

Registered number: 08789548

CITY WINDMILLS HOLDINGS PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

CITY WINDMILLS HOLDINGS PLC

COMPANY INFORMATION

Directors David Mapley (appointed 25 November 2013)
Yves Gut (appointed 25 November 2013 & resigned 28 April 2015)
Alexander Von Mueffling (appointed 25 November 2013)
Ezra Green (appointed 12 August 2014)

Registered number 08789548

Registered office Suite 36
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London
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CITY WINDMILLS HOLDINGS PLC

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CITY WINDMILLS HOLDINGS PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Business review

The results for 2014 reflected the continued development in line with the Board's expectations as the wind turbine technology was tested and refined ahead of production, and planning commenced for the 3 strategic markets – USA, UK and Switzerland, with the hiring of staff. Against this backdrop of development, the capital markets limitations of the GXG Markets acted as a barrier to faster development, and the Board are now working towards a secondary listing on the Toronto Stock Exchange – Ventures sector, consistent with the start of sales in North America in 2015.

The global market for our products develops at a fast pace, with global warming concerns, nuclear power concerns and growing global demand for energy – both hydro-carbon and renewable, providing the engines of growth for the small wind-turbine industry. The Board enters 2015 with optimism for sales and growth.

Principal risks and uncertainties

Our biggest risk is the treatment by global governments, at national and local level, towards the electricity generated by buildings for self-sufficiency and grid supply. The Board of Directors has vast international experience, and expects to be able to mitigate such risks as they arise.

Financial key performance indicators

The Group is currently debt-free, although gained shareholder approval in December 2014 to access the debt capital markets at rates between 5 and 7%. With sales commencing, the Directors envisage little further share issuance as the company moves to production start-up and global sales.

Other key performance indicators

Completion of turbine design which led to Design Protection applications in early 2015 in USA, EU and Switzerland.

This report was approved by the board on 8 May 2015 and signed on its behalf.

David Mapley
Director



CITY WINDMILLS HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Results

The loss for the year, after taxation, amounted to £1,711,398 (2013 - loss £510,607).

Directors

The directors who served during the year were:

David Mapley (appointed 25 November 2013)
Yves Gut (appointed 25 November 2013 & resigned 28 April 2015)
Alexander Von Mueffling (appointed 25 November 2013)
Ezra Green (appointed 12 August 2014)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

CITY WINDMILLS HOLDINGS PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

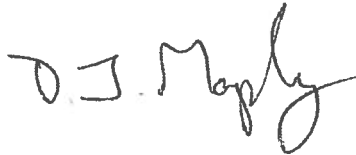
Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 8 May 2015 and signed on its behalf.

David Mapley
Director

A handwritten signature in black ink, appearing to read 'D. J. Mapley', written over a horizontal line.

CITY WINDMILLS HOLDINGS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY WINDMILLS HOLDINGS PLC

We have audited the financial statements of City Windmills Holdings Plc for the year ended 31 December 2014, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

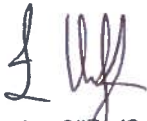
CITY WINDMILLS HOLDINGS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY WINDMILLS HOLDINGS PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ian Cliffe (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

8 May 2015

CITY WINDMILLS HOLDINGS PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	Unaudited 2013 £
TURNOVER			
Administrative expenses	1,2	20,707 (1,732,144)	- (510,607)
OPERATING LOSS			
Interest receivable and similar income	3	(1,711,437) 39	(510,607) -
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,711,398)	(510,607)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR	11	(1,711,398)	(510,607)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 10 to 17 form part of these financial statements.

CITY WINDMILLS HOLDINGS PLC
REGISTERED NUMBER: 08789548

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014		Unaudited 2013	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		2,594,500		3,859,703
CURRENT ASSETS					
Debtors	8	28,169		47,668	
Cash at bank		89,006		3,664	
		<u>117,175</u>		<u>51,332</u>	
CREDITORS: amounts falling due within one year	9	<u>(449,325)</u>		<u>(146,813)</u>	
NET CURRENT LIABILITIES			<u>(332,150)</u>		<u>(95,481)</u>
NET ASSETS			<u>2,262,350</u>		<u>3,764,222</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,489,152		1,436,324
Share premium account	11		3,891,140		3,734,442
Other reserves	11		1,298,826		1,298,826
Profit and loss account	11		<u>(4,416,768)</u>		<u>(2,705,370)</u>
SHAREHOLDERS' FUNDS	12		<u>2,262,350</u>		<u>3,764,222</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 May 2015.


David Mapley
Director

The notes on pages 10 to 17 form part of these financial statements.

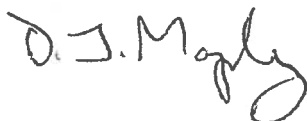
CITY WINDMILLS HOLDINGS PLC
REGISTERED NUMBER: 08789548

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014		2013	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		12,091		-
Investments	7		5,237,429		-
			<u>5,249,520</u>		<u>-</u>
CURRENT ASSETS					
Debtors	8	136,867		-	
CREDITORS: amounts falling due within one year	9	<u>(227,497)</u>		<u>-</u>	
NET CURRENT LIABILITIES			<u>(90,630)</u>		<u>-</u>
NET ASSETS			<u>5,158,890</u>		<u>-</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,489,152		-
Share premium account	11		3,891,140		-
Profit and loss account	11		<u>(221,402)</u>		<u>-</u>
SHAREHOLDERS' FUNDS	12		<u>5,158,890</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 May 2015.

David Mapley
 Director



The notes on pages 10 to 17 form part of these financial statements.

CITY WINDMILLS HOLDINGS PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	Unaudited 2013 £
Net cash flow from operating activities	14	(92,176)	(447,737)
Returns on investments and servicing of finance	15	39	-
Capital expenditure and financial investment	15	(32,047)	(125,261)
CASH OUTFLOW BEFORE FINANCING		(124,184)	(572,998)
Financing	15	209,526	569,403
INCREASE/(DECREASE) IN CASH IN THE YEAR		85,342	(3,595)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	Unaudited 2013 £
Increase/(Decrease) in cash in the year	85,342	(3,595)
MOVEMENT IN NET DEBT IN THE YEAR	85,342	(3,595)
Net funds at 1 January 2014 (as restated)	3,664	7,259
NET FUNDS AT 31 DECEMBER 2014	89,006	3,664

The notes on pages 10 to 17 form part of these financial statements.

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The financial statements have been prepared on the going concern basis on the assumption that the company will be able to raise the working capital necessary to fund its operations. The company is in the final stages of approving a debenture issue which allow the company to continue to service its debts as they fall due.

On this assumption the directors have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The financial statements consolidate the accounts of City Windmills Holdings Plc and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The consolidated financial statements of City Windmills Holdings Plc are being prepared for the first time since incorporation and as a 'group reconstruction' follow the merger accounting provisions of FRS 6 "Acquisitions and Mergers". The consolidated financial statements include the results of the company and its subsidiaries as listed in Note 6.

Management believes that it has met the criteria as defined by paragraph 13 of FRS6 and has treated the insertion of City Windmills Holdings Plc as the ultimate parent entity as a Group reconstruction and have applied the FRS6 merger accounting principles to prepare the consolidated financial statements and treated the reconstructed Group as if it had always been in existence. The difference between the nominal value of shares issued in the share exchange and the book value of the shares obtained is recognised in a merger reserve. Comparative information is provided on the basis that the new group has always been in existence.

The Group has taken advantage of merger relief available under Companies Act 2006 in respect of the share for share exchange as the issuing company has secured more than 90% equity in the other entity. The carrying value of the investment is carried at the market value of the shares at the date the shares were issued.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Development expenditure consists of capitalised costs incurred on development of the companies products. Amortisation will be charged from the commencement of revenue generation over a period of 3 years.

Amortisation is provided at the following rates:

Development expenditure	-	3 years straight line
Goodwill	-	3 years straight line

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

2. TURNOVER

The whole of the turnover is attributable to the development and sale of proprietary windmills.

All turnover arose within the rest of the world.

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2014 £	2013 £
Amortisation - intangible fixed assets	1,297,250	-
Difference on foreign exchange	36,750	-
	<u>1,334,000</u>	<u>-</u>

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	7,000	-

5. STAFF COSTS

The company has no employees other than the directors. The directors received emoluments in the form of fees and share issues which are disclosed within note 17 to the financial statements.

6. INTANGIBLE FIXED ASSETS

Group	Development £	Goodwill £	Total £
Cost			
At 1 January 2014	125,261	3,734,442	3,859,703
Additions	32,047	-	32,047
At 31 December 2014	157,308	3,734,442	3,891,750
Amortisation			
At 1 January 2014	-	-	-
Charge for the year	-	1,297,250	1,297,250
At 31 December 2014	-	1,297,250	1,297,250
Net book value			
At 31 December 2014	157,308	2,437,192	2,594,500
At 31 December 2013	125,261	3,734,442	3,859,703
Company			Development £
Cost			
Additions			12,091
At 31 December 2014			12,091
Net book value			
At 31 December 2014			12,091
At 31 December 2013			-

7. FIXED ASSET INVESTMENTS

CITY WINDMILLS HOLDINGS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
City Windmills Ltd	Ordinary	100 %
City Windmills (Suisse) SA	Ordinary	100 %
City Windmills Inc	Ordinary	100 %

Name	Business	Registered office
City Windmills Ltd	Proprietary Windmills	UK
City Windmills (Suisse) SA	Proprietary Windmills	Switzerland
City Windmills Inc	Proprietary Windmills	USA

The aggregate of the share capital and reserves as at 31 December 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
City Windmills Ltd	177,784	(26,953)
City Windmills (Suisse) SA	(108,084)	(107,951)
City Windmills Inc	(166,850)	(70,907)
	<u> </u>	<u> </u>

Company	Investments in subsidiary companies £
Cost or valuation	
Additions	5,237,429
At 31 December 2014	<u>5,237,429</u>
Net book value	
At 31 December 2014	<u>5,237,429</u>
At 31 December 2013	<u>-</u>

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8. DEBTORS

	Group		Company	
	2014	Unaudited 2013	2014	Unaudited 2013
	£	£	£	£
Trade debtors	12,877	-	-	-
Amounts owed by group undertakings	-	-	136,867	-
Other debtors	-	47,668	-	-
Prepayments and accrued income	15,292	-	-	-
	<u>28,169</u>	<u>47,668</u>	<u>136,867</u>	<u>-</u>

9. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2014	Unaudited 2013	2014	Unaudited 2013
	£	£	£	£
Trade creditors	132,398	136,043	105,013	-
Other creditors	224,082	10,770	117,484	-
Accruals and deferred income	92,845	-	5,000	-
	<u>449,325</u>	<u>146,813</u>	<u>227,497</u>	<u>-</u>

10. SHARE CAPITAL

	2014	Unaudited 2013
	£	£
Allotted, called up and fully paid		
1,489,152 (2013 - 1,436,324) Ordinary Shares shares of £1 each	<u>1,489,152</u>	<u>1,436,324</u>

On incorporation 1 £1 Ordinary share was issued at par.

On 20 February 2014, the company completed a share for share exchange with now subsidiary company City Windmills Limited. At this date, the shares in City Windmills Limited totalled 1,436,323 £1 Ordinary shares and were exchanged for 1,436,323 £1 Ordinary shares in City Windmills Holdings Plc. This share exchange occurred at market rate for the shares on this date at a total consideration of £5,170,766.

On 17 September 2014, the company issued 32,000 £1 Ordinary shares for a total consideration of £127,664.

On 23 October 2014, the company issued 11,319 £1 Ordinary shares for a total consideration of £44,670.

On 29 December 2014, the company issued 9,508 £1 Ordinary shares for a total consideration of £37,191.

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11. RESERVES

	Share premium account £	Other reserves £	Profit and loss account £
Group			
At 1 January 2014	3,734,442	1,298,826	(2,705,370)
Loss for the financial year			(1,711,398)
Premium on shares issued during the year	156,698		
	<u>3,891,140</u>	<u>1,298,826</u>	<u>(4,416,768)</u>
Company		Share premium account £	Profit and loss account £
Loss for the financial year			(221,402)
Premium on shares issued during the year		3,891,140	
		<u>3,891,140</u>	<u>(221,402)</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Group		
Opening shareholders' funds	3,764,222	4,274,829
Loss for the financial year	(1,711,398)	(510,607)
Shares issued during the year	52,828	-
Share premium on shares issued (net of expenses)	156,698	
	<u>2,262,350</u>	<u>3,764,222</u>
Closing shareholders' funds		
Company	2014 £	2013 £
Opening shareholders' funds	-	-
(Loss)/profit for the financial year	(221,402)	-
Shares issued during the year	1,489,152	-
Share premium on shares issued (net of expenses)	3,891,140	
	<u>5,158,890</u>	<u>-</u>
Closing shareholders' funds		

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The (loss)/profit for the year dealt with in the accounts of the company was £221,402 (2013 - £NIL).

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

13. ACQUISITIONS AND DISPOSALS

On 31 May 2014, D Mapley transferred 100% of the shareholding in City Windmills (Suisse) SA for £nil consideration to City Windmills Holdings Plc. At this point City Windmills (Suisse) SA became a 100% subsidiary of City Windmills Holdings Plc.

The net assets of the company at this point were £2,312 and the difference created on consolidation being written off through the profit and loss account.

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(1,711,437)	(510,607)
Amortisation of intangible fixed assets	1,297,250	-
Decrease/(increase) in debtors	19,499	(21)
Increase in creditors	302,512	62,891
Net cash outflow from operating activities	(92,176)	(447,737)

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	39	-
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(32,047)	(125,261)
Financing		
Issue of ordinary shares	209,526	569,403

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	3,664	85,342	-	89,006
Net funds	3,664	85,342	-	89,006

17. RELATED PARTY TRANSACTIONS

The group paid consultancy fees and reimbursed business expenses incurred by company director D Mapley totalling £93,045 during the period. This balance was outstanding at the period end.

Y Gut is a majority shareholder in Rampartners SA. The company was charged £801 by Rampartners SA in the period. No balance was outstanding at the period end.

D Mapley is a majority shareholder in Shimoda SA. The group was charged £181,019 by Shimoda SA in the period. An amount totalling £229,859 was due to Shimoda SA at the period end.

E Green is an affiliate in Orange Power and Light inc. The group was charged £42,054 by Orange Power and Light inc in the period. The group made sales to Orange Power and Light inc totalling £12,169, this amount was outstanding at the period end.

T Mapley is an immediate family member of D Mapley and majority shareholder in Protos Associates. The group was charged £7,373 by Protos Associates in the period. No balance was outstanding at the period end.

During the period the Directors received 44,827 ordinary £1 shares in lieu of salary at a consideration of £66,775.

Advantage has been taken of exemptions available under FRS 8 "Related Party Disclosures" not to disclose transactions between wholly owned subsidiary companies of City Windmills Holdings Plc.

18. POST BALANCE SHEET EVENTS

On 16 January 2015, the company issued 3,057 £1 Ordinary shares for a total consideration of £11,769.

On 24 February 2015, the company issued 36,974 £1 Ordinary shares for a total consideration of £136,249.

On 26 March 2015, the company issued 47,294 £1 Ordinary shares for a total consideration of £174,018.

19. CONTROLLING PARTY

The directors are of the opinion that there is no ultimate controlling party.