redT energy storage

redT energy plc

Annual Report and Financial Statements
Jersey registered 92432
31 December 2017

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Chairman's report

The global, stationary, energy storage market continues to expand rapidly, valued at almost $2bn at the end of 2017, with strong future growth predictions expressed by many of the market's leading commentators. As this market matures, our prospective customers also become increasingly knowledgeable about how to use energy storage effectively and which solutions are most appropriate to meet their needs. In the past few years, the market has focussed on the need for short term storage to provide grid stability, but fundamentally the real driver is the need to smooth out peaks and troughs from intermittent renewable energy generation and varying demand – an issue which will increase in prominence as more renewables come online and our demand profile changes in line with factors such as the increasing popularity of electric vehicles. This requirement applies to both off-grid and on-grid markets and the solution requires 4-6 hours of energy storage infrastructure, not the short duration batteries which have been focussed on to date and which take advantage of prevailing, unsecured revenue opportunities from short term grid service contracts. I'm pleased to report that in the past year, we have seen customers recognise this fact and therefore, the competitive benefits that our products can bring. It has also allowed us to position ourselves as an energy storage solutions business that supports and educates customers in how to maximise the benefits of our products.

The result of this is that our pipeline has continued to grow and we are increasingly seen as a trusted long-term partner. Conversion of pipeline to sales is not a fast process for new products in new markets, but our expanding pipeline demonstrates the size and potential of this market and the commercial sales we have closed show that our pricing is at a competitive level. These sales figures will increase rapidly as more of our products come online in customer applications and, as I reported last year, we have made excellent progress in deploying our Generation 2 ("Gen 2") machines into target markets to build credibility and drive 'multiplier' sales.

We started 2017 with shareholder approval for the injection of nearly £15m of new capital into the Group, which has enabled us to expand our team and recruit key personnel. The skills of the team are fundamental to the success of redT and I am confident that we have now assembled the most experienced and expert team in flow energy storage. This has been demonstrated by the innovations in product design, research and development and commercial, business case modelling that we have achieved during the year. The new funding has allowed redT to progress the development of a 3rd generation product ("Gen 3") with improved performance and reduced production costs.

I would like to commend our executives and the whole team on their dedication and enthusiasm. There are inevitable challenges and time pressures to address and we are fortunate for the efforts that the team make to overcome any issues and achieve deadlines. I would also like to thank my Board colleagues for their support and contribution, in particular Scott Laird who resigned as Financial Director after more than 3 years leading redT's finance function. I am also pleased to welcome Fraser Welham who has joined the Board as Chief Financial Officer. Fraser brings with him considerable and highly relevant experience within renewable energy finance which will serve to further strengthen our Board.

In summary, 2017 saw key milestones for redT; a maturing market that recognises the benefit of flexible energy storage infrastructure such as flow machines, commercial sales that endorse our pricing and secure our credibility in key markets, and future product development that will serve to enhance our sales margins. Together, these achievements will serve to accelerate pipeline conversion into sales and thereby drive shareholder value.

I look forward to another successful year.

Jeffrey Kenna
Chairman
17 May 2018

Chief executive officer's report

Summary

In 2017, redT successfully brought a commoditised, pure vanadium flow machine to market in the form of the Group's 2nd Generation ("Gen 2") commercial product offering. In total 43 tank unit orders were secured, spanning the UK, Europe, Africa, Asia and Australia, in a variety of on and off-grid applications for customers ranging from business owners to multinational utility companies and corporates. In conjunction with this, the Group also utilised new capital, secured via a successful fundraise concluded in December 2016, to rapidly scale up its operations in line with considerable demand for redT machines. During the year, redT successfully built its credibility within a nascent market, not only as a technology leader, but also as a market expert with the experience and expertise to unlock economic business models for distributed energy solutions in the UK and further afield. Having successfully deployed capital to scale our operations for growth, the Company is now in a strong, market leading position on which to capitalise during 2018 and beyond.

Outlook

As a business, we have intentionally focussed on building solid foundations for sustainable equity value. Disruptive business models and technologies require multi-discipline expertise and in response to this, we have developed strong technical competence across all engineering disciplines: chemical, mechanical, electrical and software. In addition to core product technology knowledge, redT also differentiates itself in the energy storage sector through its strong financial and project development credentials gained through nearly three decades of corporate heritage spent developing renewable energy projects globally.

Our foundations set us apart from our competition and this differentiation has enabled redT to rapidly attain a position as one of the leading flow technology solutions for businesses globally. Furthermore, as we move through 2018, redT is quickly being recognised as an expert and trusted energy storage solutions provider across the full range of energy storage technologies, including lithium-ion and hybrid systems, as well as our own, patented flow machines.

2018 will see redT continue to build upon these solid foundations for growth and pursue the delivery of commercial, margin-generating orders for energy storage within our established markets. We will also target large-scale "mega projects" for our 3rd Generation ("Gen 3") systems both in the UK and in selected markets abroad, utilising market leading, independently verified, economic models to design, install and operate distributed, energy storage infrastructure which meets our customers' core requirements.

Against a backdrop of ever reducing renewable energy prices, our team is using their skills and experience, alongside our disruptive, energy storage business models and redT's patented technology to unlock energy storage applications for customers around the world. redT is now in a position to capture this global opportunity and lead the way towards unlocking cheap, clean renewables for baseload power, a major element of the "Fourth Industrial Revolution".

redT's achievements during 2017 can be categorised into three key areas; scaling and streamlining operations for growth, gaining significant commercial traction within new and existing markets and the continuation of on-going research and development activity on our Gen 3, margin-generating product which is expected to launch in 2018.

Expanding and streamlining operations

During the year, redT significantly increased company headcount by securing additional resources in areas identified as challenges to scaling production. We are now pleased to report that these resource gaps have been filled with headcount more than doubling from 27 to 60 during the year. Key hires included senior positions within software development, business development, R&D and application engineering alongside the appointment of Jean-Louis Cols as Technology Director, leading the engineering function. The redT management team was also strengthened with the post year-end announcement of David Stewart's promotion to Chief Operating Officer and the hire of Fraser Welham as Chief Financial Officer.

In addition to increasing headcount, redT also expanded its Operational, Engineering and Design hub in Livingston and its R&D, Customer Demonstration and Testing centre in Wokingham. Alongside investing in these key locations, we also took steps to de-risk its supply chain by signing an agreement with a new, UK manufacturing partner to handle prototyping and smaller volume orders.

redT has been able to address the challenges which we communicated in July 2017, namely delays in recruitment and disruption to production schedules caused by the closure of the Jabil manufacturing facility in Livingston. I am now confident that redT is better positioned to secure, deliver and significantly scale its commercial success as a result.

In January 2018 the Company divested its interest in the Camco Africa investment advisory business and ceased its legacy Camco Carbon activity, thereby substantially completing the transition to a pure play energy storage business.

Significant commercial traction through flagship projects and entry into new markets

In 2017, the market challenged us to secure significant commercial orders for our Gen 2 product and I am pleased to report that by the 2017 year-end, we achieved an 8-fold increase in secured orders and a 6-fold increase in production since April 2017.

	December 2017	April 2017[2]	% change
In production or deployed[1]	**54 units**	9 units	+500%
Orders signed[1]	**43 units (€2.5m)**	5 units	+760%
Final stage customer selection	**€18.3m (330 units)**[3]	€6.5m (101 units)	+182% (value)
Active customer pipeline	**€357m**	€246m	+45%

(1) Cumulative figures
(2) April 2017 was the first time these metrics were reported
(3) Includes €1.7m (40 units) related to Gen3

In line with our commercial strategy, "flagship" commercial sites are being established in core markets, which are used by the commercial team to demonstrate product capabilities and build business case credibility within those markets. Existing flagship sites include The Olde House (UK) and Thaba Eco Lodge (South Africa), with the Monash project in Australia currently in construction. redT have also signed agreements with partners in other target markets such as South-East Asia and Eastern Europe, allowing the Company to expand its presence in these regions with the support of experienced and respected partners, who will also provide maintenance and after-sales care to local customers.

Chief executive officer's report (continued)

2017 saw further strong development of energy storage adoption in redT's key UK market. Our team of energy analysts pioneered the development of independently verified, financial returns models for energy storage in the UK. This work has further enhanced redT's product proposition for customers and these models have been a direct factor in increasing the customer pipeline.

By positioning the Company as an energy storage expert rather than a pure technology supplier, redT has been able to forge important relationships with key partners and industry bodies which have also had a positive effect on commercial progress. These include several utility companies such as Centrica, industry bodies such as the Renewable Energy Association (REA) and the British Standards Institute (BSI) for which redT chairs a steering committee for energy storage technical standards. The Company also has strong ties with the UK Government via the Department for Business, Energy and Innovation (BEIS), with whom we worked closely on the Olde House project.

Next generation research and development

The Company's research and development activity continued apace throughout 2017 and we are pleased to report the completion of the Gen 3 stack design prototyping phase earlier in 2018. This advanced product will offer improved power output and efficiency performance at a reduced size and cost. The Company is currently accepting Gen 3 expressions of interest, with approximately €11m worth of orders in "final stage" customer selection. We are planning a formal product launch later this year.

In parallel to product development, our team have been working on other areas including electrolyte improvement, research on new, advanced materials and the development of software for a cutting-edge, management system. This integrated software solution aims to use the latest developments in machine learning and Artificial Intelligence (AI) to dynamically and autonomously adapt redT machine run strategies to create maximum financial benefit for customers.

redT's achievements within R&D were given a significant boost during the year with the hiring of Adam Whitehead as Head of Research. Adam is one of the world's foremost experts in flow machines and joined redT in September from competitor Gildemeister Energy Storage. We also secured the award of a £750,000 R&D funding grant from the UK government which will be used to further accelerate the development of future product generations.

Camco business

The Camco business made a positive contribution to the group over the period, supporting lower than expected redT sales, enabling overall 2017 revenue expectations to be met. As mentioned previously, the Group ceased its Camco Africa and Camco Carbon businesses in early 2018 in line with our previously announced corporate strategy.

In closing, I would like to thank the entire redT team for their dedicated work and commitment in bringing our disruptive, energy storage technology and business models to the forefront of the energy market and securing our leading position within the flow machine technology sector. This has not been easy; it has been a significant challenge given the stage of the Company's development, requiring complete focus and unwavering dedication from the highly skilled team we have built throughout 2017. My thanks also to our many customers and shareholders, for their continued support as we focus on delivering our solutions into this fast growing, energy storage market.

Scott McGregor
Chief Executive Officer
17 May 2018

Financial review

Overall Group result

The legacy Camco carbon trading and consultancy business continued to have a significant influence on the overall 2017 result, particularly at revenue and gross profit level as can be seen from the table below. The Camco business was substantially discontinued early in January 2018.

	redT				Camco				Group			
	2017 €m	2016 €m	Variance €m	%	2017 €m	2016 €m	Variance €m	%	**2017 €m**	2016 €m	Variance €m	%
Revenue	**0.9**	0.3	0.6	194	**10.9**	10.5	0.4	4	**11.8**	10.8	1.0	9
Gross profit	**0.5**	(1.5)	2.0	133	**3.1**	3.8	(0.7)	(18)	**3.6**	2.3	1.3	59
Admin (excl. SBP[1])	**(8.0)**	(4.7)	(3.3)	(71)	**(2.5)**	(2.9)	0.4	15	**(10.5)**	(7.6)	(2.9)	(38)
Trading (loss)/profit	**(7.5)**	(6.2)	(1.3)	(21)	**0.6**	0.9	(0.3)	(28)	**(6.9)**	(5.3)	(1.6)	(30)
SBP[1]	(1.0)	(0.4)	(0.6)	(178)	–	–	–	–	(1.0)	(0.4)	(0.6)	(178)
Operating loss	(8.5)	(6.6)	(1.9)	(30)	0.6	0.9	(0.3)	(28)	(7.9)	(5.7)	(2.2)	(39)

(1) SBP – Share-based payments

Despite delays in the ramp-up of the redT revenue caused by longer than expected initial production times resulting from delays in recruitment of key engineering resources, Group revenue grew €1.0m to €11.8m (2016 €10.8m) as the Camco business delivered a strong performance.

Group operating loss for the year was €7.9m (2016: €5.7m loss) which, excluding non-cash, share-based payments, corresponds to a trading loss of €6.9m (2016: €5.3m loss), €1.6m more than 2016 due to the expansion of redT's operations as explained below.

Share-based payments increased to €1.0m (2016: €0.4m). This non-cash charge is intended to estimate the value of share-based incentives, such as options, given to employees. It is derived by forecasting the probability weighted, potential increases in value of the share instruments based on historical volatility of the share price. The increase in charge this year is the result of additional options issued to employees during the year.

redT energy storage business

The redT business model is to be an energy storage expert as well as a supplier of its own patented energy storage machines. In 2017 the focus has been on building up the team and developing our products to achieve this.

Overall the redT business generated a trading loss of €7.5m (2016: €6.2m loss).

The revenue of €0.9m (2016: €0.3m) comprised €0.4m of grant funding on the successfully operating Thaba Eco Lodge Project in South Africa together with €0.5m from the release of licence fees deferred from 2016. The gross profit of €0.5m is attributable to the licence fee. Revenue is yet to be recognised on the 2017 commercial Gen 2 orders as these had not been fully commissioned by year end.

New hires in product development, engineering and commercial activities increased average staff numbers from 24 in 2016 to 45 in 2017. Increased staff and product development costs accounted for substantially all of the €3.3m (71%) increase in redT administrative expenses (excluding SBP) to €8.0m (2016: €4.7m). As none of the Gen 2 sales revenue was recognised in 2017, amortisation of redT's €6.8m R&D intangible asset did not commence during the year.

Financial review (continued)

Camco business

The Camco business comprises the legacy Carbon and consultancy activities in Africa and the USA. Overall this business continued to generate a positive cash contribution to the Group.

During 2017 Camco Africa managed the Renewable Energy Performance Platform (REPP) mandate in partnership with Greenstream Network Ltd. Camco US continued its focus on the management of the previously disposed biogas assets via a service contract agreement. Camco Carbon provided ad hoc EU ETS Compliance Services.

The Camco business generated revenue of €10.9m (2016: €10.5m), gross profit €3.1m (2016: €3.8m) and trading profit €0.7m (2016: €0.9m). Increased year-on-year revenue, the reduction in gross profit and the smaller drop in trading profit are due to a change in the mix of contributions from each of the activities. Carbon generated more revenue, however this was low margin and had little impact on gross and trading profit. The reduction in gross profit was a result of the end of Camco Africa's involvement in the co-advisory mandate to Green Africa Power LLP (GAP) by mutual agreement back in November 2016. The US activity remained positive and broadly in line year-on-year.

As detailed in Note 24, Post Balance Sheet Events, the Group divested its holdings in Camco Africa on 5 January 2018 for a nominal amount and ceased its Carbon activities on 10 January 2018.

Fundraising

On 30 December 2016 shareholders approved the issue of 150,000,000 ordinary shares through a placing to institutional and other investors, and up to an additional 35,994,530 ordinary shares by way of an open offer, to raise a total of £14.88m (before expenses). Following the placing of 9,220,156 open offer shares not taken up with institutional investors, a total of 185,994,530 new ordinary shares were admitted to trading on AIM on 3 January 2017, resulting in a revised total issued and voting share capital comprising 653,923,424 ordinary shares. This capital issue was recorded within the 2017 financial year.

On 13 April 2018 the Company announced that it had raised £3.85 million (before expenses) from institutional investors through the placing of 65,392,342 ordinary shares, at a price of 5.9p, and the new shares were admitted to trading on AIM on 19 April 2018. Following admission, the company's enlarged issued share capital now comprises 719,315,766 Ordinary Shares. The capital raised is being used by the Group to support the continued growth of the business, including the development of further product generations to satisfy orders and the pipeline of customer interest.

Cash and cash equivalents

At 31 December 2017, the Group held free cash reserves of €7.4m (2016: €2.8m). The Group continues to have no loans or borrowings. The key movements in cash during 2017 were; proceeds from issue of share capital of €16.5m, cash outflow from operating activities of €10.6m, and cash utilised for the acquisition of property, plant and equipment of €0.5m. The cashflow from operating activities includes a net €3.4m increase in working capital reflecting the increase in production of redT machines combined with the move from Jabil to a new UK manufacturing partner for the manufacture of the initial machines. The credit terms with this manufacture are less favourable than those with Jabil.

Fraser Welham
Chief Financial Officer
17 May 2018

Directors' report

The Directors present their Directors' report and consolidated financial statements for the year ended 31 December 2017 (the "year").

Company incorporation

redT energy plc (the "Company") is a public company admitted to AIM, a market operated by London Stock Exchange plc ("AIM"). The Company is incorporated in Jersey under the Companies (Jersey) Law 1991 as a registered public company and regulated by the Jersey Financial Services Commission ("JFSC"). The Company is registered in Jersey, Channel Islands and is taxed at the Company standard rate of 0%.

Principal activities

The principal activity of the Company and its subsidiaries (together the "Group") is to develop and supply durable and robust energy storage machines based on proprietary vanadium redox flow technology for on and off-grid applications.

Business review and principal risks

The Business review of the Group can be found in the Annual Report of the Company for the year to 31 December 2017, prepared in accordance with the Companies (Jersey) Law 1991 and the AIM Rules of the London Stock Exchange; in the Chairman's review on page 3; the Chief Executive Officer's review on pages 4 to 6; and the Financial review on pages 7 to 8 which are incorporated in this report by reference. The Annual Report also provides a description of the principal financial risks facing the Group as well as the risk management objectives and policies that are in place to assist in mitigating the potential impact. Details of the Group's financial risks can be found in Note 20 to these financial statements.

Results and dividends

The Group loss for the year after taxation was €8.2m (2016: loss €5.6m). The Board does not recommend the payment of a dividend for the year.

The Directors

Details of the Directors who served during the year and present at date of signing are as follows:

Scott McGregor	Chief Executive Officer
David Stewart	Chief Operating Officer (appointed 25 April 2017)
Fraser Welham	Chief Financial Officer (appointed 3 April 2018)
Jeffrey Kenna	Non-executive Chairman
Michael Farrow	Non-executive
Jonathan Marren	Non-executive
Neil O'Brien	Non-executive
Scott Laird	Finance Director (resigned 3 April 2018)
Zainul Rahim bin Mohd Zain	Non-executive (resigned 13 July 2017)
John Ward	Non-executive (resigned 24 October 2017)

Directors' liability insurance and indemnities

The Company maintains liability insurance for the Directors and officers of all Group companies. The policy does not provide cover in the event that a Director or officer is proved to have acted fraudulently or dishonestly. Indemnities are in force under which the Company has agreed to indemnify the Directors to the extent permitted by applicable law and the Company's articles of association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries.

Directors' interests

Details of Directors' interests in the Company's shares are shown in Note 11.

Share capital

The issued share capital of the Company at 1 January 2017 was €4,679,288.94 comprised of 467,928,894 ordinary shares of €0.01. There were no shares held in treasury.

On 3 January 2017 the Company issued 185,994,530 new ordinary shares.

The issued share capital of the Company at 31 December 2017 was €6,539,234.24 comprised of 653,923,424 ordinary shares of €0.01. There were no shares held in treasury.

Substantial shareholdings

As at 30 April 2018, the following shareholders own more than 3% of the issued share capital of the Company:

	% of issued share capital	**Number of shares**
Alchemy Projects Ltd (private investment vehicle of John Ward)	8.88	63,872,819
Payar Investments Ltd (subsidiary of Khazanah Nasional Berhad)	8.65	62,229,986
Schroder Investment Management	6.69	48,087,912
Anthony Millar	3.93	28,236,575
B.S Pension Fund Trustee Ltd	3.48	25,000,000

The above information is based on the latest notifications from significant shareholders received by the Company, adjusted for subsequent share issues.

Political and charitable contributions

The Group made no political or charitable contributions during the year (2016: €Nil).

Corporate governance

The Directors are committed to a high standard of corporate governance for which they are accountable to stakeholders and particularly shareholders. The Company applies, having regard to its size and nature, and so far as it considers practical and appropriate, the principles contained in Part 1 of the Combined Code appended to the Listing Rules published by the UK Listing Authority. The Company continues to monitor developments in the area of corporate governance.

The Board

The Board is ultimately responsible for the effectiveness of the Group's system of internal control. The roles and responsibilities of the Board and senior management are clearly defined and regularly reviewed. The Board includes an appropriate balance of executive and non-executive Directors and meets formally four times a year and on such other occasions as required by the demands of the business. It is supplied with information by senior management in a timely and accurate manner, appropriate to enable it to discharge its duties of reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions.

The roles of the Chairman and the Chief Executive Officer

The division of responsibilities between Chairman of the Board and the Chief Executive Officer are clearly defined. Their responsibilities are outlined below.

The Chairman

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman is not involved in the day-to-day business of the Group. The Chairman facilitates the effective contribution of non-executive Directors and manages constructive relations between non-executive and executive Directors. The Chairman ensures that regular reports from the Company's brokers are circulated to the non-executive Directors to enable non-executive Directors to remain aware of shareholders' views. The Chairman ensures effective communication with the Company's shareholders.

The Chief Executive Officer

The Chief Executive Officer has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. The Chief Executive Officer, in order to carry out the responsibilities delegated to him by the Board, maintains daily contact and holds regular meetings with senior managers within each business segment, to consider operational matters and implement the Group's strategy.

The Board's Committees

The Board has formally established three committees in accordance with the UK Corporate Governance Code for small companies ("The Code") to provide oversight to support the proper governance of the Company, these are outlined below.

The Audit Committee

The Audit Committee comprises Jonathan Marren (Chairman), Michael Farrow and Neil O'Brien who are all non-executive Directors.

The Committee is responsible for the following functions recommended by The Code including:

- Review of the annual financial statements and interim reports prior to approval, focussing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, stock exchange and legal requirements;

Directors' report (continued)

- Receiving and considering reports on internal financial controls, including reports from the auditors and report their findings to the Board;
- Considering the appointment of the auditors and their remuneration including reviewing and monitoring of independence and objectivity;
- Meeting with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise;
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services;
- Review of the Group's corporate review procedures and any statement on internal control prior to endorsement by the Board;
- Recommendation of appointment and reappointment of the external auditors to the Board.

The Remuneration Committee

The Remuneration Committee comprises Neil O'Brien (Chairman), Jonathan Marren and Michael Farrow, who are all non-executive Directors.

The Committee has the following key duties:

- Reviewing and recommending the emoluments, pension entitlements and other benefits of the executive Directors and as appropriate other senior executives; and
- Reviewing the operation of share option schemes and Long Term Incentive Plans and the granting of such options.

The Nomination Committee

The Nomination Committee comprises Jeffrey Kenna (Chairman) and Michael Farrow who are both non-executive Directors.

The Committee is responsible for considering all potential appointments to the Board and to make suitable proposals to the Board in relation to potential appointments.

The Company Secretary

The Company Secretary is Consortia Secretaries Limited which is 100% owned by Consortia Partnership Limited, a Jersey-based limited liability company regulated by the Jersey Financial Services Commission. Michael Farrow is a Director of this company.

Relations with shareholders

The Company provides shareholders and stakeholders with relevant information in a timely and balanced manner. We understand and respect the rights of shareholders, will convene Annual General Meetings in full consideration of these rights, and encourage full participation of both institutional and private investors.

Internal control

The Audit Committee is responsible on behalf of the Board for the Group's system of internal control and has taken into account the relevant provisions of The Code in formulating the systems and procedures in operation by the Group. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provide only reasonable and not absolute assurance against material misstatement or loss. The Board is aware of the need to conduct regular risk assessments to identify any deficiencies in the controls currently operating over all aspects of the Group.

Risk assessment

In determining what constitutes a sound system of internal control the Board considers:

- The nature and extent of the risks regarded as acceptable for the Group to bear within its particular business;
- The threat of such risks becoming reality;
- The Group's ability to reduce the incidence and impact on business if the risk crystallises;
- The costs and benefits resulting from operating relevant controls; and
- Recommendations from the Audit Committee as part of its overall responsibility for risk.

Policies

Through the regular meetings of the Board and the schedule of matters reserved for the Board's committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. For each financial year, the Board considers and approves a strategic plan and financial budget. In addition, there are established procedures and processes for planning and controlling expenditure and making investments.

Processes

The Group utilises the following broad processes in order to further mitigate any risks it faces.

- Review of management accounts with comparison of actual performance against budget; and consideration of the outturn for the year;
- Approval by the Board is required for major investments outside the budget.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Report on pages 4 to 6. The financial position of the Group, its cash flows and liquidity position are described in the same report. In addition, Notes 20 to 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has sufficient financial resources together with long-term relationships with a number of customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Directors' report (continued)

The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, they consider it appropriate for the financial statements to be prepared on a going concern basis.

Post balance sheet events

Particulars of important events affecting the Group since the financial year end are set out on Note 24 to the financial statements.

Disclosure of information to auditor

Each of the Directors confirms that: (a) so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of such information.

Auditor

A resolution for the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Michael Farrow
Consortia Secretaries Limited
Company Secretary

Registered Office:
3rd Floor
Standard Bank House
47-49 La Motte Street
St Helier
Jersey
JE2 4SZ

17 May 2018

Report of the remuneration committee

Composition and terms of reference

The Remuneration Committee was established on admission to AIM on 25 April 2006 and comprises only independent non-executive Directors. Its members during the year were Neil O'Brien (Chairman), Jonathan Marren and Michael Farrow. The Committee's terms of reference take into account the provisions of The Code on corporate governance for smaller companies and ensure that processes designed to retain and remunerate the executive Directors and management are consistent with current best practice.

Directors' remuneration policy

Non-executive Directors

The Company's policy for non-executive Directors (including the Chairman) is to pay fees which are competitive with fees paid by other similar AIM listed companies of commensurate size and growth prospects. Non-executives are not currently eligible for bonuses, share options, long-term incentives, pensions or performance related remuneration.

Executive Directors

The Company's policy for executive Directors is to provide remuneration and other benefits sufficient to attract, retain and motivate executives of the calibre required. Total remuneration includes salary, performance related bonuses, share options and long-term incentives. Bonuses are provided at the discretion of the Remuneration Committee and are performance related. Share options and long-term incentives are provided to motivate and retain executive Director's services.

Directors' remuneration during the year

	2017 Salaries and fees €'000	2017 Benefits in kind €'000	2017 Short-term performance related remuneration €'000	2017 Long-term performance related remuneration €'000	2017 Pension benefits €'000	2017 Total €'000
Executive Directors						
Scott McGregor	228	2	–	–	–	230
David Stewart	114	2	–	–	4	120
Scott Laird	74	–	–	–	–	74
Non-executive Directors						
Jeffrey Kenna	69	–	–	–	–	69
Michael Farrow	34	–	–	–	–	34
Zainul Rahim bin Mohd Zain	18	–	–	–	–	18
Jonathan Marren	40	–	–	–	–	40
Neil O'Brien	30	–	–	–	–	30
Total	607	4	–	–	4	615

Report of the remuneration committee (continued)

	2016 Salaries and fees €'000	2016 Benefits in kind €'000	2016 Short-term performance related remuneration €'000	2016 Long-term performance related remuneration €'000	2016 Pension benefits* €'000	2016 Total €'000
Executive Directors						
Scott McGregor	244	2	102	–	–	348
Jonathan Marren	30	–	–	–	–	30
Non-executive Directors						
Jeffrey Kenna	73	–	–	–	–	73
Michael Farrow	40	–	–	–	–	40
Zainul Rahim bin Mohd Zain	37	–	–	–	–	37
Jonathan Marren	33	–	–	–	–	33
Neil O'Brien	10	–	–	–	–	10
Total	467	2	102	–	–	571

* During 2016 each of executive Directors waived their contractual entitlement to pension contributions (5%) for the entire year.

Defined contribution retirement benefit plan

The Group operates a defined contribution, retirement benefit plan for qualifying Directors and employees. The assets of this plan are held separately from those of the Group. The only obligation of the Group is to make the contributions.

Long-Term Incentive Plan (the "LTIP")

The Board has historically approved the LTIP under which Directors and employees were entitled to equity-settled payment following annual vesting dates from 31 December 2008 up to 31 December 2012, upon certain market and non-market performance conditions being met in the years preceding those dates.

The purpose of the LTIP was to incentivise Directors and employees to meet profit and share price performance targets over the years ending on the vesting dates. The LTIP aligned Director's objectives with those of the shareholders.

The Board now considers the LTIP closed and accordingly no further awards were made during the year. As at the beginning and end of the year, there were 750,000 awards vested and exercisable at €0.01 per share held by Scott McGregor. Whilst in employment there is no defined time-lapse period, however post-employment termination, there is a 12-month exercise period.

The share-based payment charge booked in respect of the LTIP in these financial statements for Scott McGregor is €Nil (2016: €Nil).

Camco 2006 Executive Share Plan (the "Plan")

On 27 July 2012, the Company resolved at general meeting to amend the terms of the Plan such that awards could be made under the Plan for a period of 10 years from 27 July 2012 over up to 10 per cent of the ordinary shares in issue as 27 July 2012 plus any shares subsequently issued.

Under the Plan the Company can make awards of share options or conditional rights to receive shares ("awards") to selected Directors and employees.

The purpose of the Plan was to incentivise Directors and employees to meet market (share price) and non-market (operational) performance targets over the vesting period.

The Board now considers the Plan closed and accordingly no further awards were made during the year. As at the beginning and end of the year there were 3,406,358 awards vested and exercisable at €0.01 per share held by Scott McGregor. Awards held by Scott McGregor have a time-lapse period of 10 years from the date of grant (30 July 2023), and a period of 12 months post-employment termination.

The share-based payment charge booked in respect of the plan in these financial statements for Scott McGregor is €Nil (2016: €Nil).

2015 redT employee Share Plan (the "2015 Plan")

On 30 November 2015, the Company resolved at a general meeting to approve the 2015 Plan, which allowed for awards to be made up to 10% of the issued share capital of the Company from time to time.

Under the 2015 Plan the Company can make awards of share options or conditional rights to receive shares ("awards") to selected Directors and employees.

The purpose of the 2015 Plan was to incentivise Directors and employees to meet market (share price) and non-market (operational) performance targets over the vesting period.

"Awards" issued to Directors

	At 31 December 2016 Share awards outstanding Number	Granted Number	Forfeited Number	Vested Number	At 31 December 2017 Share awards outstanding Number	Price payable (per share) €
Scott McGregor	–	10,000,000	–	(3,500,000)	**6,500,000**	0.09168
David Stewart	–	4,000,000	–	–	**4,000,000**	0.09168
Scott Laird	2,779,661	1,000,000	–	(694,916)	**3,084,745**	*0.07786/ 0.09168
Total	2,779,661	15,000,000	–	(4,194,916)	**13,584,745**	

* Awarded share options on 7 December 2015 at exercise price of €0.07786 and 13 March 2017 at exercise price of €0.09168.

The share-based payment charge booked in these financial statements for Scott McGregor is €295,345 (2016: €Nil), Scott Laird €63,557 (2016: €51,040) and David Stewart €63,073 (2016: €Nil).

Awards without performance criteria

7,779,661 of granted options: 25% of options will vest after the expiry of 2 years from date of grant, a further 25% of options will vest after the expiry of 3 years from date of grant, a further 25% of options will vest after the expiry of 4 years from date of grant (in all cases rounded down where necessary) and the remainder will vest after the expiry of 5 years from date of grant.

3,500,000 of granted options: vested on 31 December 2017. The option period continues for up to 36 months after the vesting conditions are satisfied, as long as the Company remains quoted.

Report of the Remuneration Committee (continued)

Awards with Performance criteria

3,250,000 of granted options will vest based upon a market-based performance condition, they will vest upon the Company's 90-day volume weighted average share price reaching the level of 15p.

3,250,000 of granted options will vest based upon a non-market performance condition, vesting upon the achievement of specific and measurable operational targets set by the Board.

The Company's share price at the end of the year was 8.500 pence/€0.0956 (2016: 8.830 pence/€0.1035). The highest share price in the year was 12.375 pence/€0.1392 (2016: 16.250 pence/€0.1906) and the lowest 6.625 pence/€0.0745 (2016: 6.875 pence/€0.0806).

Directors' service contracts

Non-executive Directors, including the Chairman, hold office under the Company's Articles of Association and do not have service contracts. The Chairman is entitled to 6 months' notice prior to termination of his appointment. The other non-executive Directors are entitled to 3 months' notice prior to termination of their appointment. Following these notice periods there is no further entitlement to compensation or other benefits.

The Group's policy is that executive Directors' notice periods should not exceed one year. Scott McGregor holds an employment contract with the Group dated 16 March 2006 and is terminable with 6 months' notice given by the Group or employee. David Stewart holds an employment contract with the Group dated 27 February 2017 and is terminable with 6 months' notice given by the Group or employee. Fraser Welham holds an employment contract with the Group dated 3 April 2018 and is terminable with 6 months' notice given by the Group or employee. There are no provisions for compensation for early termination of these contracts, except for change of role in the event of a merger or acquisition.

The tables above comprise part of the audited financial statements.

By Order of the Board

Neil O'Brien
Remuneration Committee Chairman
17 May 2018

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS").

As required by the AIM Rules for Companies of London Stock Exchange Plc, the directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the profit and loss for that year.

In preparing those financial statements the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 the business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor’s report
to the members of redT energy plc

Report on the audit of the group financial statements

Opinion

In our opinion, redT energy plc’s group financial statements (the “financial statements”):

- give a true and fair view of the state of the group’s affairs as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Financial Statements (the “Annual Report”), which comprise: the consolidated statement of financial position as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flow for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

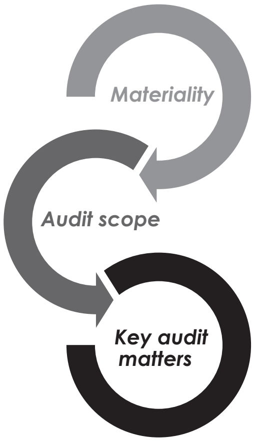
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

The context for our audit is set by redT energy plc’s (‘redT’) major activities in 2017. In the year, redT continued to develop Generation 2 of the energy storage machines. Revenue is yet to be recognised on these machines as they had not been fully commissioned by year end and hence did not meet the revenue recognition criteria. redT also continued development and appraisal of Generation 3 of the energy storage machines.

Overview



- Overall materiality: €269,107 based on 1% of total assets.

- The group principal activity is to develop and supply durable and robust energy storage machines.
- We tailored the scope of our audit taking into account the significant balances within the group, the accounting processes, and the industry in which the group operates.
- The audit work was performed by a team based in the UK.

- Impairment of intangible assets
- Going concern

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of intangible assets The Group holds intangible assets, including group goodwill and intellectual property, which arose on the acquisition of the remaining shareholding of redT energy Holdings (Ireland) Limited. IAS 36 Impairment of assets requires an annual impairment assessment to be carried out for all indefinite life intangibles (goodwill) and whenever there are any indications of impairment for all other assets. Given the significance of the intangibles balance and that the product arising from the intangibles are not fully commercially available there is a risk that the value may not be recoverable. As impairment assessments are based on future projections and key assumptions, which are inherently subjective, this heightens the risk around carrying value of intangible assets.	We tested management's impairment assessment of goodwill and intellectual property by performing the work described below: • reviewing the mathematical accuracy of key formulae in the impairment models and found no exceptions; • comparing the assumptions used within the impairment models to approved budgets and business plans and other evidence of future intentions for the relevant assets, which we found not to be inconsistent; • comparing forecasted sales in 2018 from Generation 2 and 3 to the current orders and demand from third parties. • involving our PwC valuations team to benchmark key assumptions including discount rate and growth rate against companies in the same industry as redT and at the same stage. We noted the assumptions are within the reasonable range; • reviewing management's sensitivities and performing additional sensitivity analysis over key assumptions in the model in order to assess the potential impact of a range of possible outcomes. We determined that the calculation was most sensitive to assumptions relating to the sale of generation 3 ("Gen3") machines; and, • assessing the inclusion of all appropriate assets and liabilities in the cash generating unit and in particular given that the recoverable amount is determined based on the value in use, the inclusion or exclusion of certain tax related balances and agreed that all relevant balances had been included. Based on the work performed, we determined that the assumptions used and the approach taken was reasonable.

Key audit matter	*How our audit addressed the key audit matter*
Going concern Although the share issue at the beginning of 2017 of €17.1m (April 2018: €4.4m) raised significant levels of cash to enable the Group to continue to fund the development of the Vanadium Batteries, the product is not yet in the commercial mass sales stage. As such, there remains an element of doubt over the commercial viability of the energy storage machines. Should these not reach commercial viability or fail to achieve expected sales targets, through pricing or through demand, then there is a risk that the company cannot continue as a going concern.	We challenged management's assessment of going concern by performing the work described below: • reviewing the mathematical accuracy of key formulae in the going concern models and found no exceptions; • comparing the assumptions used within the going concern model to the assumptions used in the impairment model and approved budgets and business plans. • reviewing management's sensitivities and performing additional sensitivity analysis over key assumptions in the model in order to assess the potential impact of a range of possible outcomes; • obtaining and reviewing market trend data and reports for energy storage machines and comparing these to management forecasts; • comparing previous forecasts to actual results in order to evaluate management's history of accurately forecasting. Where there were differences, we sought explanations for these; and, • assessing the impact of recent fund raise on 13 April 2018 of €4.4mn. Please refer to conclusion relating to going concern in the section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the location of accounting processes and controls, and the industry in which the group operates. For operating purposes, the group is structured around two key segments: redT and Camco. redT develops and supplies durable and robust energy storage machines. Camco business segment comprises of Africa, US and Carbon and specialises in carbon trading.

Our group scoping was based on total profit/ (loss) generated from each entity. We noted total assets will not be the appropriate benchmark to scope components as some of the components generate profit/ (loss) but have very low assets base. We identified three financially significant components, comprising a high proportion of total group loss before tax, which required an audit of their complete financial information. A further four components were subject to procedures at the trade receivables, deferred income, and revenue financial statement line item level to obtain sufficient coverage.

The audit work was performed by a team based in the UK.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€269,107
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is an appropriate measure for a group at the current stage of developing energy storage machines. There was no revenue recognised during the year from the sale of generation 2 machines as the machines had not reached the commercial stage at year end.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between €9,570- €150,642. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €13,455 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 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.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept; or
- proper 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.

Richard Spilsbury
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor

Edinburgh
17 May 2018

Consolidated statement of financial position
At 31 December 2017

	Notes	2017 €'000	2016 €'000
Non-current assets			
Property, plant and equipment	12	**482**	103
Intangible assets and goodwill	13	**14,989**	14,989
Deferred tax assets	9	**96**	175
		15,567	15,267
Current assets			
Inventory	14	**619**	–
Prepayments and accrued income	15	**1,065**	509
Trade and other receivables	16	**2,221**	775
Corporate tax receivable		**7**	7
Cash and cash equivalents		**7,431**	2,753
		11,343	4,044
Total assets		**26,910**	19,311
Current liabilities			
Trade and other payables	17	**(1,675)**	(3,972)
Deferred income	18	**(2,013)**	(480)
		(3,688)	(4,452)
Non-current liabilities			
Deferred income	18	**(70)**	(222)
		(70)	(222)
Total liabilities		**(3,758)**	(4,674)
Net assets		**23,152**	14,637
Equity attributable to equity holders of the parent			
Share capital	19	**6,539**	4,679
Share premium		**103,800**	89,201
Share-based payment reserve	19	**1,936**	1,118
Retained earnings		**(87,518)**	(79,340)
Translation reserve	19	**195**	729
Other reserve	19	**(1,621)**	(1,621)
Non-controlling interest	19	**(179)**	(129)
Total equity		**23,152**	14,637

The notes on pages 32 to 59 form an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 17 May 2018 and were signed on its behalf by:

Michael Farrow
Director
Company Registration Number 92432

Consolidated statement of comprehensive income

For the year ended 31 December 2017

	Notes	**2017 €'000**	2016 €'000
Revenue	3	**11,838**	10,829
Cost of sales		**(8,227)**	(8,563)
Gross profit		**3,611**	2,266
Administrative expenses		**(11,497)**	(7,927)
Loss from operating activities		**(7,886)**	(5,661)
Financial income	8	**1**	38
Foreign exchange movement	8	**(288)**	(168)
Net financing expense		**(287)**	(130)
Loss before tax		**(8,173)**	(5,791)
Income tax (charge)/credit	9	**(55)**	154
Loss for the year		**(8,228)**	(5,637)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(534)**	(164)
Total comprehensive loss for the year		**(8,762)**	(5,801)
Loss for the year attributable to:			
Equity holders of the parent		**(8,178)**	(5,517)
Non-controlling interest		**(50)**	(120)
		(8,228)	(5,637)
Total comprehensive loss for the year attributable to:			
Equity holders of the parent		**(8,712)**	(5,681)
Non-controlling interest		**(50)**	(120)
		(8,762)	(5,801)
Basic loss per share in € cents	10	**(1.28)**	(1.23)
Diluted loss per share in € cents	10	**(1.28)**	(1.23)

The notes on pages 32 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For year ended 31 December 2017

	Notes	2017 Share capital €'000	2017 Share premium €'000	2017 Share-based payment reserve €'000	2017 Retained earnings €'000	2017 Translation reserve €'000	2017 Other reserve €'000	2017 Equity attributable to shareholders of the Company €'000	2017 Equity attributable to non-controlling interest €'000	2017 Total Equity €'000
Balance as at 1 January 2017		**4,679**	**89,201**	**1,118**	**(79,340)**	**729**	**(1,621)**	**14,766**	**(129)**	**14,637**
Total comprehensive loss for the year										
Loss for the year		**–**	**–**	**–**	**(8,178)**	**–**	**–**	**(8,178)**	**(50)**	**(8,228)**
Other comprehensive loss										
Foreign currency transaction differences		**–**	**–**	**–**	**–**	**(534)**	**–**	**(534)**	**–**	**(534)**
Total comprehensive loss for the year		**–**	**–**	**–**	**(8,178)**	**(534)**	**–**	**(8,712)**	**(50)**	**(8,762)**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	6	**–**	**–**	**818**	**–**	**–**	**–**	**818**	**–**	**818**
Issuance of shares	19	**1,860**	**14,722**	**–**	**–**	**–**	**–**	**16,582**	**–**	**16,582**
Transaction costs arising on share issues		**–**	**(123)**	**–**	**–**	**–**	**–**	**(123)**	**–**	**(123)**
Total contributions by and distributions to owners		**1,860**	**14,599**	**818**	**–**	**–**	**–**	**17,277**	**–**	**17,277**
Balance at 31 December 2017		**6,539**	**103,800**	**1,936**	**(87,518)**	**195**	**(1,621)**	**23,331**	**(179)**	**23,152**

The notes on pages 32 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For year ended 31 December 2016

	Notes	2016 Share capital €'000	2016 Share premium €'000	2016 Share-based payment reserve €'000	2016 Retained earnings €'000	2016 Translation reserve €'000	2016 Other reserve €'000	2016 Equity attributable to shareholders of the Company €'000	2016 Equity attributable to non-controlling interest €'000	2016 Total Equity €'000
Balance as at 1 January 2016		4,098	85,375	773	(73,823)	893	(1,621)	15,695	(9)	15,686
Total comprehensive loss for the year										
Loss for the year		–	–	–	(5,517)	–	–	(5,517)	(120)	(5,637)
Other comprehensive loss										
Foreign currency transaction differences		–	–	–	–	(164)	–	(164)	–	(164)
Total comprehensive loss for the year		–	–	–	(5,517)	(164)	–	(5,681)	(120)	(5,801)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	6	–	–	345	–	–	–	345	–	345
Issuance of shares	19	581	3,991	–	–	–	–	4,572	–	4,572
Transaction costs arising on share issues		–	(165)	–	–	–	–	(165)	–	(165)
Total contributions by and distributions to owners		581	3,826	345	–	–	–	4,752	–	4,752
Balance at 31 December 2016		4,679	89,201	1,118	(79,340)	729	(1,621)	14,766	(129)	14,637

The notes on pages 32 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of cash flow

For year ended 31 December 2017

	Notes	**2017 €'000**	2016 €'000
Cash flows from operating activities			
Loss for the year		**(8,228)**	(5,637)
Adjustments for:			
Depreciation, amortisation and impairment	12	**130**	57
Foreign exchange loss/(gain) on translation	8	**288**	168
Financial income	8	**(1)**	(38)
Impairment of receivables – bad debt write-off		**4**	(36)
Equity settled share-based payment expenses	6	**1,030**	345
Taxation	9	**55**	(59)
		(6,722)	(5,200)
(Increase)/decrease in trade and other receivables		**(1,999)**	170
Increase in inventory		**(619)**	–
Decrease in trade and other payables		**(1,232)**	(1,314)
		(3,850)	(1,144)
Net cash outflow from operating activities		**(10,572)**	(6,344)
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	**(519)**	(72)
Net cash inflow from investing activities		**(519)**	(72)
Cash flows from financing activities			
Proceeds from the issue of share capital		**16,459**	4,406
Proceeds from other financial assets		**–**	2,420
Interest received	8	**1**	38
Net cash inflow from financing activities		**16,460**	6,864
Net increase in net cash and cash equivalents		**5,369**	448
Net cash and cash equivalents at 1 January		**2,753**	2,935
Effect of foreign exchange rate fluctuations on cash held		**(691)**	(630)
Net cash and cash equivalents at 31 December		**7,431**	2,753

The notes on pages 32 to 59 form an integral part of these consolidated financial statements.

Notes
(forming part of the financial statements)

1. Accounting policies

redT energy plc (the "Company") is a public company incorporated in Jersey under the Companies (Jersey) Law 1991. The address of its registered office is 3rd floor, Standard Bank House, 47-49 La Motte Street, St Helier Jersey, JE2 4SZ. The consolidated financial statements of the Company for the year ended 31 December 2017 comprise of the Company and its subsidiaries (together the "Group"). The Company's shares are quoted on AIM, a market operated by London Stock Exchange Plc.

A. *Statement of compliance*

These consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ("adopted IFRS").

These consolidated financial statements have been prepared in accordance with and in compliance with the Companies (Jersey) Law 1991, an amendment to which means separate parent company financial statements are not required.

These consolidated financial statements were approved by the Board on 17 May 2018.

B. *Basis of preparation*

The financial statements are presented in Euros, the functional currency of the Company, rounded to the nearest thousand Euros.

The accounting policies set out below have been applied consistently in the year and presented in these consolidated financial statements. The accounting policies have been consistently applied across all Group entities for the purposes of producing these consolidated financial statements.

The financial statements have been prepared on historical cost and going concern basis.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS requires 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 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 of assets and liabilities 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of goodwill – goodwill is tested annually for any impairment in accordance with the accounting policy stated in Note 1 G below. These tests require the use of management estimates and assumptions as detailed in Note 13 – Intangible & goodwill.

Share-based payments – the expense relating to share-based payments is determined in accordance with the accounting policy stated in Note 1 L below. The calculation of this expense requires the use of various management estimates.

Critical accounting Judgements and assumptions

In the view of the directors there are no critical accounting judgements in the Group's financial statements.

Going Concern Basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executives Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review. In addition, Notes 20 and 21 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has sufficient financial resources together with long-term relationships with a number of customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, they consider it appropriate for the financial statements to be prepared on a going concern basis.

Basis of consolidation

Subsidiaries – subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation – intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Business Combinations

The Group adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for all business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The Group adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. The Group also applied IAS 27 (2008) for the disposal and acquisition of non-controlling interests that do not result in loss of control.

Acquisitions and disposals of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the fair value of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The Group applied IAS 27 (2008) in accounting for transactions which result in the loss of control of subsidiaries. Under the accounting policy transactions that result in loss of control are accounted for by derecognising the previously consolidated assets and liabilities of the subsidiary and the carrying amount of any non-controlling interests in the former subsidiary and recognising the retained investment at its fair value at the date when control is lost and any consideration received. The resulting difference, including any related gains or losses previously recognised in other comprehensive income that qualify to be recycled to profit or loss, is recognised in profit or loss as a gain or loss on the disposal.

C. Revenue recognition

US business

Revenue recognition on US service contracts

The US business generates revenue on the management of third party biogas facilities. Revenue is recognised monthly based upon the contractual monthly management fees.

Africa clean energy business

Revenue recognition on investment advisory services

The investment advisory business derives revenue from a mandate whereby it is the lead advisor to the Renewable Energy Performance Platform ("REPP"). Revenue is recognised monthly based upon contractual monthly management fees.

redT energy storage business

Revenue recognition on contract project work

Revenue is recognised in the income statement in proportion to the stage of completion of the contracted project work. The stage of completion is assessed by reference to the overall contract value.

Revenue recognition on energy storage machine sales

Revenue from system sales is recognised when the system has been delivered, installed, and fully commissioned (system fully operating). Only once successfully commissioned can revenue be recognised in line with standard sale of goods recognition criteria. Where the customer has been billed in advance, revenue will be deferred and recognised as deferred income on the balance sheet until the system has been fully commissioned.

Group (Other)

Revenue recognition on CDM carbon and EU ETS compliance services

The Group derives revenue from the sale of emissions allowances and offsets to its clients which it acquires in a separate transaction. The Group acts as principle in both the sale and purchase transactions with revenue and purchase cost recognised simultaneously on the transaction date.

D. Goodwill

Subsidiary

On acquisitions since 1 January 2009 the Group measures goodwill as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Subsequent measurement – goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

E. Intangible assets

Intangible assets recognised within the balance sheet relate exclusively to 'research and development (R&D)' as part of the acquisition of the Renewable Energy Dynamics Holdings Limited (REDH) business in September 2015. The R&D related to expenditure incurred within two main categories, Technical Expertise (Personnel Costs) and Other Directly Attributable Administration Expenses incurred by the REDH business since 2010 until the date of acquisition. At the date of acquisition, R&D was capitalised as an intangible asset.

Amortisation of the intangible assets will begin once the redT energy storage system becomes fully commercialised, with the recognition of revenue in the Income Statement from the sale of commercial systems. This criterion was not met in the year ended 31 December 2017. The situation will be reviewed in 2018 to confirm the amortisation status of the intangible asset, as well as to determine its effective useful economic life.

F. Property, plant and equipment

Computer and office equipment: computer and office equipment is held at historical cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of three years.

Leasehold improvements: leasehold improvements are held at historical cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the remaining life of the lease.

Property plant and equipment: property plant and equipment is held at historical cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the assets (3 to 25 years).

G. *Impairment*

The carrying amounts of the Group's property, plant and equipment, goodwill and other intangibles are reviewed at least annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For assets that have an indefinite useful life the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the income statement. The recoverable amount is the greater of the fair value less cost of disposal and the value in use. Value in use is calculated as the present value of estimated future cash flows, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist because of a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that the asset would have had, net of depreciation and amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill on acquisition is not reversed.

H. *Non-current assets held for sale and discontinued operations*

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs of disposal with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement, although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and property, plant and equipment, once classified as held for sale or distribution, are not amortised or depreciated.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

I. *Foreign exchange*

Foreign currency transactions

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the 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 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 foreign exchange rate at the date of transaction.

Year-end FX rates to Euros as applied in the financial statements: GBP 0.8886 (2016: 0.8524), USD 1.1999 (2016: 1.0520), CNY 7.8068 (2016: 7.3056), ZAR 14.8608 (2016: 14.4509).

J. *Inventory*

Stock

Represents stock of “stack units” for maintenance and repairs of storage machines.

Work in progress

Consists of energy storage machine under construction.

Finished goods

Completed energy storage machines that are awaiting installation and commissioning.

Inventory is reviewed on an ongoing basis to ensure that any obsolete stock is written off and the carrying value of all inventory lines are at the lower of cost and net realisable value.

K. *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 business combinations, items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred 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 tax asset is realised or the deferred tax liability is settled.

Deferred 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.

L. *Employee benefits*

Employee share schemes

The Group enters into arrangements that are equity-settled, share-based payments with certain employees (including Directors) in the form of share options. The fair value of these options are estimated at the date of grant and combined with the Group's estimate of options that will eventually vest to arrive at an overall expected value. This value is then amortised through the income statement on a straight-line basis over the vesting period year. Fair value is measured by use of an appropriate model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company. The charge is adjusted at each balance sheet date to reflect the actual number of shares expected to vest based on non-market performance conditions such as Group profit targets and employment service conditions where appropriate. The movement in cumulative charges since the previous balance sheet is recognised in the income statement, with a corresponding entry in equity.

Where the Company grants share based payment awards over its own shares to employees of its subsidiaries it recognises the corresponding movement directly in equity and recharges in the full the share based payment charge to the relevant subsidiary.

Defined contribution pension scheme

In the UK, the Group operates a defined contribution retirement benefit plan for qualifying employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due.

M. *Operating segments*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, corporate expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

N. *Earnings per share*

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted EPS. Anti-dilution is when an increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

O. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

P. Leased assets

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

Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Notes (continued)

Q. *Finance income and expense*

Finance income comprises interest income on surplus funds, unwinding of the discount on provisions and accrued costs. Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowings, finance leases and unwinding of the discount on provisions and accrued costs. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses arising from a group of similar transactions are reported on a net basis.

R. *Non-derivative financial assets*

The Group has the following non-derivative financial assets: cash and cash equivalents, trade and other receivables and other financial assets. Such financial assets are recognised initially at fair value and subsequently carried at amortised cost and assessed for impairment at the end of each financial period.

S. *Non-derivative financial liabilities*

The Group has the following non-derivative financial liabilities: trade and other payables and payments on account. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

T. *New accounting standards and interpretations*

(a) *New standards, amendments and interpretations*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, these have had no material impact on the group.

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The group does not currently hold any balance sheet liabilities for which cash flows are classified as financing activities.

- Amendments to IAS 12 'Income taxes' on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measure at fair value. The group does not currently hold applicable debt instruments.

- IFRS 12 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. Previously it was unclear whether all other IFRS 12 requirements were applicable for these interests. The group does not currently interest in items requiring disclosure under the amended standard.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the preparation of the financial statements of the group.

- Amendments to IFRS 2, ‘Share based payments’, on clarifying how to account for certain types of share-based payment transactions. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. Based on the initial assessment, this standard is not expected to have an impact as a result of the group not having entered, or expected to enter, into the types of share-based transactions applicable under the amended standard.

- IFRS 9 ‘Financial instruments’. This amendment replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Based upon the initial assessment, this standard does not have a material impact on the group.

- IFRS 15 ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The core principle is to recognise revenue when control of the goods or service transfers to the customer. This is opposed to recognising revenue when the risks and rewards transfer to the customer under the existing revenue guidance and determining an appropriate transaction price when multiple performance obligations exist. The Group currently has no revenues which would be directly impacted by the new standard, however the group will continue to assess the potential impact of the adoption of this guidance.

- IFRIC 22 ‘Foreign currency transactions and advance consideration’. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or prices in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. Based upon the initial assessment, this standard is not expected to have a material impact on the group.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. The full impact of these standards has yet to be fully assessed.

- IFRS 16 ‘Leases’. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts.

- IFRIC 23 'Uncertainty over income tax treatments'. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC has clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

2. Segmental reporting

Operating segments

The Group reports these results in line with the following main reporting segments:

redT – redT develops and supplies durable and robust energy storage machines based upon a proprietary vanadium redox flow technology for on and off-grid applications. This operating segment also contains the corporate costs of the Group.

Camco – Camco business segment comprises of Africa, US and Carbon. Camco Africa manages an investment advisory mandate with Renewable Energy Performance Platform (REPP) in partnership with Greenstream Network Ltd. The US comprises the management of divested biogas assets via a service contract agreement. Carbon contains the EU ETS Compliance Services business.

Inter segment transactions are carried out at arm's length.

Operating segments

	redT		Camco		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Revenue	**889**	302	**10,949**	10,527	**11,838**	10,829
Gross profit/(loss)	**507**	(1,540)	**3,104**	3,806	**3,611**	2,266
Administrative expenses	**(8,030)**	(4,644)	**(2,437)**	(2,875)	**(10,467)**	(7,519)
Trading profit	**(7,523)**	(6,184)	**667**	931	**(6,856)**	(5,253)
Share-based payments	**(1,030)**	(408)	**–**	–	**(1,030)**	(408)
Results from operating activities	**(8,553)**	(6,592)	**667**	931	**(7,886)**	(5,661)
Finance income/(expense)					**1**	38
Foreign exchange movement					**(288)**	(168)
Taxation					**(55)**	154
Loss for the year					**(8,228)**	(5,637)
Total assets	**24,473**	17,387	**2,437**	1,924	**26,910**	19,311
Total liabilities	**(2,919)**	(4,100)	**(839)**	(574)	**(3,758)**	(4,674)
Capital expenditure	**519**	72	**–**	–	**519**	72
Depreciation	**129**	53	**1**	4	**130**	57

3. Revenue

By reporting segments:

	2017 €'000	2016 €'000
redT	**889**	302
Camco	**10,949**	10,527
Total revenue	**11,838**	10,829

4. Expenses and auditor's remuneration

Included in comprehensive income are the following:

	2017 €'000	2016 €'000
Depreciation of property, plant and equipment – owned assets (Note 12)	**130**	57
Operating lease rental – land and buildings (Note 22)	**332**	211
Share-based payments (Note 6)	**1,030**	408

Services provided by the Group's auditor:

During the year the Group obtained the following services from the Company's auditor, PricewaterhouseCoopers LLP:

	2017 €'000	2016 €'000
Audit of these financial statements	**62**	62
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**10**	11
Non-audit services	**9**	–
Total services	**81**	73

5. Staff numbers and costs

The average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	Number of employees 2017	2016
redT	**45**	24
Camco	**15**	19
	60	43

The aggregate payroll costs of continuing operations were as follows:

	2017 €'000	2016 €'000
Wages and salaries	**5,249**	3,674
Share-based payments (see Note 6)	**1,030**	408
Social security costs	**424**	381
Contributions to defined contribution plans (Note 7)	**121**	48
	6,824	4,511

Notes (continued)

Wages and salaries shown above include salaries paid in the year and bonuses relating to the year. These costs are charged within administration expenses.

6. Share-based payments

The Group operated share-based incentive plans called the Long-Term Incentive Plan (the "LTIP"), the Camco 2006 Executive Share Plan, and the 2015 redT Employee Share Plan. The expense recognised in respect to the plans is set out below.

	2017	2016
	€'000	€'000
2015 redT Employee Share Plan	**1,030**	345
NIC on exercised options – Camco 2006 Executive Share Plan	**–**	63
	1,030	408

Long-Term Incentive Plan (the "LTIP")

The Board has historically approved the LTIP under which Directors and employees were entitled to equity-settled payment following annual vesting dates from 31 December 2008 up to 31 December 2012, upon certain market and non-market performance conditions being met in the years preceding the vesting dates.

The purpose of the LTIP was to incentivise Directors and employees to meet profit and share price performance targets over the years ending on the vesting dates. The LTIP aligned Director's objectives with those of the shareholders.

The Board now considers the LTIP closed and accordingly no further awards were made during the year. As at the beginning and end of the year, there were 750,000 options, vested and exercisable, at €0.01 per share. Whilst in employment there is no defined time-lapse period, however post-employment termination, there is a 12-month exercise period.

Camco 2006 Executive Share Plan (the "Plan")

On 27 July 2012, the Company resolved at general meeting to amend the terms of the Plan such that awards could be made under the Plan for a period of 10 years from 27 July 2012 over up to 10 per cent of the ordinary shares in issue as 27 July 2012 plus any shares subsequently issued.

Under the Plan the Company can make awards of share options or conditional rights to receive shares ("awards") to selected Directors and employees.

The purpose of the Plan was to incentivise Directors and employees to meet market (share price) and non-market (operational) performance targets over the vesting period.

The Board now considers the Plan closed and accordingly no further awards were made during the year. As at the beginning and end of the year there were 3,406,358 options, vested and exercisable, at €0.01 per share held by Scott McGregor. Awards held by Scott McGregor have a time-lapse period of 10 years from the date of grant (30 July 2023) or 12 months post-employment termination if earlier.

2015 redT Employee Share Plan (the "2015 Plan")

On 30 November 2015, the Company resolved at a general meeting to approve the 2015 Plan, which allowed for awards to be made up to 10% of the issued share capital of the Company.

Under the 2015 Plan the Company can make awards of share options or conditional rights to receive shares ("awards") to selected Directors and employees.

The purpose of the 2015 Plan was to incentivise Directors and employees to meet market (share price) and non-market (operational) performance targets over the vesting period.

- 7 December 2015 the Company awarded several employees (no Directors at the time) the option to acquire an allotted number of ordinary shares of up to €0.01 each in the capital of the Company at an Exercise Price of 5.6p/€0.07786 per share (11,535,321 shares) and an Exercise Price of €0.01179 (13,898,307 shares). 6,949,153 of allotted options exercisable at 5.6p/€0.07786 were forfeited in 2016 and a further 416,886 in 2017.

- 30 June 2016 the Company awarded an employee (not a Director) the option to acquire an allotted number of ordinary shares of up to €0.01 each in the capital of the Company at an Exercise Price of 5.6p/€0.06762 per share (2,779,661 shares).

Exercise criteria for 7 December 2017 and 30 June 2016 awards

20,847,250 granted options: 25% of options will vest after the expiry of 2 years from date of grant, a further 25% of options will vest after the expiry of 3 years from date of grant, a further 25% of options will vest after the expiry of 4 years from date of grant (in all cases rounded down where necessary) and the remainder will vest after the expiry of 5 years from date of grant. The option period will survive after the vesting conditions are satisfied for up to 36 months if the Company remains quoted. The fair value of the options at the date of grant were: 7 December 2015 €0.01179 options: 7.710p/€0.08677; 7 December 2015 5.6p/€0.07786 options: 5.844p/€0.06577; 30 June 2016 options: 5.260p/€0.05920.

- 13 March 2017 the Company awarded to several employees, including Directors, the option to acquire an allotted number of ordinary shares of up to €0.01 each in the capital of the Company at an Exercise Price of 8p/€0.09168 per share (20,225,000 shares).

Exercise criteria for 13 March 2017 awards

Awards without performance criteria

10,225,000 of granted options: 25% of options will vest after the expiry of 2 years from date of grant, a further 25% of options will vest after the expiry of 3 years from date of grant, a further 25% of options will vest after the expiry of 4 years from date of grant (in all cases rounded down where necessary) and the remainder will vest after the expiry of 5 years from date of grant. The option period will survive after the vesting conditions are satisfied for up to 36 months if the Company remains quoted. The fair value of the options at the date of grant was 6.828p/€0.07684.

3,500,000 of granted options: 100% of these options vested on 31 December 2017. The fair value of the options at the date of grant was 4.293p/€0.04832.

The fair value of these options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted combined with an assumption that 75% of the members associated with the scheme will be retained.

Awards with performance criteria

3,250,000 of granted options will vest based upon a non-market performance condition. These options will vest upon the achievement of specific and measurable operational targets set by the Board. The fair value at the date of grant was 5.313p/€0.05979.

The fair value of these options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted combined with an estimate of the extent to which the operational targets will be satisfied.

3,250,000 of granted options will vest based upon a market-based performance condition. These options will vest upon the Company's 90-day volume weighted average share price reaching the level of 15p. The fair value at the date of grant was 4.662p/€0.05247.

The fair value of these share options is estimated as at the date of grant using a Monte-Carlo model, taking into account the terms and conditions upon which the options were granted.

In respect of all the awards above, fair value at the grant date is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

	2017 Average exercise price per option (€)	**2017 Number of options**	2016 Average exercise price per option (€)	2016 Number of options
Outstanding and not fully vested options at the beginning of the year	**0.03334**	**21,264,136**	0.02818	18,484,475
Options granted during the year	**0.09168**	**20,225,000**	0.03334	2,779,661
Options forfeited during the year	**0.07786**	**(416,886)**	–	–
Options fully vested during the year	**0.04475**	**(8,016,897)**	–	–
Outstanding and not fully vested options at the end of the year	**0.06589**	**33,055,353**	0.03334	21,264,136
Options exercisable at the end of the year	**0.04475**	**8,016,897**	–	–

7. Retirement obligations

Defined contribution plans

In the UK the Group operates a defined contribution, retirement benefit plan for qualifying employees. The assets of this plan are held separately from those of the Group. The only obligation of the Group is to make the contributions.

The total expense recognised in the income statement is €121,076 (2016: €48,000), which represents the contributions paid to the plan. There were no outstanding payments due to the plan at the balance sheet date.

8. Net finance income

	2017 €'000	2016 €'000
Finance income		
Interest on bank deposits	**1**	11
Interest on loan note	**–**	27
	1	38
Foreign exchange movements	**(288)**	(168)
Net finance expense	**(287)**	(130)

9. Taxation

Recognised in the income statement

	2017 €'000	2016 €'000
Current tax (credit)/expense:		
Foreign tax	**(20)**	(95)
Deferred tax expense:		
Movement in deferred tax asset in current year	**75**	(59)
Total income tax in the income statement	**55**	(154)

The tax charge for the period is higher (2016: lower) than the 0% rate of corporation tax in Jersey and the differences are explained below:

Reconciliation of effective tax rate

	2017 €'000	2016 €'000
Loss before tax	**(8,173)**	(5,791)
Loss before tax at 0% rate of corporation tax in Jersey (2016: 0%)	**–**	–
Effects of:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,045)**	(1,088)
Non-deductible expenses	**(6)**	(54)
Origination and reversal of timing differences	**34**	(67)
Unutilised losses carried forward and not recognised	**1,072**	1,055
Total income tax charge/(credit) in the income statement	**55**	(154)

The Company is liable to Jersey income tax at 0%. The Company will apply for and expects to be granted Jersey tax status for future years.

The Company's subsidiaries carry on business in other tax regimes where the corporation tax rate is not zero. At 31 December 2017, the Group had UK tax losses carried forward within certain UK subsidiaries for utilisation in future periods for continuing operations amounting to €12,643,000 (2016: €8,467,000). Due to the uncertainty as to the timing and extent of future profits within these UK subsidiaries, no deferred tax assets have been recognised in respect of these tax losses.

A deferred tax asset has been recognised in respect of certain share options and accelerated capital allowance charges as set out below:

Deferred tax

Deferred tax assets, liabilities and movements in the period are shown as follows:

2017	**1 January €'000**	**Current year charge €'000**	**Foreign exchange movement €'000**	**31 December €'000**
Share options	**180**	**(39)**	**(5)**	**136**
Accelerated capital allowances	**(5)**	**(36)**	**1**	**(40)**
	175	**(75)**	**(4)**	**96**

2016	1 January €'000	Current year credit /(charge) €'000	Foreign exchange movement €'000	31 December €'000
Share options	119	77	(16)	180
Accelerated capital allowances	13	(18)	–	(5)
	132	59	(16)	175

10. Loss per share

Loss per share attributable to equity holders of the Company is calculated as follows:

	2017 € cents per share	2016 € cents per share
Basic loss per share	**(1.28)**	(1.23)
Diluted loss per share	**(1.28)**	(1.23)
	€'000	€'000
Loss used in calculation of basic and diluted loss per share	**(8,173)**	(5,637)
Weighted average number of shares used in calculation		
Basic	**637,107,480**	459,941,919
Diluted	**637,107,480**	459,941,919

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. Where the inclusion of potentially issuable shares decreases the loss per share (anti-dilutive), the potentially issuable shares have not been included. This was the situation for both the 2017 and 2016 calculations. The weighted average number of shares not included in the diluted share calculation because they were anti-dilutive was 41,294,430 (2016: 23,632,816).

Weighted average number of shares used in calculation – basic and diluted

	2017 Number	2016 Number
Number in issue at 1 January	**467,928,894**	409,833,227
Effect of share options exercised	**–**	3,923,709
Effect of shares issued in the year	**169,178,586**	46,184,983
Weighted average number of basic shares at 31 December	**637,107,480**	459,941,919
Effect of share options granted not yet exercised which are not anti-dilutive	**–**	–
Weighted average number of diluted shares at 31 December	**637,107,480**	459,941,919

11. Directors' share interests

	2017 Number	2016 Number
Executive Directors		
Scott McGregor	**11,973,126**	11,973,126
Non-executive Directors		
Jonathan Marren	**7,743,815**	7,743,815
Jeffrey Kenna	**2,162,325**	2,162,325
Neil O'Brien	**625,000**	–
Michael Farrow	**86,230**	86,230

The beneficial interests of the Directors in the ordinary share capital of the Company are shown above. In addition, the executive Directors have conditional rights to acquire shares arising from awards granted under the Share Based Incentive Plan. These awards are detailed in the Report of the Remuneration Committee on pages 15 to 18.

12. Property, plant and equipment

	Computer and office equipment €'000	Leasehold improvement €'000	Property plant & equipment €'000	Total €'000
Cost at 1 January 2017	**312**	**79**	**–**	**391**
Additions	**305**	**189**	**25**	**519**
Disposals	**(6)**	**–**	**–**	**(6)**
Effect of movements in foreign exchange	**(15)**	**(5)**	**–**	**(20)**
Cost at 31 December 2017	**596**	**263**	**25**	**884**
Accumulated depreciation at 1 January 2017	**(254)**	**(34)**	**–**	**(288)**
Charge for the year	**(84)**	**(42)**	**(4)**	**(130)**
Disposals	**6**	**–**	**–**	**6**
Effect of movements in foreign exchange	**8**	**2**	**–**	**10**
Accumulated depreciation at 31 December 2017	**(324)**	**(74)**	**(4)**	**(402)**
Net book value at 31 December 2017	**272**	**189**	**21**	**482**
Net book value at 31 December 2016	**58**	**45**	**–**	**103**

13. Intangible & goodwill

Goodwill – Subsidiary acquisition (REDH)

	2017 €'000	2016 €'000
Cost at 1 January and 31 December	**8,167**	8,167

Intangible assets – R&D (REDH)

	2017 €'000	2016 €'000
Cost at 1 January and 31 December	**6,822**	6,822

Total Goodwill & Intangible Assets

	2017 €'000	2016 €'000
Cost at 1 January and 31 December	**14,989**	14,989

Amortisation

Amortisation of the intangible assets will begin once the redT energy storage system becomes fully commercialised, with the recognition of revenue in the Statement of Comprehensive Income for the sale of a commercial system; for the year ended 31 December 2017 this criterion had not been achieved. A review will be undertaken in 2018 to confirm the amortisation status of the intangible asset, as well as to determine the effective useful life.

Goodwill is not amortised, but tested annually for impairment.

Impairment testing

Goodwill and intangible assets have been allocated to the redT cash generating unit. The Group conducted a formal review to determine whether the carrying value of intangible assets, including goodwill, can be supported. The impairment review comprises a comparison of the carrying amount of the intangible assets (CGU) with the Net Present Value of future discounted cash flows, using a value in use calculation, for which the recoverable amount exceeds its carrying amount.

The Group prepared cash flow forecasts derived from the most recent financial results and 5-year budget projection approved by management and the Board, which on a discounted cash flow basis, is greater than the carrying value of the intangible assets held. The key assumptions for the Net Present Value calculation were; pre-tax discount rate 22.5% and growth rate beyond forecast period 2%.

An increase in the discount rate to 23.5% reduces, but does not eliminate, the excess of the recoverable amount over the carrying value. Similarly, a reduction in the growth rate beyond the forecast period from 2% to 1% reduces, but does not eliminate, the excess of the recoverable amount over the carrying value.

14. Inventory

	2017 €'000	2016 €'000
Stock	**334**	–
Work in progress	**114**	–
Finished goods	**171**	–
	619	–

The cost of inventory written down during the year was €Nil (2016: €Nil).

15. Prepayments and accrued income

	2017 €'000	2016 €'000
Prepayments	**965**	409
Accrued income	**100**	100
	1,065	509

16. Trade and other receivables

	2017 €'000	2016 €'000
Trade receivables	**1,560**	573
Other receivables	**661**	202
	2,221	775

17. Trade and other payables

	2017 €'000	2016 €'000
Trade payables	**298**	1,782
Accruals	**1,333**	2,186
Other payables	**44**	4
	1,675	3,972

18. Deferred income

	2017 €'000	2016 €'000
Non-current liabilities		
Deferred income	**70**	222
Current liabilities		
Deferred income	**2,013**	480

19. Issued share capital and reserves

	Number 2017 €'000	2017 €'000	Number 2016 €'000	2016 €'000
Authorised				
Ordinary shares of €0.01	**1,250,000**	**12,500**	1,250,000	12,500
Issued and fully paid				
All ordinary shares of €0.01 (all classified in shareholders' funds)				
Issued on 1 January	**467,929**	**4,679**	409,833	4,098
Issued in the year	**185,994**	**1,860**	58,096	581
Issued at 31 December	**653,923**	**6,539**	467,929	4,679

The holders of 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.

Share-based payment reserve

The share-based payment reserve comprises the equity component of the Company's share-based payments charges.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

Other reserve

Other reserve comprises the portion of the consideration paid for REDH minority interests over the fair value of the shares purchased.

Non-controlling interest

Non-controlling interest comprises a 0.3% shareholding in REDH and a 15% shareholding in Camco Africa Ltd that are held outside of the Group.

20. Financial risk management

The Group Financial Risk Management framework addresses the following key risks:

Market risk

The carbon market is subject to political and regulatory risk on a national, regional and global basis. The consequence of the interaction of these frameworks and regulation is that the market price for carbon credits has been significantly affected by demand and supply considerations which have led to large fluctuations in market prices. The Group actively manages this risk by locking in a buy/sell price for all transactions.

Counterparty credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's exposure to credit risk arises from the Group's operating activities, primarily its receivables from customers. The Group has implemented a credit scoring process for all new customers (and existing customers of a certain size) that highlights credit risk and aids the prevention of bad debt. Credit risk is analysed further in Note 21.

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 is to maintain sufficient funds on call to meet these requirements as they fall due with the rest of cash on term deposit in the relevant currencies as set out below. Liquidity risk is analysed further in Note 21.

Foreign exchange risk

The Group is exposed to foreign exchange translation risk on receivables, payables and cash when balances held are denominated in a currency other than the functional currency of the Group which is the Euro. The Group operates a policy of not speculating on foreign exchange and aims to mitigate its overall foreign exchange risk by holding currency in line with regional operating expense, acting as a natural hedge against adverse foreign exchange movement.

The currency exposure on balances held is set out below:

	Euro €'000	**Sterling €'000**	**US Dollar €'000**	**Chinese Yuan €'000**	**South African ZAR €'000**	**Total €'000**
31 December 2017						
Cash and cash equivalents	**1,037**	**5,345**	**883**	**144**	**22**	**7,431**
Trade and other receivables	**400**	**1,215**	**600**	**–**	**6**	**2,221**
Trade and other payables	**(742)**	**(827)**	**(72)**	**–**	**(34)**	**(1,675)**
Net exposure	**695**	**5,733**	**1,411**	**144**	**(6)**	**7,977**

	Euro €'000	Sterling €'000	US Dollar €'000	Chinese Yuan €'000	South African ZAR €'000	Total €'000
31 December 2016						
Cash and cash equivalents	409	1,092	1,025	181	46	2,753
Trade and other receivables	80	321	367	–	7	775
Trade and other payables	(1,346)	(2,290)	(242)	–	(94)	(3,972)
Net exposure	(857)	(877)	1,150	181	(41)	(444)

A 5% weakening of the following currencies against the Euro at 31 December 2017 would have increased/(decreased) equity and profit and loss, via exchange differences on translation of foreign operations within the Income Statement, by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2016.

	2017 **€'000**	2016 €'000
Sterling	**(273)**	42
US Dollar	**(67)**	(55)
Chinese Yuan	**(7)**	(9)
South African ZAR	**–**	2
	(347)	(20)

A 5% strengthening of the above currencies against the Euro at 31 December 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Fair value of financial assets and liabilities

The Directors are of the view that there is no material difference between the carrying values and fair values of the Group's financial assets and liabilities.

Capital management

Given the Group's development stage, the Board has pursued an equity only funding model and thus currently the Group's capital is solely equity. The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. To ensure this, the board regularly reviews the Group's cash requirements and future projections. From time to time the Group purchases its own shares on the market primarily to be used for issuing shares under the Group's share option programme. The Group does not have a defined share buy-back plan or dividend policy. The Group is not subject to any externally imposed capital adequacy maintenance requirements.

21. Financial instruments

Credit risk

The Directors consider that the carrying value of certain financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

	2017 **€'000**	2016 €'000
Trade and other receivables	**2,221**	775
Cash on deposit	**7,431**	2,753
	9,652	3,528

The ageing of trade and other receivables at the balance sheet date was:

	2017 **€'000**	2016 €'000
Current	**1,730**	420
Past due under 30 days	**111**	130
Past due between 31 and 120 days	**380**	225
	2,221	775

As at 31 December 2017, trade receivables of €487,000 (2016: €354,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. €4,000 of trade receivables has been impaired with the expectation there will be no recoverability (2016: €1,000).

The creation and release of provision of impaired receivables has been included in administrative expenses in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Impairment losses

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2017 €'000	2016 €'000
Balance at 1 January	**1**	–
Written off against provision	**(2)**	–
Increase in provision	**6**	1
Effects in movement of foreign exchange	**(1)**	–
Balance at 31 December	**4**	1

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact netting agreements for both continuing and discontinued operations:

Non-derivative financial liabilities

2017	**Carrying €'000**	**Contractual €'000**	**1 year or less €'000**
Trade payables	**298**	**298**	**298**
Accruals	**1,333**	**1,333**	**1,333**
Other payables	**44**	**44**	**44**

2016	Carrying €'000	Contractual €'000	1 year or less €'000
Trade payables	1,782	1,782	1,782
Accruals	2,186	2,186	2,186
Other payables	4	4	4

There are no derivative financial instruments.

Notes (continued)

22. Financial commitments

At the end of the reporting period, the Group's future minimum lease payments under operating leases were as follows:

Operating lease commitments

	2017 €'000	2016 €'000
Less than one year	**332**	211
Between 1 year and 5 years	**350**	499
	682	710

The leases relate to rent for properties and company vehicles within the Group.

23. Related parties

The Group's related business partner is Consortia Secretaries Limited which is 100% owned by Consortia Partnership Limited ("Consortia") who have been appointed Company Secretary. Michael Farrow, a non-executive Director of the Company, is a Director of Consortia. The amounts charged to administration expenses in respect of these services are shown in the table below.

Income statement

	2017 €'000	2016 €'000
Administrative expenses:		
Consortia Partnership Limited	**40**	38

Balance sheet

	2017 €'000	2016 €'000
Trade and other payables:		
Consortia Partnership Limited	**–**	–

Key management personnel

The Group's key management personnel comprise the Board of Directors whose emoluments are detailed below.

	2017 Salaries and fees €'000	**2017 Benefits in kind €'000**	**2017 Short-term performance related remuneration €'000**	**2017 Long-term performance related remuneration €'000**	**2017 Pension benefits €'000**	**2017 Total €'000**
Executive Directors						
Scott McGregor	**228**	**2**	**–**	**–**	**–**	**230**
David Stewart	**114**	**2**	**–**	**–**	**4**	**120**
Scott Laird	**74**	**–**	**–**	**–**	**–**	**74**
Non-executive Directors						
Jeffrey Kenna	**69**	**–**	**–**	**–**	**–**	**69**
Michael Farrow	**34**	**–**	**–**	**–**	**–**	**34**
Zainul Rahim bin Mohd Zain	**18**	**–**	**–**	**–**	**–**	**18**
Jonathan Marren	**40**	**–**	**–**	**–**	**–**	**40**
Neil O'Brien	**30**	**–**	**–**	**–**	**–**	**30**
Total	**607**	**4**	**–**	**–**	**4**	**615**

	2016 Salaries and fees €'000	2016 Benefits in kind €'000	2016 Short-term performance related remuneration €'000	2016 Long-term performance related remuneration €'000	2016 Pension benefits* €'000	2016 Total €'000
Executive Directors						
Scott McGregor	244	2	102	–	–	348
Jonathan Marren	30	–	–	–	–	30
Non-executive Directors						
Jeffrey Kenna	73	–	–	–	–	73
Michael Farrow	40	–	–	–	–	40
Zainul Rahim bin Mohd Zain	37	–	–	–	–	37
Jonathan Marren	33	–	–	–	–	33
Neil O'Brien	10	–	–	–	–	10
Total	467	2	102	–	–	571

* During 2016 each of executive Directors waived their contractual entitlement to pension contributions (5%) for the entire year.

Directors' interests in the shares of the Company are disclosed in Note 11.

In March 2017 the spouse of Scott McGregor invoiced and was paid £2,400 for Project work undertaken in 2016. Scott McGregor was not involved in the negotiations for the services which were carried out by the redT project manager and signed off by Chairman, Jeff Kenna.

Notes (continued)

24. Post balance sheet events

On 5 January 2018 the Group announced that, in line with its strategy of focusing on the continued development and commercialisation of its core redT energy storage solutions business, it ceased its Camco Carbon activity and has divested its interest in the Camco Africa investment advisory business. This move substantially completes redT's transition to a pure-play energy storage company.

The African continent remains a key market for redT's energy storage machines, and the Company's activity in the region remains unaffected by the divestment of the UK based Camco Africa investment advisory business.

The Camco Carbon activity, which is centred on ad hoc EU ETS Compliance Services, will cease effective from 10 January 2018, with no new carbon contracts taken on by the Group post this date. The Camco Carbon business produced revenue of €7.7m in the year to 31 December 2017 (2016: €6.8m), with a small positive profit from operating activities being achieved in both periods. As such the cessation of Camco Carbon activity will not have a material impact on the results from operating activities of the Group going forwards.

The divestment of the Camco Africa investment advisory business, Camco Africa Limited ("CAL") was achieved through a share purchase agreement whereby CAL will acquire the Group's entire holding of 850 ordinary shares (representing 85 per cent of CAL's issued share capital) for nominal consideration of €0.01 per share in cash (the "Share Buy-Back").

CAL generated revenue of €1.6m in the year to 31 December 2017 (2016: €2.1m). Whilst CAL has achieved a break-even result from operating activities in both 2017 and 2016, it is projected to have a negative cash impact in future periods. As a result, the divestment will not have an impact on the results from operations of the Group going forward.

Scott McGregor, who has a 5 per cent interest in the issued share capital of CAL, and Michael Farrow are directors of both CAL and redT energy plc. Consequently, the Share Buy-Back constitutes a related party transaction under the AIM Rules. The redT Directors (except for Scott McGregor and Michael Farrow) consider, having consulted with the Group's nominated adviser, that the terms of the Share Buy-Back are fair and reasonable in so far as the redT energy plc shareholders are concerned.

On 19 April 2018 the Group raised £3.85 million (before expenses) through a placing of 65,392,342 ordinary shares at 5.9p. The number of ordinary shares in issue and the total voting rights of redT energy plc following the placing is 719,315,766.

Following the cessation of the Carbon business in January 2018 the main operating currency of the Group ceased to be Euros and became Great British Pounds (GBP), the operational currency of the redT business. The Board has therefore decided to change the currency in which the Group reports its financial results to GBP with effect from 1 January 2018. The first set of financial statements which will be reported in GBP will be the 2018 Interim Financial Statements for the six months to 30 June 2018.

25. Group entities

Significant subsidiaries

Each of the following subsidiary undertaking is included in the consolidated financial statements of the Group:

Investment	Country of incorporation	Principal activity	Ownership 2017	Ownership 2016
Direct subsidiary undertakings				
Camco Holdings UK Limited	England & Wales	Holding Company	**100%**	100%
Camco Sales Limited	England & Wales	Carbon Sales	**100%**	100%
Camco Services (UK) Limited	England & Wales	Support Services	**100%**	100%
Camco Africa Limited	Jersey	Consultancy	**85%**	100%
Camco II Limited	Jersey	Carbon Contractor	**100%**	100%
Camco Voluntary Credits Limited	Jersey	Carbon Contractor	**100%**	100%
Camco (Mauritius) Limited	Mauritius	Holding Company	**100%**	100%
CI Camco (Cyprus) Limited	Cyprus	Consultancy	**100%**	100%
Indirect subsidiary undertakings				
redT energy Holdings (UK) Limited	England & Wales	Research & Consultancy	**100%**	100%
Re-Fuel Technology Limited	England & Wales	Energy Storage	**99%**	99%
redT energy (UK) Limited	England & Wales	Energy Storage	**99%**	99%
Camco Management Limited	England & Wales	Consultancy	**85%**	100%
redT energy Holdings (Ireland) Limited	Ireland	Energy Storage	**99%**	99%
redT energy (Ireland) Limited	Ireland	Energy Storage	**99%**	99%
Camco International Group, Inc.	United States of America	Business Services	**100%**	100%
redT energy (South Africa) (Pty) Limited	Republic of South Africa	Business Services	**100%**	100%
Camco International Carbon Asset Information Consulting (Beijing) Co. Limited	The People's Republic of China	Business Services	**100%**	100%