

May 11<sup>th</sup>., 2015

## **CITY WINDMILLS PLC. – Annual Accounts**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **BUSINESS REVIEW**

The results for 2014 reflected modest growth 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 capita; 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.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key risks to the group are as follows:

- failure to develop an appropriate commercial application for its developing products;
- failure to obtain sufficient financial support to enable such products to be adequately delivered;
- failure to establish commercialisation partnerships with leading research universities
- competition from existing IP transfer businesses seeking to engage in cyber security commercialisation activity
- failure to commercialise the products that it develops.

At present the directors are pleased with progress in both of these areas and consider these risks are sufficiently mitigated.

#### **FINANCIAL AND NON FINANCIAL KEY PERFORMANCE INDICATORS**

The directors consider the key financial performance indicator to be cash 'burn rate'. At present they consider that this is within reasonable parameters and will continue to monitor this in the future.

At this stage in its' development, the directors do not consider that there are any relevant non-financial key performance indicators.

**David Mapley**

Director

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

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

	2014 (GBP)	Unaudited 2013 (GBP)
TURNOVER	20,707	-
Administrative Losses	(1,732,144)	(510,607)
OPERATING LOSS	(1,711,437)	(510,607)
Interest receivable and similar income	39	-
LOSS ON ORDINARY ACTIVITIES	(1,711,398)	(510,607)
Interest receivable and similar income	-	-
LOSS FOR THE FINANCIAL YEAR	(1,711,398)	(510,607)

All amounts relate to continuing operations

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

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2014**

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

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

**Statutory Information**

The financial information set out above does not constitute the Company's statutory accounts for the period ended 31 December 2014 but is derived from those accounts.

The financial information has been extracted from the statutory accounts of City Windmills Holdings PLC. and is presented using the same accounting policies, which have not yet been filed with the Registrar of companies, but on which the auditors, HaysMacIntyre, gave an unqualified report on 8 May 2015.

For further information, please contact the company on [info@city-windmills.com](mailto:info@city-windmills.com)

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