments to amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). Under UK GAAP, the company was not required to, and did not, prepare a cash flow statement.

11. Ultimate holding company

The Company is controlled by E.ON Connecting Energies GmbH. The ultimate parent undertaking and controlling party is E.ON SE, a company incorporated in Germany, which is the parent company of the largest and smallest group to consolidate these financial statements. Copies of E.ON SE's financial statements are available from the offices of E.ON SE at the following address:

E.ON SE
E.ON-Platz 1
D-40479
Dusseldorf
Germany