

Registered number: 08789548

CITY WINDMILLS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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CITY WINDMILLS HOLDINGS PLC

COMPANY INFORMATION

Directors David Mapley
Alexander Von Mueffling
Ezra Green
Michael Cunningham (appointed 16 September 2015)

Registered number 08789548

Registered office Suite 36
35 Buckingham Gate
London
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CITY WINDMILLS HOLDINGS PLC

CONTENTS

	Page
Group Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Company Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9 - 10
Company Statement of Changes in Equity	11 - 12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 - 24



CITY WINDMILLS HOLDINGS PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

BUSINESS REVIEW

The results for 2015 reflected the commencement of commercialization, with industrial sales contracts concluded in the USA at year-end with a major international food processing group. Simultaneously an agreement was concluded with a Chinese manufacturer to establish mass production in China, using a durable lightweight compound for the wind turbine structure. Production turbines are currently being assembled and tested in Iowa, USA prior to a technology transfer to China, with production planned for start-up by end of 2H2016 and China sales to follow thereafter, as well as exports. Group focus is currently on pilot projects across the 3 main regions of City Windmills, as well as orders now being generated from Central America.

2015 was a year of capital markets failure, with the GXG Markets A/S regulatory standing diminished and thus an impairment to City Windmills capital raising ability. Agreed debenture funding of GBP 1 million in early 2015 from Beaufort Securities failed to materialize, despite a confirmed availability of funds, after a regulatory report on the GXG by the Danish regulators detailed serious breaches of compliance by the exchange. GXG listed companies were immediately deemed non-SIPP compliant to UK investors, and the GXG itself was closed down shortly thereafter. The lack of planned funding set back City Windmills' commercial roll-out by almost a year, and of course left the company unlisted.

By year-end City Windmills had become a member of the Social Stock Exchange in the UK, had engaged a corporate advisor ahead of an ISDX listing in the UK early in 2016, and had commenced capital raising through debentures and equity, in step with commercial and product progress.

The global market acceptance of wind energy continues to grow, with record levels of energy production and a year-end commitment at the United Nations Conference on Climate Change (COPT21) to a reduction in carbon footprint and global warming. The Board enters 2016 with optimism for sales and growth.

PRINCIPAL RISKS AND UNCERTAINTIES

Our biggest risk as a company is the recently diminished price of oil and gas slowing down the global transfer to renewable energy production, although this is offset by the general acceptance of global warming and the agreed international commitment to a reduction in fossil-fuel consumption. From a political perspective, a possible UK referendum on EU membership, as well as an upcoming US presidential election with unpredictable election pledges makes for uncertainty in two of our operating markets. A slow-down or correction in the Chinese market might also dampen sales prospects, although the company anticipates continued, dynamic growth for wind energy products. The Board of Directors has vast international experience, and expects to be able to mitigate such risks as they arise.

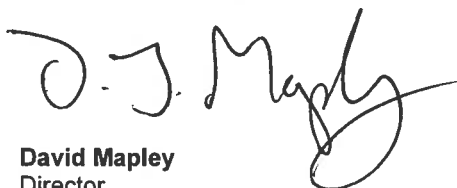
FINANCIAL KEY PERFORMANCE INDICATORS

The Group is relatively debt-free. With sales commencing, the Directors envisage little further share issuance post ISDX listing, as the company moves into production and global sales development.

OTHER KEY PERFORMANCE INDICATORS

Ongoing development and improvement of turbine design, as well as sourcing of improved electrical components to boost turbine energy production.

This report was approved by the board on 10 February 2016 and signed on its behalf.



David Mapley
Director

CITY WINDMILLS HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless 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;
- 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.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,938,218 (2014 - loss £1,711,398).

DIRECTORS

The directors who served during the year were:

David Mapley
Yves Gut (resigned 28 April 2015)
Alexander Von Mueffling
Ezra Green
Michael Cunningham (appointed 16 September 2015)

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.

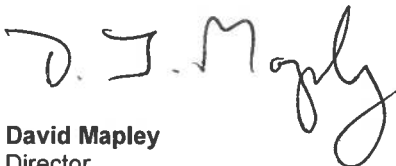
CITY WINDMILLS HOLDINGS PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

AUDITORS

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 February 2016 and signed on its behalf.



David Mapley
Director

CITY WINDMILLS HOLDINGS PLC

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

We have audited the financial statements of City Windmills Holdings Plc for the year ended 31 December 2015, set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2015 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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.



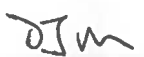
Ian Cliffe (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

10 February 2016



CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

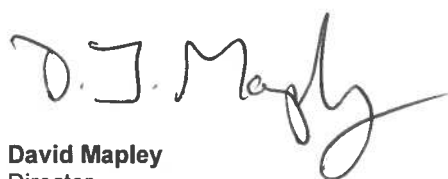
	Note	2015 £	2014 £
Turnover	3	9,989	20,707
Gross profit		9,989	20,707
Administrative expenses	4	(1,948,207)	(1,732,144)
Operating loss		(1,938,218)	(1,711,437)
Interest receivable and similar income	6	-	39
Loss on ordinary activities before taxation		(1,938,218)	(1,711,398)
Loss for the financial year		(1,938,218)	(1,711,398)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,938,218)	(1,711,398)

There were no recognised gains and losses for 2015 other than those included in the consolidated income statement.
The notes on pages 14 to 24 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	7	1,376,389	2,594,500
		<u>1,376,389</u>	<u>2,594,500</u>
Current assets			
Debtors: Amounts falling due within one year	10	13,513	28,169
Cash at bank and in hand	11	222	89,006
		<u>13,735</u>	<u>117,175</u>
Creditors: Amounts falling due within one year	12	(475,194)	(449,325)
		<u>(461,459)</u>	<u>(332,150)</u>
Net current liabilities			
		<u>914,930</u>	<u>2,262,350</u>
Total assets less current liabilities			
		<u>914,930</u>	<u>2,262,350</u>
Net assets			
		<u>914,930</u>	<u>2,262,350</u>
Capital and reserves			
Called up share capital	14	1,714,640	1,489,152
Share premium account		4,256,450	3,891,140
Merger reserve		1,298,826	1,298,826
Profit and loss account		(6,354,986)	(4,416,768)
		<u>914,930</u>	<u>2,262,350</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 February 2016.



David Mapley
Director

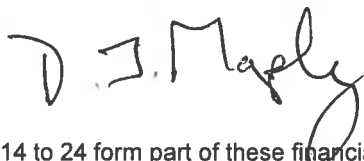
The notes on pages 14 to 24 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible fixed assets		164,055	12,091
Investments	9	845,687	5,237,429
		<u>1,009,742</u>	<u>5,249,520</u>
Current assets			
Debtors: Amounts falling due within one year	10	259,915	136,867
		<u>259,915</u>	<u>136,867</u>
Creditors: Amounts falling due within one year	12	(354,727)	(227,497)
		<u>(94,812)</u>	<u>(90,630)</u>
Net current liabilities			
		<u>914,930</u>	<u>5,158,890</u>
Total assets less current liabilities			
		<u>914,930</u>	<u>5,158,890</u>
Net assets			
		<u>914,930</u>	<u>5,158,890</u>
Capital and reserves			
Called up share capital	14	1,714,640	1,489,152
Share premium account		4,256,450	3,891,140
Profit and loss account		(5,056,160)	(221,402)
		<u>914,930</u>	<u>5,158,890</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 February 2016.

David Mapley
Director



The notes on pages 14 to 24 form part of these financial statements.

CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
At 1 January 2015	1,489,152	3,891,140	1,298,826	(4,416,768)	2,262,350
Loss for the year	-	-	-	(1,938,218)	(1,938,218)
Contributions by and distributions to owners					
Shares issued during the year	225,488	365,310	-	-	590,798
At 31 December 2015	1,714,640	4,256,450	1,298,826	(6,354,986)	914,930

CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
At 1 January 2014	1,436,324	3,734,442	1,298,826	(2,705,370)	3,764,222
Loss for the year	-	-	-	(1,711,398)	(1,711,398)
Shares issued during the year	52,828	156,698	-	-	209,526
At 31 December 2014	1,489,152	3,891,140	1,298,826	(4,416,768)	2,262,350

The notes on pages 14 to 24 form part of these financial statements.

CITY WINDMILLS HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2015	1,489,152	3,891,140	(221,402)	5,158,890
Loss for the year	-	-	(4,834,758)	(4,834,758)
Shares issued during the year	225,488	365,310	-	590,798
At 31 December 2015	<u>1,714,640</u>	<u>4,256,450</u>	<u>(5,056,160)</u>	<u>914,930</u>

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CITY WINDMILLS HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2014	1,436,324	3,891,140	-	5,327,464
Loss for the year	-	-	(221,402)	(221,402)
Shares issued during the year	52,828	-	-	52,828
At 31 December 2014	<u>1,489,152</u>	<u>3,891,140</u>	<u>(221,402)</u>	<u>5,158,890</u>

The notes on pages 14 to 24 form part of these financial statements.

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CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	(1,938,218)	(1,711,398)
Adjustments for:		
Amortisation of intangibles	1,244,814	1,297,250
Interest received	-	(39)
Increase/ (decrease) in debtors	14,657	(28,169)
(Increase)/decrease in creditors	(105,283)	350,180
	<u>(784,030)</u>	<u>(92,176)</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Purchase of intangible fixed assets	(26,703)	(32,047)
Interest received	-	39
	<u>(26,703)</u>	<u>(32,008)</u>
Net cash from investing activities		
Cash flows from financing activities		
Issue of ordinary shares	590,798	209,526
Purchase of debenture loans	131,040	-
	<u>721,838</u>	<u>209,526</u>
Net cash used in financing activities		
Net increase / (decrease) in cash and cash equivalents	(88,895)	85,342
Cash and cash equivalents at beginning of year	89,006	3,664
	<u>111</u>	<u>89,006</u>
Cash and cash equivalents at the end of year		
Cash at bank and in hand	222	89,006
Bank overdrafts	(111)	-
	<u>111</u>	<u>89,006</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact first-time adoption of FRS 102 is given in note 18.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note).

The following principal accounting policies have been applied:

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.5 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life.

OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.7 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.9 FINANCIAL INSTRUMENTS

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) At fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.12 INTEREST INCOME

Interest income is recognised in the Income statement using the effective interest method.

**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors consider the valuation of investment in subsidiary companies to be a critical estimate and judgement applicable to the financial statements.

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2015 £	2014 £
Europe	9,989	20,707
	<u>9,989</u>	<u>20,707</u>

4. OPERATING LOSS

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

	2015 £	2014 £
Amortisation of intangible assets, including goodwill	1,244,814	1,297,250
Exchange differences	14,138	36,750
	<u>1,258,952</u>	<u>1,334,000</u>

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 15 to the financial statements.

5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	7,250	7,000
	<u>7,250</u>	<u>7,000</u>

6. INTEREST RECEIVABLE

	2015 £	2014 £
Other interest receivable	-	39
	<u>-</u>	<u>39</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. INTANGIBLE ASSETS

group

	Develop- ment £	Goodwill £	Total £
Cost			
At 1 January 2015	157,308	3,734,442	3,891,750
Additions	26,703	-	26,703
At 31 December 2015	184,011	3,734,442	3,918,453
Amortisation			
At 1 January 2015	-	1,297,250	1,297,250
Charge for the year	-	1,244,814	1,244,814
At 31 December 2015	-	2,542,064	2,542,064
Net book value			
At 31 December 2015	184,011	1,192,378	1,376,389
<i>At 31 December 2014</i>	<i>157,308</i>	<i>2,437,192</i>	<i>2,594,500</i>

company

	Develop- ment £
Cost	
At 1 January 2015	12,091
Additions	151,964
At 31 December 2015	164,055
At 31 December 2015	-
Net book value	
At 31 December 2015	164,055
<i>At 31 December 2014</i>	<i>12,091</i>

8. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £4,834,758 (2014 - loss £221,402).

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. FIXED ASSET INVESTMENTS
SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
City Windmills Ltd	UK	Ordinary	100 %	Proprietary Windmills
City Windmills (Suisse) SA	Switzerland	Ordinary	100 %	Proprietary Windmills
City Windmills Inc	USA	Ordinary	100 %	Proprietary Windmills

company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	5,237,429
At 31 December 2015	<u>5,237,429</u>
Impairment	
Charge for the period	4,391,742
At 31 December 2015	<u>4,391,742</u>
At 31 December 2015	<u>845,687</u>
At 31 December 2014	<u><u>5,237,429</u></u>

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CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

10. DEBTORS

	group 2015 £	group 2014 £	company 2015 £	company 2014 £
Due within one year				
Trade debtors	13,513	12,877	-	-
Amounts owed by group undertakings	-	-	259,915	136,867
Prepayments and accrued income	-	15,292	-	-
	<u>13,513</u>	<u>28,169</u>	<u>259,915</u>	<u>136,867</u>

11. CASH AND CASH EQUIVALENTS

	group 2015 £	group 2014 £	company 2015 £	company 2014 £
Cash at bank and in hand	222	89,006	-	-
Less: bank overdrafts	(111)	-	-	-
	<u>111</u>	<u>89,006</u>	<u>-</u>	<u>-</u>

12. CREDITORS: Amounts falling due within one year

	group 2015 £	group 2014 £	company 2015 £	company 2014 £
Debenture loans	131,040	-	131,040	-
Bank overdrafts	111	-	-	-
Trade creditors	56,721	132,398	28,587	105,013
Amounts owed to group undertakings	-	-	23,691	-
Other creditors	214,897	224,082	171,409	117,484
Accruals and deferred income	72,425	92,845	-	5,000
	<u>475,194</u>	<u>449,325</u>	<u>354,727</u>	<u>227,497</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

13. RESERVES

Share premium

Amount subscribed for share capital in excess of the nominal value.

Merger Reserve

Represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares.

Profit and loss account

Includes all current and prior period retained profits and losses.

14. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
1,714,640 (2014 -1,489,152) Ordinary Shares shares of £1 each	<u>1,714,640</u>	<u>1,489,152</u>

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

On 24 February 2015, the company issued 5,057 £1 Ordinary shares for a total consideration of £11,769.

On 26 March 2015, the company issued 47,294 £1 Ordinary shares for a total consideration of £151,516.

On 30 June 2015, the company issued 20,000 £1 Ordinary shares for a total consideration of £42,344.

On 7 July 2015, the company issued 56,601 £1 Ordinary shares for a total consideration of £120,399.

On 8 October 2015, the company issued 9,190 £1 Ordinary shares for a total consideration of £19,822.

On 27 October 2015, the company issued 50,372 £1 Ordinary shares for a total consideration of £108,699.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. RELATED PARTY TRANSACTIONS

The group paid consultancy fees and reimbursed business expenses incurred by company director D Mapley totalling £13,583 (2014: £93,045) during the period. An amount totalling £21,441 was outstanding at the period end.

Y Gut is a majority shareholder in Rampartners SA. The company was charged £7,791 (2014: £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 £247,119 (2014: £181,019) by Shimoda SA in the period. An amount totalling £291,945 (2014: £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 £27,301 (2014: £42,054) by Orange Power and Light inc in the period. No balance was outstanding at the period end.

The group paid consultancy fees and reimbursed business expenses incurred by company director M Cunningham totalling £14,217 during the period. No amount was outstanding at the period end.

The group paid consultancy fees and reimbursed business expenses incurred by J Cunningham an immediate family member of company director M Cunningham totalling £26,375 during the period. An amount totalling £8,000 was outstanding at the period end.

T Mapley is an immediate family member of D Mapley and majority shareholder in Blackridge Marketing. The group was charged £8,706 by Blackridge Marketing in the period. No balance was outstanding at the period end.

During the period the Directors received 188,514 (2014: 44,827) ordinary £1 shares in lieu of salary at a consideration of £454,549 (2014: £66,775). Of this amount, £199,748 was expensed in the period with the remainder in conversion of previously incurred liabilities.

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.

16. POST BALANCE SHEET EVENTS

On 22 January 2016, the company issued 18,566 £1 Ordinary shares.

17. CONTROLLING PARTY

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

18. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

CITY WINDMILLS HOLDINGS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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