REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2015

ITM POWER

Energy Storage | Clean Fuel

Launch of 1MW stack module at Hannover Messe 2015

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2015

"This has been a very busy time for the Company. Customer engagement with our energy storage and grid balancing products and with our hydrogen refuellers is at an all-time high. The project and quotation pipeline as a result has been steadily growing in both applications. ITM Power enjoys a strong foothold in Germany with its PEM Power-to-Gas technology and is building a valuable portfolio of refuelling stations in the UK centred on London, which will provide strong commercial experience in the manufacture, deployment and operation of hydrogen refuelling stations. This continued progress is reflection of the skill and commitment of our highly talented team."

Dr Graham Cooley
CEO, ITM Power Plc

SHAPING A RENEWABLE HYDROGEN FUTURE

In a world in which fossil fuel energy is becoming ever more scarce and expensive and countries are struggling to meet their carbon reduction obligations, hydrogen solutions have finally reached the top of energy agendas.

ITM Power manufactures integrated hydrogen energy solutions that are rapid response and high pressure that meet the requirements for grid balancing and energy storage services, and for the production of clean fuel for transport, renewable heat and chemicals. The international demand for these solutions is increasing.

- Energy storage provision has started to become a mandatory requirement in areas of the world such as California; it is recognised as an essential prerequisite for renewable energy deployment
- Grid balancing and rapid response demand-side services are crucial for the integration of high proportions of renewable energy supply on the electricity grid
- Auto OEMs are rolling out Fuel Cell Electric Vehicles (FCEVs) that require a high purity hydrogen fuel. Hyundai and Toyota have now commenced production with Honda to follow in 2016. Hydrogen fuel cell cars are now being sold. Global hydrogen refuelling station infrastructure programmes are underway
- Air quality regulations are stimulating the need for hydrogen as a clean fuel for clean transport emissions, in city regions around the world
- Energy security and fuel security has risen to the top of the geo-political agenda
- Price volatility of fossil fuels is driving an industrial substitution to more sustainable chemical processes

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Dr S Bourne
Dr G Cooley
Lord R Freeman
P Hargreaves
Prof. R Putnam
Sir R Bone
R Pendlebury

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ABOUT US

ITM Power Plc manufactures integrated hydrogen energy solutions, which are rapid response and high pressure that meet the requirements for grid balancing and energy storage services, and for the production of clean fuel for transport, renewable heat and chemicals. ITM Power Plc was admitted to the AIM market of the London Stock Exchange in 2004 and raised its initial funding of £10m gross in its IPO. Further funding rounds of £28.5m in 2006, £5.4m in 2012, £2m in 2013 and £10m in 2014 have been completed. The Company received £4.9m as a strategic investment from JCB in March 2015. The Company currently has £10.46m of projects under contract or in the final stages of negotiation.

HIGHLIGHTS

COMMERCIAL PROGRESS IN YEAR

- £4.86m new funds raised from a strategic investment by JCB
- £10.10m of projects under contract at year end (2014: £5.14m)
- £0.90m funding for the Hydrogen Enabled Local Energy Systems (HELES) project, from Innovate UK
- Sale of second major Power-to-Gas Plant to RWE, for an amount of €779k
- Manufacturing, testing and 1MW power supply expansion
- £1.70m Award for two refuelling stations with a major global fuel retailer
- £2.89m Award for two new London refuelling stations and upgrades
- £1.79m Electrolyser sales order from the European Marine Energy Centre (EMEC)
- Achieved planning permission for two HyFive stations

COMMERCIAL PROGRESS SINCE YEAR END

- A further £1.98m of products under contract secured since year end (2014: £1.33m)
- £0.363m of contracts in final stages of negotiation (2014: £2.78m)

KEY FINANCIAL RESULTS FOR THE YEAR ENDED 30 APRIL 2015

- Total Revenue & Grant Funding of £5.061m (2014: £3.077m) up 64%, comprising:
  - Revenue - £1.635m (2014: £1.127m) up 45%
  - Grant income - £1.777m (2014: £1.370m) up 30%
  - Grants receivable for capital projects - £1.649m (2014: £0.580), up 184%
- Increase in property, plant and equipment to £2.546m from £1.755m, up 45%
- Loss from operations £5.723m (2014: £7.978m), down 28%
- Cash burn*, £8.034m (2014: £7.568m), up 6%
- Cash balance £6.576m (2014: £9.763m), down 33%

*Cash burn is a non-statutory measure and is defined on page 64

TECHNICAL ACHIEVEMENTS

- Increased hydrogen output per stack by 50%
- Stack cost reduction of 26%
- Laboratory measured cell degradation reduced by 20%
- Launched 1MW stack skid, to extend product reach to multi-MW applications
- Thüga Power-to-Gas project update "exceeded expectations"

CORPORATE DEVELOPMENT POST YEAR END

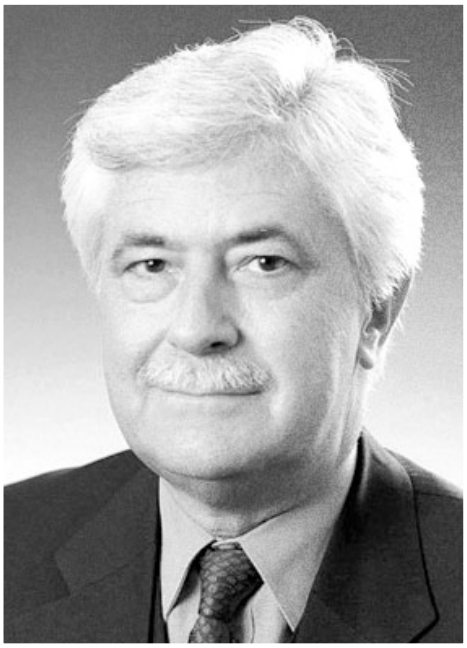
- Robert Pendlebury joins the Board as a Non-Executive Director

BOARD OF DIRECTORS

Dr Graham Cooley
Chief Executive Officer
(Age 51)

Graham joined ITM Power on 29 June 2009 as Chief Executive Officer. Before joining, Graham was CEO of Sensortec and Universal Sensors, founding CEO of Metalysis Ltd, (a spin-out of Cambridge University), and founding CEO of Antenova Ltd. Graham spent 11 years in the power industry developing conducting polymers, fuel cells, batteries and energy storage technologies.

He was Business Development Manager for National Power Plc and International Power Plc and developed the Regenesys energy storage technology, which was acquired by RWE from Innogy. He has a degree in Physics, a PhD in Materials technology and an MBA.



Dr Simon Bourne
Chief Technology Officer
(Age 40)

Simon Bourne joined ITM Power in 2002 as a Technical Manager and has been one of the leading scientists involved in the development of ITM Power's suite of patented membrane materials.

Before joining ITM Power, Simon was a project engineer with Sonatest Plc and a researcher with the Ministry of Defence. Simon has a BSc Hons in Materials Science from UMIST and a PhD from Cranfield University.

Prof Roger Putnam
Non-Executive Chairman
(Age 69)

Roger Putnam, the former Chairman of Ford of Britain and President of the Society of Motor Manufacturers and Traders, was a member of the Government's Energy Review Partnership.

The Partnership reported to the Chancellor on the country's future energy strategy. He was also Chairman of the DTI's Retail Motor Strategy Group and a member of the Department for Business, Enterprise and Regulatory Reform (DBERR)'s Automotive Innovation and Strategy Team. Other Directorships include: Chairman of Suila Ltd, Non-Executive Director of Halcyon Days Ltd and Trustee of the Jaguar Trust. He is also a Visiting Professor of Automotive Studies at the City of London University.

Roger's distinguished career in the automotive industry began at Lotus Plc. In 1982 he joined Jaguar Cars Ltd as Director, Global Marketing and UK Sales Operations. In 1985 Roger was appointed to the Board of Jaguar as Director, Sales and Marketing, a role he retained until he was appointed Chairman of Ford of Britain in 2002.

Peter Hargreaves
Non-Executive Director
(Age 68)

Peter joined the Board of ITM Power in February 2004 as a Non-Executive Director. After qualifying as a chartered accountant, he was employed by KPMG, Unisys, and Whitbread and Company Limited.

In 1981 he founded the national investment brokerage Hargreaves Lansdown Plc, which was successfully floated on the London Stock Exchange in May 2007 and now has a market value in excess of £2.5 billion.

Peter remains an Executive Director of Hargreaves Lansdown Plc.

Sir Roger Bone
Non-Executive Director
(Age 71)

Sir Roger Bone is the President of Boeing UK, Non-Executive Director of F&C Investment Trust Plc, Non-Executive Director and trustee of the National Centre for Universities and Business and a Prime Minister's honorary UKTI Ambassador for British Business.

Previously he has been Ambassador to Brazil and Sweden and Assistant Under Secretary of State in the Foreign and Commonwealth Office. Sir Roger is a graduate of Oxford University, and a former Visiting Fellow at Harvard University. He is also a Trustee of the Royal United Services Institute.

Lord Roger Freeman
Non-Executive Director
(Age 73)

Lord Freeman joined ITM Power in October 2010 as a Non-Executive Director. Lord Freeman is a member of the House of Lords and is currently Chairman of the Advisory Board of Pricewaterhouse Coopers (UK).

During a distinguished political career, Lord Freeman was the Conservative MP for Kettering from 1983 to 1997, served as the Parliamentary Secretary for the Departments of Health and Armed Forces, and as Minister of State for Public Transport and Defence Procurement. He concluded his political career as a Cabinet Minister in the government of John Major. He became a Life Peer in 1997.

Lord Freeman is a graduate of Balliol College and a Chartered Accountant. He was a Partner and Managing Director with Lehman Brothers in New York and London (1972 to 1985), specialising in cross-border mergers and acquisitions. Other Directorships include: Chemring Group Plc, Big DNA Ltd and Parity Group Plc.

Robert Pendlebury
Non-Executive Director
(Age 73)

Bob has worked in senior management positions in both Ford Motor Company and JCB. Joining JCB in 1991, he became their Engineering and Research Director.

He remains a consultant to JCB, Associate Engineering Director to the JCB Academy and a Visiting Professor to Loughborough University. He is a Mechanical Engineering graduate of Leeds University, Chartered Engineer and Fellow of the Institution of Mechanical Engineers.

STRATEGIC REVIEW

"ITM Power are now in a position where we can focus on delivering its leading refuelling and energy storage products to more and more customers around the world, and this is in no small part down to the dedication of the staff over the last year."

Prof R Putnam
Non-Executive Chairman,
ITM Power Plc

ITM Power self-pressurising PEM stack module

STATEMENT OF SCOPE

This Strategic Review has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for these to succeed.

The Strategic Review contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic Review, have complied with s414C of the Companies Act 2006.

This Strategic Review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to ITM Power Plc and its subsidiary undertakings when viewed as a whole.

Hydrogen station signs in production

BUSINESS MODEL

SUMMARY

ITM Power designs and manufactures integrated hydrogen energy systems for energy storage and clean fuel production. The Company has a suite of product platforms based on Proton Exchange Membrane (PEM) technology tailored to the requirements of its target markets. Of particular importance is the ability to respond rapidly and to generate hydrogen at a pressure, flow rate and purity appropriate to its application. The overarching principle is the capacity to take excess energy from the power network, convert it into hydrogen and deliver it either into a vehicle as a clean fuel or the natural gas network as part of a Power-to-Gas energy storage scheme.

ITM Power has developed innovative products, which utilise its technology and know-how to meet the growing demand for clean fuel and energy storage. The Company's business model is centered on growth of sales.

The Power-to-Gas model is a commercial proposition which offers utility companies energy storage options of a scale and duration relevant to the challenges presented by growing deployment of renewable power generation. The equipment provides grid balancing services which consumes excess energy in the power network converting it to hydrogen for injection into the gas network. There are structured payments for both grid balancing services and supply of hydrogen which helps decarbonize the gas network. ITM enjoys a unique position having supplied the world's first PEM Power-to-Gas electrolyser in 2013 and which continues to inject hydrogen into the German gas distribution network. ITM has supplied a second PEM Power-to-Gas system to RWE in the year.

The refuelling model is one that incorporates the work of national hydrogen infrastructure initiatives to support the growth of hydrogen as a transport fuel, both for use in cars and buses initially, and with further transport applications in the future. Automotive OEM's have invested billions of pounds developing fuel cell electric vehicles and their roll-out is underway, led by Hyundai and closely followed by Toyota. ITM Power has won contracts to supply on-site hydrogen generation equipment for refueling in both the UK and California. In the year ITM has achieved awards for two new hydrogen refueling stations in London plus upgrades to a further four. Opportunities for ITM Power continue to develop in California where it has been legislated that 33% of all dispensed hydrogen fuel is required to be from renewable sources. ITM Power is also an active participant of hydrogen mobility initiatives in the UK, France and California.

A developing tertiary application area for the technology is the production of renewable chemicals such as fertiliser through use of renewable energy to decarbonise the generation process and provide routes for its use in remote area. Collaborative work in this field has begun and an electrolyser system for such a programme will be delivered during 2015.

At the heart of all of these applications is an ITM electrolyser system.

GRANT FUNDING

ITM Power utilises funding from grant bodies to contribute towards technological advancement in support of product improvement and cost reduction. Such funding can also support the build, deployment and operation of pilot projects. The funding received from the Innovate UK (formerly the Technology Strategy Board) and EU has enabled an acceleration of development to drive the Company's innovative technology into these rapidly growing markets.

GLOBAL MARKETS

Markets for water electrolysis as a hydrogen infrastructure solution continue to develop in the UK, as showcased by the Island Hydrogen, and HyFive projects together with the UK H_2Mobility initiative supported by the Office of Low Emission Vehicles. Similar initiatives are also underway in France, Denmark, Germany, Japan and the US. The market for Power-to-Gas is led by Germany where ITM Power have sold the first two systems to inject hydrogen into the German distribution network. The opportunities continue to grow rapidly in Germany while spreading to other regions, for example California where energy storage is now mandated.

ITM has a model of locating agents in key territories to position ITM Power as a world leading developer and supplier of electrolyser products. Initial market opportunities often begin with collaborative projects with blue chip companies before leading to sales and maintenance contracts of established, CE marked units. ITM Power has five business development personnel 'in the field', and has also established a strong after sales support team. Business development effort is focused in areas where markets are more advanced. ITM Power has subsidiaries in Germany, California and Denmark which serve to generate local knowledge and partnerships, grow operation and after sales support, increase opportunities for state grant funding, and provide opportunities to operate within the local currency.

PROFITABILITY

ITM Power sees its route to product and maintenance sales and profitability through the increasing deployment of its products in the key Power-to-Gas energy storage and clean fuel sectors. The Company is well represented in these commercial sectors and territories where market growth is now accelerating. The Company has an established product platform which continues to benefit from ongoing cost reduction activities and technology improvements.


A
B

REVIEW OF THE BUSINESS

"ITM Power has matured from a Company developing bespoke systems to one with standard product platforms. This shift has accelerated deployment in target markets and territories while promoting plant simplification and cost reduction. Coupled with the knowledge and experience gained in permitting hydrogen systems in both Europe and the US, ITM Power is an organisation that has overcome the significant barriers to market entry and is open for business. I am proud to be a part of the team."

Dr Simon Bourne
CTO, ITM Power Plc

BUSINESS ENVIRONMENT

The year under review has been a year where ITM Power has benefited from a significant upturn in order generation and business development, which shall come to fruition in the next few periods. Major national initiatives in Europe and the US have shown a commitment to adopt hydrogen technologies, both in refuelling and energy storage.

As noted in the interim statements, it was stated that Trading for the year had been slower than originally anticipated at the outset for ITM Power. However, losses for the full year are lower than previously anticipated.

ITM Power continues to develop strong relationships with large multinational companies, as well as with the governments of the pioneer countries as a result of these initiatives. ITM also positions itself as an expert in Hydrogen technologies, not just within the UK but globally. Consequently, we are increasingly being consulted as a leading expert in energy storage solutions and clean fuel and are well positioned to service the upturn in demand expected in the coming years.

We have established strong relationships in California through our US subsidiary, having won a further project in the Chino area, and the city of Riverside we are now in the build phase for our second unit designated for California.

This year has shown that enquiries for ITM Power products are better qualified and better defined, an indication that awareness in the Company and its products is far better than previous years. This has resulted in increased enquiries, and pipeline. ITM Power is well positioned to address commercial opportunities within the energy storage and clean fuel generation from renewable power markets. It also has created a production environment that can service the demands of unique as well as more routine enquiries.

ITM Power has built on key relationships and become a member of new initiatives around the world as the hydrogen industry's growth accelerates. We successfully won our second Power to Gas contract in Germany with RWE and have since received an order for a 0.5MW solution harnessing wave power with the European Marine Energy Centre. As the technology on offer matures and is proven in the field, key customer relationships are strengthened.

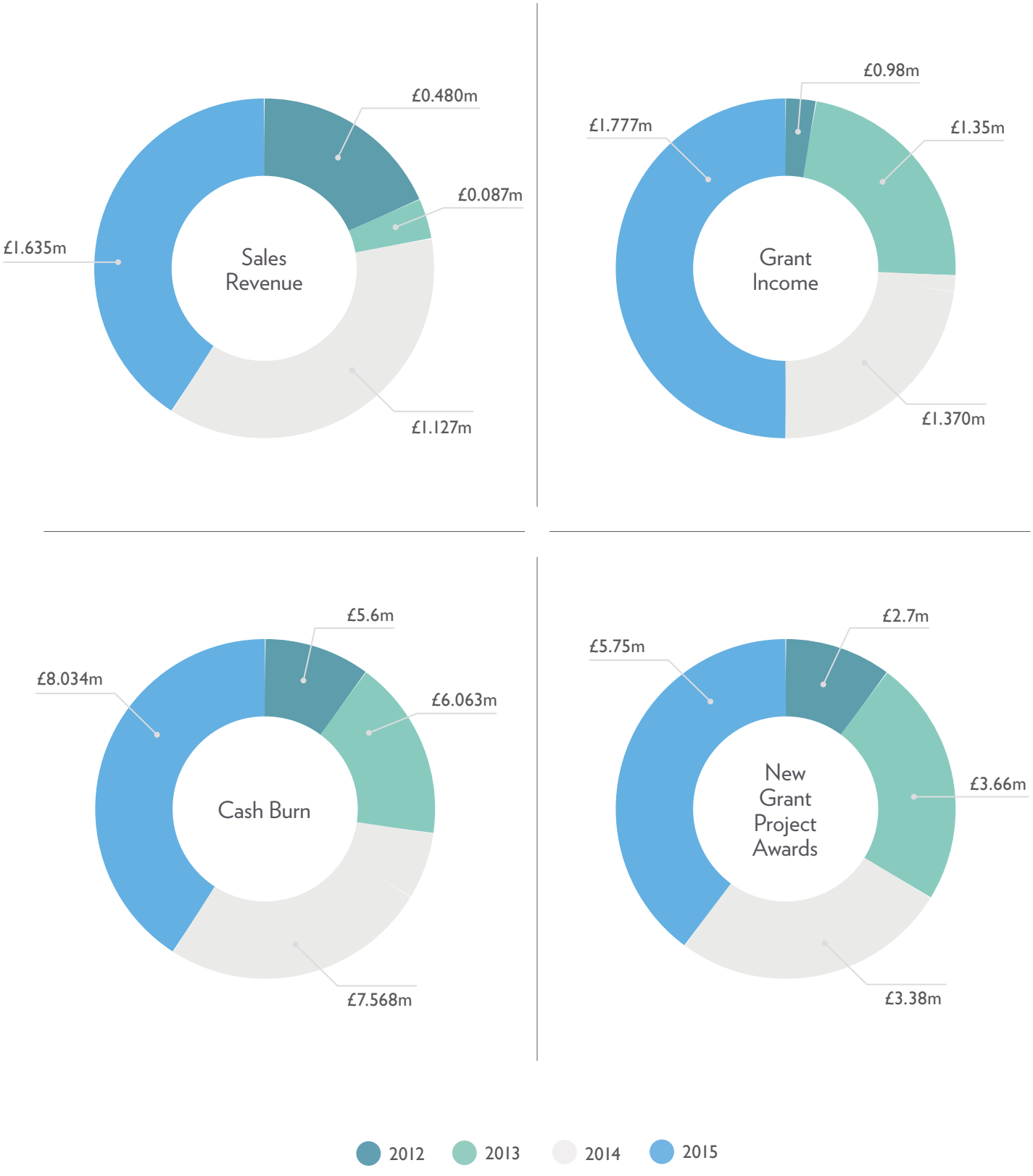
We were delighted to receive the £4.9m strategic investment of from J.C.B. Research and Valebond Consultants Limited ("JCB") earlier in the year. We believe that having such a strong strategic partner on board with a significant stake in the business (9.1% of the current issued share capital) will add real value to ITM Power going forward and we look forward to continuing to work with JCB and Robert Pendlebury as JCB's representative to our Board.

KEY FINANCIALS

A summary of the key financial results is set out in the table below and discussed in this section.

	2015	2014	2013	2012
Total projects income, being sales and grant receivable	£5.061m	£3.077m	£1.44m	£1.46m
Of which: sales revenue	£1.635m	£1.127m	£0.087m	£0.480m
Of which: grant recognised in the income statement	£1.777m	£1.370m	£1.35m	£0.98m
Of which: grant recognised on the balance sheet (offsetting asset build)	£1.649m	£0.58m	£nil	£nil
Net cash burn*	£8.034m	£7.568m	£6.063m	£5.6m
New grant project awards	£5.75m	£3.38m	£3.66m	£2.7m
Pre-tax loss	£5.711m	£7.953m	£6.17m	£6.47m
Projects under contract or in final stage of negotiation	£10.46m	£9.25m	Not measured	Not measured

**Cash burn is defined as the underlying cash outflow after adjusting for movements on short-term deposit balances and fund raising activities. It is calculated on the cash flow page.*


£0.480m
£0.087m
£1.635m
Sales Revenue
£1.127m
£0.98m
£1.777m
£1.35m
Grant Income
£1.370m
£5.6m
£8.034m
£6.063m
Cash Burn
£7.568m
£2.7m
£5.75m
New Grant Project Awards
£3.66m
£3.38m
2012
2013
2014
2015

ITM Power electrolyser for the M1 Wind Hydrogen fuel station is delivered to the Advanced Manufacturing Park.

FINANCIAL PERFORMANCE

The pre-tax loss for the year under review decreased to £5.711m (2014: £7.953m) and net cash burn before fund raise increased to £8.034m (2014: £7.568m).

The decrease in loss in the year being reported can be attributed to three major factors: the refinement of development activities to ensure that core work is supported where possible; the increase in sales revenue and at profitable margins; and the write back of some of the provisions in the prior year that were not realised in the current year. The cash burn has increased as a result of some timing differences, with the increase in components held being the other driver for this. Management expects to be able to reduce cash burn in the financial year ending April 2016, as a result of timings of the receipts of various projects and increased sales traction in the future with better commercial terms. ITM Power also continues to develop supplier relationships to establish better payment terms for the Company but new relationships tend to require shorter terms as the relationship is built.

Revenue has increased as the Company gains traction in the growing hydrogen market, but is also representative of servicing a growing pipeline. The Company has experienced the greatest growth in sales through German Power-to-Gas and Californian Refuelling system sales. The revenue in the UK has been from smaller units as a more cautious approach is taken to committing to the technology. In California and Germany, the development of renewable energy as a mandated technology has led hydrogen generation such as that supplied by ITM Power to be more widely investigated with adoption gathering pace.

There will be an element of non-recurring engineering costs in every first-of-kind build, as the Company enters new geographical markets and industries. The electrolyser system supplied to RWE represented a refinement in the step change in technology, being the first deployment of the Company's large product platform and its first Power-to-Gas installation.

Total collaborative project funding recognised in the period was £3.426m of which £1.777m is recognised on the income statement (2014: £1.950m, of which £1.370m was recognised on the income statement). This increase in asset builds supported through project funding has allowed ITM Power to develop a suite of hydrogen generation equipment that it will own and operate as part of the collaborative projects, allowing data and knowhow to be incorporated into new generations of electrolysers.

COMMENTARY ON THE YEAR'S REVENUE

The sales order book at the year end stood at £1.98m (2014: £0.80m). This increase is representative of the pipeline a year ago being heavily biased towards funded projects but also reflects a growing sales pipeline as orders for larger units are being received, namely in this instance the EMEC sales order for 0.5MW of electrolysis.

The value of projects under contract at the time of the report stood at £10.10m. Projects under contract represents the value of contracted Revenue and Grant Funding yet to be recognised by ITM Power in the future, and the Board find this a more accurate reflection of the increase in activity the Company has experienced in the year.

Projects under contract is seen as a more definitive measure of growth, as ITM Power develops some collaborative contracts as ways to manufacture assets whilst retaining ownership and providing an income stream through sales of hydrogen. Examples of this are the OLEV infrastructure development and HyFive projects which have a period of operation as part of the project (48 and 36 months respectively).

Whilst projects under contract continue to accelerate ITM Power's growth and products in the market, the Board is aware of the continued potential for revenue volatility (as experienced in 2013) as projects grow in size and complexity. Revenue volatility will continue to decrease as the business matures and grows, and as ITM Power realises opportunities in large markets.

FINANCIAL POSITION

At year end, ITM Power had £6.576m (2014: £9.763m) of funds in the bank, and trade and other receivables of £4.113m (2014: £1.206m), which predominantly relate to grant income debtors. Recognising the need to be lean with working capital, ITM Power structures quotes to include upfront payment with orders so that working capital is not impacted adversely by increased activity.

ITM Power has seen an increase in fixed assets to £2.546m from £1.755m in the prior year as the Company engages in projects that create assets for the future. This is a policy that will continue, especially with the completion of the Island Hydrogen and HyFive projects.

OUTLOOK

It has been a very busy year for the Company with customer engagement reaching an all-time high. ITM Power are now in a position where it can focus on delivering its leading refuelling and energy storage products to more and more customers around the world, and the Board look forward to reporting progress as contracts are awarded. One of the key development strategies for ITM Power has been, and will continue to be growth supported through external funding. This is particularly important whilst the markets for ITM Power, and especially refuelling products develop. Therefore the Company expects a greater proportion of income from external funding than previously forecast.

STRATEGY AND OBJECTIVES

STRATEGIES

ITM Power is now firmly focused on large scale solutions. The current strategy is to use the existing, operational Thüga project as a reference plant for Power-to-Gas sales.

Using the same initial platform, the Company will also be able to show demonstrable success in the near future of hydrogen refuelling, using the Island Hydrogen and HyFive stations, which will be used as reference plants for refuelling stations.

In the medium-term, the national mobility programmes, in which ITM Power has positioned itself as a key partner for refuelling through electrolysis, will drive initial refuelling station sales.

OBJECTIVES

ITM Power has immediate objectives in terms of product development and in particular scale-up of our proven electrolysis equipment. This will allow penetration of larger markets, and is a direct response to market demand from sales enquiries and trade fairs and events.

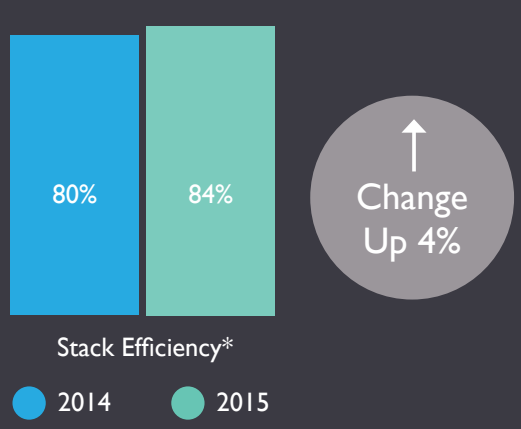
Cash flow remains a key measure for the Board, with the other key objective for ITM Power being the achievement of a positive cash flow in the shortest possible time.

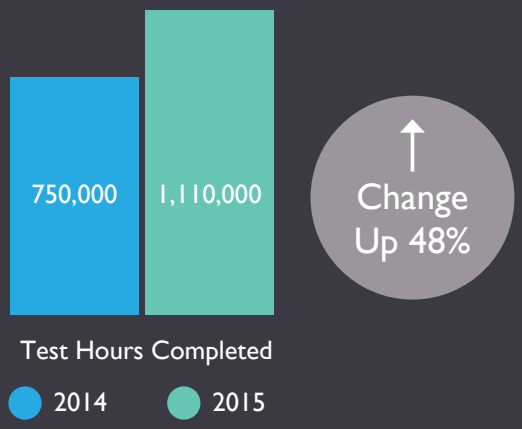
STRATEGIES FOR ACHIEVING OUR OBJECTIVES

Product development, and in particular upscaling of product offering, will be achieved through securing and utilising project funding. This serves the dual purpose of reducing cash outflow and creating strong key partnerships within industry.

Short-term cash flow is aided by ITM Power quoting for sales with upfront payments which reduces reliance on working capital. Cash outflow is minimised through working with support from partners on the development of technology whilst we are continuing to build a contract pipeline. Historically, it has taken two years for potential customers to move through a learning curve and to reach the point of purchasing equipment, and it is with this in mind that we are creating a larger pipeline.

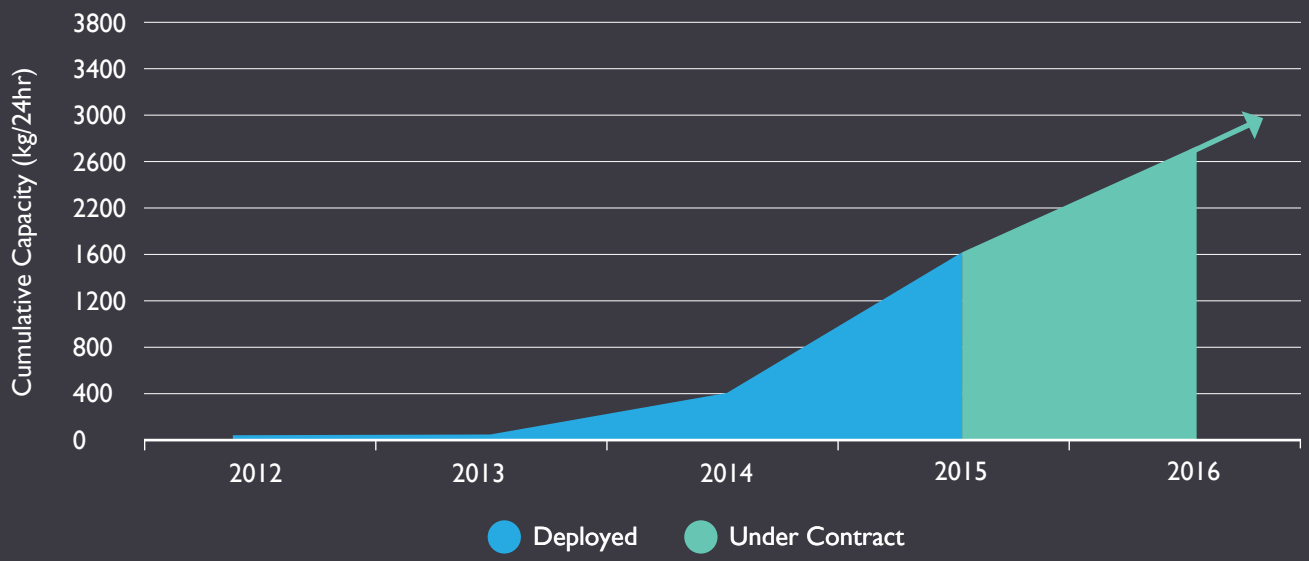
NON-FINANCIAL KEY PERFORMANCE INDICATORS





*The efficiency of an electrolyser stack is a measure of the electrical energy input against the chemical energy content of the hydrogen produced.

HYDROGEN PRODUCTION CAPACITY UNDER CONTRACT IN KW



The Company has achieved an overall efficiency improvement to its rapid response stack platform, to greater than 84% (2014: 80%). This was recorded from plant in the field and represents a real-world reference which can be showcased and repeated. This will provide further significant benefit to end users and will produce a positive impact on the economics of both hydrogen refuelling and Power-to-Gas applications.

The level of knowledge gained within stack development has increased with longevity testing and cyclic testing all contributing to a total of 1,110,000 hours assembled knowledge. This testing has enabled rapid scale-up to date as demonstrated by the largest stack capacity compared with that of prior years.

PRINCIPAL RISKS AND UNCERTAINTIES

COMMERCIAL RISK

The principal commercial risks to the Group are as follows:

Description	Impact	Assessment of change in risk year-on-year	Mitigation
ITM does not achieve sufficient commercial success before existing competitors or new entrants.	The current plans the Company has may not be realised, and ultimately the Company may have to re-evaluate its forecasts.	There is greater commercial traction in the current year, both for ITM Power and some of its' competitors. However, ITM Power has experience in the field that is unparalleled. As such this is considered reduced risk year on year.	ITM Power retains a comprehensive patent suite incorporating novel technologies and processes. The Board considers the patent suite owned by the Group creates a significant barrier to entry for new competitors, and for existing competitors to threaten the Group's market position.
Alternative technologies are adopted in preference to the Group's technology.	The Company could struggle to gain market share or may find itself operating in a smaller market than is currently anticipated.	This risk is considered diminished as the market continues to develop and greater applications are explored and considered feasible.	The Board considers the technological proposition of the Group and through both review and strong targeting considers the technology to be superior to that currently on the market. Through targeted improvements in technology development the board seeks to retain that competitive advantage.
Energy policy changes could adversely affect the commercial and project traction the Group has started to achieve.	The Company may find the technological demand for their product reduced.	This risk is considered diminished compared to previous years as the hydrogen agenda gathers pace. ITM Power's more global positioning decreases the reliance on one particular country's policies.	The board seeks to be led by commentators and industrial bodies as to the direction of policy change. Currently, as global markets continue to rely ever-more-heavily on the use of intermittent and fluctuating renewable energy sources, the case for energy storage solutions continues to be strong.
Regulatory changes could adversely affect the commercial success of the Group.	As the market for hydrogen systems develops, the regulatory structure gains sophistication. The risk of falling behind developments could render products obsolete.	Similar to previous years.	The Board considers regulatory issues, and particularly in the markets for automotive and energy storage solutions find regulations continue to support the case for hydrogen energy systems as a solution. The regulatory environment in which ITM Power operates continues to evolve and the board seeks to position ITM as a leading expert in the field to shape and reliably inform best practice with regards to regulatory changes.
ITM continues to be in a cash consumption phase.	There is a risk that the company may face working capital and cash flow challenges associated with this characteristic and the 'lumpiness' of orders.	At year end there was less cash in the bank than in the prior year but equally there was greater sales traction. ITM Power is also being required to quote for larger systems. This risk has increased slightly.	There are a number of options available to the Group, which include structuring sales beneficially, and requiring money up front. There is an ongoing scheme of work to create greater profitability within the products.

CORPORATE SOCIAL RESPONSIBILITY

Approved by the Board and signed on its behalf by:

Dr Simon Bourne
Director
Date: 31 July 2015

The Board of Directors meet regularly to review specific and general risks that face the Company and strives to position the Group and Company in a way that any risks can be minimised and met, should the need arise.

HEALTH, SAFETY AND THE ENVIRONMENT

ITM Power's products are designed to reduce the carbon footprint of our customers' energy generation and distribution processes and, in particular, enhance the utilisation of sources of renewable energy that would otherwise be wasted.

We have engaged in a collaborative project to build a pilot unit for fertiliser production from renewable energy which will decarbonise fertiliser production which is responsible for a material proportion of global greenhouse gas emissions.

In our production processes we adhere to the highest standards of accreditation and have held ISO 14001 Environmental accreditation since 2009. We have also held BS OHSAS 18001 Health and Safety accreditation since 2009.

SOCIAL AND COMMUNITY RESPONSIBILITIES

The Group encourages recycling and a care for the environment in which we operate. We attempt to recycle as much equipment as possible, either by reselling research equipment for which we no longer have use or by donating used computers to schools and other projects.

GOING CONCERN

The Directors have prepared a cash flow forecast for the period ending 31 August 2016. This forecast indicates that the Company and Group will remain cash positive without the requirement for further funding, for a period of at least 12 months from the date of approval of these financial statements. The forecast includes certain assumptions, in particular in respect of the level and timing of projected sales and grant cash inflows, which are inherently uncertain; the Directors believe that the level and timing of the projected sales represent a prudent estimate, with the current sales pipeline providing potential upside. Notwithstanding these uncertainties, the Directors have a reasonable expectation that the company and group will be able to meet their obligations as they fall due, for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis.

JCB INVESTMENT

J.C.B. Research and Valebond Consultants Limited, a Company wholly owned by Jo Bamford have together acquired a strategic shareholding in the Company by way of a subscription for new ordinary shares making them, in aggregate, ITM Power's largest shareholder.

Jo Bamford and Lord Bamford

"We are excited by the prospects of hydrogen technology and our investment in ITM Power. We expect to be an actively supportive shareholder in ITM Power and look forward to working with the Board and management team and to sharing some of our expertise in manufacturing and engineering."

Lord Bamford
J.C.B. Research

JCB IS ONE OF THE WORLD'S **TOP THREE** MANUFACTURERS OF CONSTRUCTION EQUIPMENT BY VOLUME

JCB CONTINUES TO INVEST HEAVILY IN RESEARCH AND DEVELOPMENT, KEEPING JCB AT THE CUTTING EDGE OF INNOVATION

JCB EMPLOYS AROUND **12,000 PEOPLE** ON FOUR CONTINENTS AND SELLS PRODUCTS IN **150 COUNTRIES** THROUGH 2,000 DEALER DEPOTS

JCB CHAIRMAN LORD BAMFORD IS A LEADING INDUSTRIALIST WHOSE CAREER SPANS OVER FIVE DECADES

ENERGY STORAGE

POWER-TO-GAS

"I would argue that the technology's deployment is inevitable owing to the amount of renewables coming on stream, and that by 2050 – based on our studies – there is likely to be a need to store as much as 50TWh. The annual storage capacity of the German gas distribution network is about four times larger than this quantity – and that's the charm of P2G.

Dr. Elke Wanke
Project Leader, Thüga Aktiengesellschaft

COMMERCIALISATION OF ENERGY STORAGE IN EUROPE REPORT

In March 2015 the Fuel Cell and Hydrogen Joint Undertaking (FCHJU), supported by the European Commission, and 32 commercial companies including ITM Power, published a report on the findings of a study exploring a deeper understanding of the role and commercial viability of energy storage in enabling increasing levels of intermittent renewable power generation.

It highlighted that the share of Renewable Energy Sources (RES) in the European electric power generation mix is expected to grow considerably, constituting a significant contribution to the European Commission's challenging targets to reduce greenhouse gas emissions. The share of RES production in electricity demand should reach about 36% by 2020, 45-60% by 2030 and over 80% in 2050.

THÜGA GROUP'S POWER-TO-GAS UPDATE

Following a year's successful operation in the field, the Thüga Group provided an update on the project stating that ITM's electrolyser has exceeded expectations. Of particular note was system response time and efficiency which was independently measured to be over 70% with a peak of 77%. The system has continued to be exposed to a series of stress tests, the results of which are fed back to the thirteen project partners, combining knowledge and experience regarding the practicalities of Power-to-Gas.

The ITM Power HGas system is controlled by the grid operator acting as a transducer between power and gas. It is turned on when there is an excess of renewable wind power on the electricity grid to generate hydrogen through PEM electrolysis which is put straight into the natural gas network. This model creates the perfect solution for balancing the grid against intermittent renewable energy.

The unit was the first plant to inject electrolytic generated hydrogen into the German gas distribution network. The second plant to inject hydrogen into the German gas distribution network was also supplied by ITM Power, purchased by RWE after a competitive tender process. The operational data generated has put ITM in a strong and unique position to engage further in this key territory for Power-to-Gas energy storage.

Given the high volumes of energy that must be stored, Power-to-Gas technology holds great significance. According to a Thüga analysis, storage requirements in Germany could be as high as 17 terawatt hours (TWh) by 2020, and reach 50TWh by 2050. The municipal gas distribution network can easily absorb these quantities.

"We want to integrate the plant so that it autonomously compensates for the differences between renewable energy generation and power consumption.

"Energy storage, and thus by extension Power-to-Gas technology, is key to the success of the Energiewende. For its development, we in Germany in the long-term need a sustainable market model – as has for example been presented by the Thüga Group – and one that guarantees the economic operation of energy storage.

"Our gas distribution network could thus be the battery of the future."

Michael Riechel
Member of the Board of Thüga AG

"The development of storage technologies is one of the main challenges for the energy transition (Energiewende), if the integration of wind and solar power is to succeed. The companies involved in this innovative project are making a significant contribution.

Tarek Al- Wazir
Hessian Minister of Economics

Tarek Al-Wazir, Hessian Minister of Economics, Energy, at the commissioning of the Power-to-Gas demonstration plant at the site of Mainova AG in Frankfurt.

ITM Power electrolyser arrives on RWE Deutschland site in Ibbenbüren

RWE

PROJECT

In December 2014 ITM Power won a competitive tender for the supply of a rapid response Power-to-Gas PEM electrolyser system issued by RWE. Due to increased productivity, and as a result of product standardisation, delivery timescales were significantly reduced and ITM Power achieved assembly, factory acceptance testing and delivery in less than ten weeks from receiving the order.

ITM POWER SUCCESSFULLY DELIVERED THE RAPID RESPONSE POWER-TO-GAS PEM ELECTROLYSER SYSTEM IN FEBRUARY 2015 SOLD TO RWE DEUTSCHLAND AG WITHIN 10 WEEKS FROM RECEIVING THE ORDER.

This is the third rapid response Power-to-Gas energy storage system installed by ITM Power in Germany. It is the first second-generation unit and represents another reference site for ITM Power's world leading technology.

The second-generation unit is using a higher current density, permitting higher hydrogen output per stack. The system efficiency is also increased by simplification of the balance of plant. The system incorporates the very first deployment of the new AEG advanced power conversion electronics, the benefits of which include: ultra-high power factor, rapid response time and higher efficiency over full operating range.

RWE will be injecting hydrogen into the gas network as part of their Power-to-Gas installation and evaluating the very fast electrolyser system response and exploring its exploitation in grid balancing.

"The delivery of this second-generation electrolyser unit within ten weeks has been enabled by an ongoing production run of standard electrolyser systems. It is testimony to the great working relationship which has been developed between ITM Power and RWE and we are delighted to be integrating the best technology available."

Phil Doran, MD
ITM Power GmbH

OpenHydro's tidal turbine at a European Marine Energy Centre (EMEC) tidal test site. Photographer Mike Brookes-Roper

EMEC ORKNEY
THE EUROPEAN MARINE ENERGY CENTRE LTD

PROJECT

Energy Storage for European Marine Energy Centre (EMEC) tidal test site.

In April 2015 ITM Power won a competitive tender to supply an integrated hydrogen system for use at the European Marine Energy Centre (EMEC) tidal test site on Eday, Orkney, Scotland. The system's principal component is a 0.5MW polymer electrolyte membrane (PEM) electrolyser with integrated compression and up to 500kg of storage.

The 0.5MW electrolyser will be used to absorb excess power generated by the tidal turbines testing at EMEC. The hydrogen gas generated will be compressed and stored, with some of the gas being used in (an optional) hydrogen fuel cell to provide backup power to critical EMEC systems.

The remainder of the hydrogen gas will be used off-site by a project being developed separately which plans to absorb output of a local community wind turbine operated by Eday Renewable Energy Ltd.

The electrolyser will be packaged in a standard 20 and 10 ISO container and is summarised below:

- Hydrogen generation capacity up to 220kg/24hours
- Self-pressurisation up to 20bar
- Rapid response
- Hydrogen purity satisfying ISO 14687
- CE compliant

"We are really excited about the deployment of ITM Power's PEM electrolyser system on Eday. This is an innovative way to tackle the shortcomings of the local grid which is holding back marine energy in Orkney. It will allow us to not only pilot the production of hydrogen fuel from tidal energy, but will allow surplus renewable energy on the island to be used without having to rely upon the inadequate grid. We really see this as the moment we begin to break away from the shackles of a 20th Century cable architecture."

Neil Kermode
Managing Director, EMEC

The first Hyundai ix35 fuel cell vehicles arrive in the UK

CLEAN FUEL
HYDROGEN FUEL

"We are so focused on hydrogen because at its most simplistic oxygen and hydrogen makes water and power. The fuel cell vehicle is a social and economic game changer. Gasoline (petrol) has been the primary fuel of the first hundred years. Hydrogen will be the primary fuel game of the next hundred years. Our primary task is to provide our customers with fuel-cell cars at an affordable price."

Takeshi Uchiyamada
Chairman of Toyota

HYDROGEN FUEL

ITM Power is active in projects which support the roll-out of hydrogen powered vehicles and refuelling stations. The EU funded Hydrogen for Innovative Vehicles (HyFive) project includes 15 partners who will deploy 110 FCEVs manufactured by five global automotive companies across three European cluster locations. ITM Power is providing three hydrogen refuelling stations to London for deployment summer 2015. Each will include both on-site electrolyser systems and 700bar refuelling capacity.

A further activity has been the UK H_2Mobilty project, of which ITM Power was a founder member. The project envisages 65 stations being deployed in the UK by 2020. Financial support for this was recently announced by OLEV with £7.5m total funding – £2m available for FCEV, £2m for HRS upgrades and £3.5m for new HRS. ITM Power looks forward to working with partners from the fuel cell vehicle manufacturers and local, national and European funding partners in the coming years to deploy further stations and achieving the agreed 2020 goal.

In October 2014 the UK Government announced that they would commit £11m to industry to prepare the UK for the roll-out of hydrogen fuel cell electric vehicles. The investment will see an initial 15 hydrogen stations by the end of 2015 and includes £2 million of funding for the public sector to purchase the hydrogen vehicles. This was a further step in funding for rolling out the initial national hydrogen network of 65 stations which have been identified by UK H_2Mobility.

A focus has also been placed on establishing a network of hydrogen stations and commercialising a number of fuel cell buses. In November 2014 the Fuel Cell Hydrogen Joint Undertaking (FCHJU) launched an initiative which was signed by manufacturers and bus operators from major European cities, including London, which will aim to deploy a total volume of 500-1,000 fuel cell buses into Europe by 2020.

Toyota launched their fuel cell electric vehicle (FCEV), the Mirai in November 2014 and sales started in Japan a month later on 15th December. This saw 1,500 orders secured in the first month, tripling initial projections of 400 vehicles. The production of the vehicle will be scaled up to meet demand and the Mirai will be on sale in Europe later in 2015, with first deliveries to the UK expected in September.

Meanwhile the first Hyundai ix35 FCEVs, funded under the HyFive London Cluster, are now deployed in the UK with further roll-out expected as the infrastructure provision develops.

"Today we are at a turning point in automotive history. A turning point where people will embrace a new, environmentally-friendly car that is a pleasure to drive. A turning point where a four-door sedan can travel 300 miles on a single tank of hydrogen, can be refueled in under five minutes and emit only water vapour. We believe that behind the wheel of the Mirai, we can go places we have never been, to a world that is better, in a car that is better. For us, this isn't just another car. This is an opportunity – an opportunity to really make a difference. And making a difference is what Toyota is all about."

Akio Toyoda's
CEO of Toyota Motor Corporation

SITING COLLABORATION WITH MAJOR GLOBAL FUEL RETAILER AND MORE STATIONS FOR LONDON

In March 2015 ITM Power was awarded a total of £2.89m by the Hydrogen Refuelling Stations (HRS) Infrastructure Grants Scheme, run by the Office of Low Emission Vehicles (OLEV). The award is to build two new HRS in London, sited with strategic partners and for the upgrading of four existing ITM Power refuelling stations.

One of the new stations will be built on the forecourt of a major global fuel retailer. ITM Power has signed a Memorandum of Understanding (MoU) with the retailer to build initially up to three HRS in London and will be seeking funding support for at least one more station. The MoU also allows for further development of the collaboration in the UK. ITM Power will be working closely with OEM FCEV providers to determine the best locations for the further station.

The upgrades included the three in London under development as part of the HyFive project and one in Rotherham, just off the M1 at Junction 33. The latter will be upgraded from 350 to 700bar refuelling capability. This strategic refuelling location will allow FCEV users to travel between London and the North of England.

By the beginning of 2016 ITM Power will own and operate six hydrogen fuel stations in the UK, mainly centred around London.

ITM Power HFuel refuelling the Hyundai ix35 fuel cell vehicle

Wind hydrogen station at the Advanced Manufacturing Park

WIND HYDROGEN FUEL STATION AT THE ADVANCED MANUFACTURING PARK

ITM Power's first commercial scale (80kg/day) refueller, sited less than two miles from Junction 33 on the M1 has been delivered to site and is undergoing commissioning. The station is located at The Advanced Manufacturing Park in Rotherham and is due to open for 350bar refuelling in August 2015. The electrolyser is coupled to a 225kW wind turbine and takes the excess electricity from this turbine to generate hydrogen gas. This is then used to refuel vehicles in around 3-5 minutes.

The electrolyser build programme went to schedule and the system achieved a CE mark and successfully completed Factory Acceptance Testing. The measured system efficiency of the electrolyser system is <55kWh/kg (>71%) which surpasses the target set by the Fuel Cell and Hydrogen Joint Undertaking (FCH JU) for 2017.

This project represents the first deployment in the UK of the Company's standardised HGas180 platform, capable of generating 80kg of hydrogen per day. The first such unit was deployed for a Power-to-Gas application in Germany, operated by RWE. Three identical units are now finalising construction for deployment in London as part of the HyFive project and this forms the template for further hydrogen refuelling systems.

The station was co-funded by Innovate UK and will be upgraded to 700bar refuelling under the OLEV HRS upgrade scheme. This strategic refuelling location will allow FCEV users to travel between London and the North of England and will be open to the public for fuel cell electric vehicles.

OPENING OF M1 HYDROGEN FUEL STATION

To mark the opening of the Hydrogen Fuel Station at the Advanced Manufacturing Park a launch event has been planned for 17th September 2015.

This event will give local businesses, fleet managers and potential end-users the chance to visit the station and learn more about ITM Power's electrolysis and refuelling technologies.

HYFIVE, UK

Hydrogen for Innovative Vehicles (HyFive) is an ambitious European project funded by the FCH JU under the EU Framework 7 programme. It includes 15 partners who will deploy 110 FCEVs manufactured by five global automotive companies across three European cluster locations. As part of the project, ITM Power is providing three new hydrogen refuelling stations to London for deployment in summer 2015. Each will include both on-site electrolyser systems and 700bar refuelling capacity. Siting activities have been ongoing both for HyFive refuelling equipment and for potential additional roll-out programmes. The three ITM Power HyFive HRS currently being built will also benefit from new telecoms and security equipment. ITM Power has gained planning permission for two London HyFive HRS, the first of which will be located within quarter of a mile of the A313 and the second within a quarter of a mile of the A40. Ground works are underway at the first HyFIVE site. The first HyFIVE HRS will open to hydrogen vehicle users in Q3 2015.

HRS Manufacturing

The electrolyser build programme took place in parallel with functional and compliance testing in Q2 of 2015 ahead of commissioning in Q3 of 2015. The build programme benefited from ITM Power's expanded testing facilities which enable multiple units to undergo factory acceptance testing simultaneously.

FCEV Roll-out in the UK

The first Hyundai ix35 FCEVs, funded under the HyFive London Cluster, are now deployed in the UK with further roll-out expected as the infrastructure provision develops. Toyota has launched the Mirai FCEV and will begin to sell this in Europe later in 2015.

One of three ITM Power HFuel hydrogen stations for the HyFive project

ITM POWER RECEIVED ONE OF THE FIRST HYUNDAI Ix35 FUEL CELL VEHICLES TO ARRIVE IN THE UK

The vehicles being rolled-out are a result of the pioneering £31m Hydrogen For Innovative Vehicles (HyFive) project funded by the FCH JU under the EU Framework 7 program. The project which brings together vehicle manufactures, commercial hydrogen fuel suppliers and government departments aims to make hydrogen vehicles a viable and environmentally-friendly choice for motorists across Europe.

HyFive will see a total of 110 hydrogen fuel cell vehicles rolled out to various European locations including Bolzano, Copenhagen, Innsbruck, Munich, Stuttgart and London. These vehicles will be supported by clusters of hydrogen refuelling stations, twelve of which are already in existence, and a further six to be deployed.

ITM Power Charles Purkess with Hyundai ix35 fuel cell vehicle one of the first to own a FCV in UK

"Making the first UK customer deliveries of hydrogen-powered cars is a huge landmark for the industry. Hyundai is the first Company in the world to start series-production of a fuel cell vehicle and is committed to rolling-out this technology in line with government plans to grow the refuelling infrastructure."

Tony Whitehorn
President and CEO, Hyundai Motor UK

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FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2015

DIRECTORS' REPORT

The Directors present their annual report on the affairs of ITM Power Plc and its subsidiaries ("the Group"), together with the financial statements and auditor's report, for the year ended 30 April 2015.

RESEARCH AND DEVELOPMENT

During the year the Group incurred research and development related costs of £4.322m (2014 – £3.979m).

DIVIDENDS

The Directors do not recommend a dividend payment for the year (2014 – £nil).

CAPITAL STRUCTURE

Details of the Group's capital structure are provided in notes 17 and 23 to the financial statements.

DIRECTORS

The following Directors served throughout the year and subsequently, unless stated otherwise:

Dr S Bourne
Sir R Bone
Dr G Cooley
Lord R Freeman
P Hargreaves
R Pendlebury (appointed 4th June 2015)
R Putnam

DIRECTORS' REPORT

The Directors who served during the year and their interests in the shares of ITM Power Plc (including those of their spouse or civil partner and children under the age of 18) were as follows.

	Ordinary shares of 5p each at 30 April 2015	Ordinary shares of 5p each at 30 April 2014
Dr S Bourne	326,830	326,830
Dr G Cooley	377,923	377,923
Lord R Freeman	5,000	5,000
Mr P Hargreaves	14,908,643	14,908,643
Sir R Bone	67,000	–
Prof R Putnam	27,129	27,129
R Pendlebury	10,300	–

(Continued overleaf)

DIRECTORS' REPORT

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during a preceding year and remain in force at the date of this report.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 30 April 2015 were equivalent to 44 (2014 – 52) days' purchases, based on the average daily amount invoiced by suppliers during the year.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year, the Group made no charitable or political donations (2014 – £nil).

SUBSTANTIAL SHAREHOLDINGS

On 30 June 2015 the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company.

Name of holder	Percentage of voting rights and issued share capital	Number of ordinary shares
Allianz Global Investors	8.9%	15,833,397
Mr P Hargreaves	8.4%	14,908,643*
JCB Research	7.2%	12,853,127
Majedie Asset Management	5.6%	10,008,148
D J Highgate	5.3%	9,443,144
J A Lloyd	3.9%	7,020,110
Herald Investment Management	3.2%	5,618,510
J A D Wreford	2.1%	3,731,363
Valebond Consultants Ltd	1.9%	3,333,333

* of this total 3,439,000 are held by a discretionary trust on behalf of the shareholder.

DIRECTORS' REPORT

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

KEY EMPLOYMENT POLICIES

We have consistently sought to recruit and retain the best employees in our sector and this has contributed to the advancement and successes of the products we manufacture. We also recognise the importance of employee retention and we offer our staff benefits including childcare vouchers and a cycle purchase scheme as well as formal training relevant to the employee's role. We believe this maintains high levels of employee satisfaction and motivation. In addition to on-the-job training, nine employees were working towards a formal qualification in the past year.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These are given in note 23 to the financial statements.

AUDITOR

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Dr. Simon Bourne
Director

Date: 31 July 2015

CORPORATE GOVERNANCE REPORT

PRINCIPLES OF CORPORATE GOVERNANCE

ITM Power Plc (the "Company") is committed to high standards of Corporate Governance. The Board is accountable to the Company's shareholders for good governance in its management of the affairs of the Group. The Directors acknowledge the importance of the principles of corporate governance contained in the UK Corporate Governance Code Combined Code. As an AIM quoted Company, ITM Power is not obliged to comply with the full requirements of the Combined Code. However the Board intends to comply with its main provisions as far as reasonably practicable having regard to the size of the Group.

The Board recognises the importance to shareholders of Corporate Governance disclosure, and to this end the Company has developed a set of disclosures that it feels are consistent with the Group's size and the constitution of the Board. The Board intend to continue to develop these disclosures as the Group grows.

The Directors intend to comply with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Group's applicable employees.

THE BOARD

The Board currently comprises the following members who are also members of the following committees of the Board:

Director	Role	Remuneration Committee	Audit Committee	Nominations Committee	Executive Committee	Manufacturing & Engineering Committee
Dr S Bourne	Chief Technology Officer				•	•
Dr G Cooley	Chief Executive Officer			•	•	
The Rt Hon Lord R Freeman	Non-Executive Director	•	•			
Mr P Hargreaves	Non-Executive Director	•	•	•		
Prof R Putnam	Non-Executive Chairman	•	•	•	•	
Sir R Bone	Non-Executive Director	•	•			
Mr R Pendlebury	Non-Executive Director	•				•

CORPORATE GOVERNANCE REPORT

BALANCE OF THE BOARD

ITM Power Plc has a separate Chairman and Chief Executive Officer, each having his own separate responsibilities. The Chairman is responsible for the effective working of the Board and the Chief Executive Officer is responsible for all operational matters and the financial performance of the Group. The Board is balanced, both numerically and in experience, with the intention that no individual or small group of individuals should be able to dominate decision making. The Board has not appointed a Senior Independent Director. However, any of the Non-Executive Directors are available on request as a conduit of communication to the Board in the event that the Chairman and/or the Chief Executive Officer are not appropriate conduits for shareholder concerns and issues.

MATTERS RESERVED TO THE BOARD'S ATTENTION

The Board has a formal schedule of matters reserved for its decision covering the following areas:

- Management structure and appointments;
- Strategic/policy considerations;
- Material transactions;
- Finance; and
- General governance and capital matters.

COMMITTEES

The Board operates through clearly identified Board committees to which it delegates certain powers. These are the Remuneration Committee, the Audit Committee, the Nominations Committee and the Executive Committee. They are properly authorised under the constitution of the Company to take decisions and act on behalf of the Board within the guidelines and delegations laid down by the Board. The Board is kept fully informed of the work of these committees and each committee has access and support from the Company Secretary. Any issues requiring resolution are referred to the full Board. A summary of the operations of these Committees is set out below.

The Remuneration Committee's role is to determine and recommend to the Board the terms and conditions of service, the remuneration and grant of options to Executive Directors under the EMI scheme adopted by the Company.

The Audit Committee's primary responsibilities are to monitor the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditor relating to its accounting and internal controls in all cases having due regard to the interests of the shareholders.

The Nominations Committee leads the process for Board appointments. It vets and presents to the Board potential new Directors, particularly Non-Executives. All new appointees undergo a rigorous nomination process before the Board agrees on their appointment.

The Executive Committee comprises Prof. Roger Putnam as Chairman, Dr Graham Cooley (CEO) and Dr Simon Bourne (CTO). The Committee regularly meets to consider business development, management issues and the financial performance of the Company.

The Manufacturing & Engineering committee comprises Robert Pendlebury, Simon Bourne and technical staff from departments within the company. The primary responsibilities of the committee is to review the Company's product portfolio and development plans and assess the cost composition of the product portfolio and the suitability of existing process to satisfy anticipated market developments.

A copy of the Terms of Reference for these committees and the terms of appointment of each of the Non-Executive Directors can be obtained by contacting the Company Secretary at the Company's Head Office.

In addition, the Board receives reports and recommendations from time to time on matters, which it considers significant to the Group.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Board scheduled four regular meetings in the year ended 30th April 2015 and three additional meetings were convened when required. The table below shows the attendance of Directors at regular Board meetings and at meetings of the Committees during the year.

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

	Board Meetings	Remuneration Committee	Audit Committee
No. of meetings held	4	1	2
Non-Executive Directors			
The Rt Hon Lord R Freeman	3	1	2
Mr P Hargreaves	2		
Prof R Putnam (Chairman)	4	1	2
Sir R Bone	4	1	2
Mr R Pendlebury	0		
Executive Directors			
Dr S Bourne	4		
Dr G Cooley	4		1

BOARD PERFORMANCE APPRAISAL

With the full support of the Board, the Chairman leads an evaluation of the performance of the Board and its Committees on a yearly basis. The last review concluded that the Board and its Committee are currently effective and each Director continues to demonstrate commitment to their role.

RE-ELECTION OF DIRECTORS

New Directors are subject to election at the first Annual General Meeting of the Company following their appointment. In addition, all Directors who have been in office for three years or more since their election or last re-election are required to submit themselves for re-election at the Annual General Meeting of the Company. At each Annual General Meeting of the Company all those Non-Executive Directors who have been in office for nine years or more since the date on which they were originally elected as a Non-Executive Director of the Company are required to retire from office, but may stand for re-appointment.

BOARD INDEPENDENCE

The Board recognises that Peter Hargreave's shareholding is a factor which, under the UK Corporate Governance Code, may appear to impair his independence. However, the Board considers all the Non-Executive Directors to be independent in character and judgement. The Non-Executive Directors have provided excellent independent advice and challenge throughout the year. In concluding that all its Non-Executive Directors are independent, the Company considered, inter-alia, the fact that all of the Non-Executive Directors are Directors of other corporations and are not reliant on any shares or share options they hold in, or income they receive from, ITM Power Plc.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control. Such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss. Whilst it would not be practical for the Group, given its size, to maintain a dedicated Internal Audit function these internal controls are reviewed periodically to check that they are operating as planned. The Group also has in place processes to deal with the identification, assessment and management of major business risks and reviews these processes as required.

RELATIONS WITH SHAREHOLDERS

The Company values the views of shareholders and recognises their interests in the Group's strategy and performance.

Overall responsibility for ensuring that there is effective communication with investors and that the Board understands the views of major shareholders rests with the Chief Executive Officer, who makes himself available to meet shareholders for this purpose. Press coverage packs and analyst notes are made available to the Board at each regular Board meeting. The Chief Executive Officer is often accompanied at investor presentations by either the Chairman or the Chief Financial Officer. Shareholder communication is mainly co-ordinated by the company's Corporate Communications Consultants, Tavistock Communications Limited. ITM Power is committed to maintaining a good dialogue with shareholders through proactively organising meetings and presentations with fund managers, retail brokers and analysts, as well as responding to a wide range of enquiries. The Company also recognises the importance of communicating appropriately any significant company developments, this is done via the Stock Exchange Regulatory News Service that can be accessed through the Company's new website.

The Company reports to shareholders twice a year. The report and accounts are available on the Company's website: www.itm-power.com. All shareholders are encouraged to attend the Company's Annual General Meeting, at which the Chairman gives an account of the progress of the business over the year and provides the opportunity for shareholders to ask questions. The Board attends the meeting and is available to answer questions from shareholders present.

In all communications and events, care is taken to ensure that no price sensitive information is released and that any price sensitive information is released to all shareholders at the same time in accordance with AIM Rules.

AUDITOR INDEPENDENCE

The Group and Company seek to ensure the independence of its Auditor by limiting the non-audit work it performs. The Group and Company uses a range of advisors to give specialist advice in relevant areas.

DIRECTORS' RESPONSIBILITIES STATEMENT

Dr Simon Bourne
Chief Technology Officer

By order of the Board

The Directors are responsible for preparing the Annual Report and the financial statements applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected to prepare the parent Company 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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company 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; and
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going-concern.

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, also ensures that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF ITM POWER PLC

Matthew Hughes BSc (Hons) ACA
(Senior Statutory Auditor)

For and on behalf of
Deloitte LLP

Chartered Accountants
and Statutory Auditor

Leeds, United Kingdom

Date: 31 July 2015

We have audited the financial statements of ITM Power Plc for the year ended 30th April 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 36. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements 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 three 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 auditor's 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 AUDITOR

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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF ITM POWER PLC (Contd.)

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs and of the Parent Company's affairs as at 30 April 2015 and of the Group's loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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, 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 APRIL 2015

	Note	2015	2014
		£'000s	£'000s
Revenue	5	1,635	1,127
Cost of Sales		(1,045)	(2,026)
Gross profit/(loss)		**590**	**(899)**
Operating Costs			
– Research and development		(4,322)	(3,979)
– Prototype production and engineering		(1,141)	(2,171)
– Sales and marketing		(719)	(695)
– Administration		(1,908)	(1,604)
Other Operating Income			
– Grant income	5	1,777	1,370
Loss from operations		**(5,723)**	**(7,978)**
Investment revenues	5	12	25
Loss before tax		**(5,711)**	**(7,953)**
Tax	8	**84**	**164**
Loss for the year, being total comprehensive expense for the year	6	**(5,627)**	**(7,789)**
Other Total Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences on foreign operations		116	–
Net other total comprehensive income		116	–
Total comprehensive loss for the year		**(5,511)**	**(7,789)**
Loss per share			
Basic and diluted	9	(3.4p)	(5.9p)

All results presented above are derived from continuing operations and are attributable to owners of the Company.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Share premium account	Merger reserve	Foreign Exchange reserve	Retained loss	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 May 2013	6,135	41,273	(1,973)	–	(38,056)	7,379
Issue of shares	1,958	9,430	–	–	–	11,388
Credit to equity for share-based payments	–	–	–	–	22	22
Loss, being total comprehensive expense for the year	–	–	–	–	(7,789)	(7,789)
At 30 April 2014	**8,093**	**50,703**	**(1,973)**		**(45,823)**	**11,000**
At 1 May 2014	8,093	50,703	(1,973)	–	(45,823)	11,000
Issue of shares	812	4,035	–	–	–	4,847
Credit to equity for share-based payments	–	–	–	–	8	8
Loss for the year	–	–	–	–	(5,627)	(5,627)
Other comprehensive income for the period	–	–	–	116	–	116
At 30 April 2015	**8,905**	**54,738**	**(1,973)**	**116**	**(51,442)**	**10,344**

CONSOLIDATED BALANCE SHEET

	Note	2015	2014
		£'000s	£'000s
Non-Current Assets			
Property, plant and equipment	**10**	**2,546**	**1,755**
Current Assets			
Inventories	12	512	762
Trade and other receivables	14	4,113	1,206
Cash and cash equivalents	14	6,576	9,763
Total Current Assets		**11,201**	**11,731**
Current Liabilities			
Trade and other payables	15	(3,295)	(2,184)
Provisions	16	(108)	(302)
Total Current Liabilities		**(3,403)**	**(2,486)**
Net Current Assets		**7,798**	**9,245**
Net Assets		10,344	11,000
Equity			
Called-up share capital	17	8,905	8,093
Share premium account		54,738	50,703
Merger reserve		(1,973)	(1,973)
Foreign exchange reserve		116	–
Retained loss		(51,442)	(45,823)
Total Equity		**10,344**	**11,000**

The financial statements of ITM Power Plc, registered number 5059407, were approved by the Board of Directors and authorised for issue on 31 July 2015.

Signed on behalf of the Board of Directors

Dr. Simon Bourne

Director

CONSOLIDATED CASH FLOW STATEMENT

	Note	2015	2014
		£'000s	£'000s
Net Cash Used in Operating Activities	18	(6,684)	(6,701)
Investing Activities			
Interest received		12	62
Purchases of property, plant and equipment		(1,470)	(929)
Cash received from interest-earning deposit		–	4,000
Net cash from (used in) investing activities		**(1,458)**	**3,133**
Financing Activities			
Issue of ordinary share capital		4,847	11,388
Net cash from financing activities		**4,847**	**11,388**
(Decrease)/Increase in cash and cash equivalents		**(3,295)**	**7,820**
Cash and cash equivalents at the beginning of year		**9,763**	**1,943**
Effect of foreign exchange rate changes		108	–
Cash and cash equivalents at the end of year		**6,576**	**9,763**

Non-statutory measures

Cash Burn

Cash burn is a measure used by key management personnel to monitor the performance of the business.

(Decrease)/Increase in cash and cash equivalents per the cash flow statement	(3,295)	7,820
Less movements in short-term deposits	–	(4,000)
Effect of foreign exchange rate changes	108	–
Less share issue proceeds	(4,847)	(11,388)
Cash Burn	**(8,034)**	**(7,568)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ITM Power Plc is a Company incorporated in England and Wales under the Companies Act 2006. The registered office is at 22 Atlas Way, Sheffield, South Yorkshire S4 7QQ. The nature of the Group's operations and its principal activities are disclosed in the Strategic Report.

These financial statements are presented in pounds sterling, as that is the currency of the primary economic environment in which the Group operates.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new and revised Standards and Interpretations have been adopted in the current year. Although their adoption has not had any significant impact on the amounts reported in these financial statements, it may impact the accounting for future transactions and arrangements.

Standards Affecting Presentation and Disclosure

Annual Improvements to IFRSs: 2009–2011 Cycle (May 2012)	Annual Improvements to IFRSs: 2009–2011
Amendments to IFRS 1 (March 2012)	Government Loans
Amendments to IAS 1 (June 2011)	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12 (Dec 2010)	Deferred Tax: Recovery of Underlying Assets
Amendments to IFRS 1 (Dec 2010)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 (Dec 2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement
IAS 19 (revised June 2011)	Employee Benefits
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

STANDARDS AFFECTING THE REPORTED RESULTS OR THE FINANCIAL POSITION

In the current year, there were no new and revised Standards and Interpretations that have been adopted and which affected the amounts reported in these financial statements.

STANDARDS NOT AFFECTING THE REPORTED RESULTS OR THE FINANCIAL POSITION

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendments to IAS 39 (Jun 2013)	Novation of derivatives and continuation of hedge accounting
Amendments to IAS 36 (May 2013)	Amendments to IAS 36 (May 2013)
Amendments to IFRS 10, IFRS 12 and IAS 27 (Oct 2012)	Investment entities
Amendments to IAS 32 (Dec 2011)	Offsetting financial assets and financial liabilities
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IAS 27 (revised May 2011)	Separate financial statements
IAS 28 (revised May 2011)	Investments in associates and joint ventures

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Annual improvements to IFRSs: 2010-12 Cycle (Dec 2013)	Annual improvements to IFRSs: 2010-12 Cycle
Annual improvements to IFRSs: 2011-13 Cycle (Dec 2013)	Annual improvements to IFRSs: 2011-13 Cycle
Annual improvements to IFRSs: 2012-14 Cycle (Sep 2014)	Annual improvements to IFRSs: 2012-14 Cycle
Amendments to IAS 1 (Dec 2015)	Disclosure initiative
Amendments to IAS 19 (Nov 2013)	Defined benefit plans: employee contributions
Amendments to IFRS 10, IFRS 12 and IAS 28 (Dec 2015)	Investment entities: applying the consolidation exception
Amendments to IFRS 10 and IAS 28 (Sep 2014)	Sale or contribution of assets between an investor and its associate or joint venture
Amendments to IFRS 11 (May 2014)	Accounting for acquisitions of interests in joint operations
Amendments to IAS 27 (Aug 2014)	Equity method in separate financial statements
Amendments to IAS 16 and IAS 41 (Jun 2014)	Agriculture: bearer plants
Amendments to IAS 16 and IAS 38 (May 2014)	Clarification of acceptable methods of depreciation and amortisation
IFRS 9	Financial instruments
IFRS 14	Regulatory deferral accounts
IFRS 15	Revenue from contracts with customers
IFRIC 21	Levies

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 9 will impact both the measurement and disclosures of Financial Instruments; and
- IFRS 15 may have an impact on revenue recognition and related disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have also been prepared in accordance with IFRSs adopted by the European Union. The financial statements have been prepared on the historical-cost basis. The principal accounting policies adopted are set out below.

Going Concern

The Directors have prepared a cash flow forecast for the period ending 31 August 2016. This forecast indicates that the Company and Group will remain cash positive without the requirement for further funding, for a period of at least 12 months from the date of approval of these financial statements. The forecast includes certain assumptions, in particular in respect of the level and timing of projected sales and grant cash inflows, which are inherently uncertain; the Directors believe that the level and timing of the projected sales represent a prudent estimate, with the current sales pipeline providing potential upside. Notwithstanding these uncertainties, the Directors have a reasonable expectation that the company and Group will be able to meet their obligations as they fall due, for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of Goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 economic benefits associated with the transaction will flow to the entity; and
- 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 by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.

Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade and other receivables.

Grants

Government and other grants are included in other operating income in the period that the expenditure to which they relate is incurred, unless relating to property, plant and equipment.

Government and other grants relating to property, plant and equipment are netted against the cost of the assets acquired.

Leasing

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Foreign Currencies

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Loss from Operations

Loss from operations is stated before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Research and development tax credits are recognised on an accruals basis.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Property, Plant and Equipment

Leasehold improvements, laboratory and test equipment, production plant and equipment, computer equipment and office furniture and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Leasehold improvements	4 years or the remainder of the lease term, if shorter
Laboratory and test equipment	4 to 6 years
Production plant and equipment	4 years
Computer equipment	3 years
Office furniture and fittings	4 years
Motor vehicles	3 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Internally Generated Intangible Assets – Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's product development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably; and
- the product from which the asset arises meets the Group's criteria for technical feasibility.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Tangible and Intangible Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first in first out" (FIFO) method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Trade and Other Receivables
Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables do not carry any interest and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Impairment of Financial Assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Investments – Short-term Deposits
Short-term deposit investments comprise short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash-in-hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial Liabilities and Equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade Payables
Trade payables are not interest bearing and are stated at their nominal value.

Equity Instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based Payments
The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2006, which was the Group's date of transition to IFRS.

The Group issues equity-settled, share-based payments to certain employees. Equity-settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured using a Black-Scholes options pricing model.

Pension Costs
The Group operates a defined-contribution pension scheme. The amount charged to the income statement in respect of pension costs is the contributions actually payable in the year. Differences between the contributions actually payable and those paid are shown as accruals or prepayments in the consolidated balance sheet.

The Group as Lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Warranties
Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, and the Directors' best estimate of the expenditure required to settle the Group's obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Group's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Going Concern

The Directors are required to assess whether it is appropriate to prepare the financial statements on a going-concern basis. Their assessment of the going-concern basis is set out in note 3.

Capitalisation of development costs

As described in note 3, the Group capitalises development costs which meet certain recognition criteria, in accordance with IAS 38 'Intangible assets'. In making its judgement, management has considered the detailed criteria for recognition and concluded that none of the development costs in the current year met the criteria for capitalisation.

Key Sources of Estimation Uncertainty

For construction contracts in progress at the year end, the directors are required to assess the costs to complete, in order to estimate the percentage of completion which, in turn, determines the amount of revenue to be recognised. The actual costs may differ to the estimated costs and any adjustments arising will be made in future periods.

5. REVENUE, OTHER OPERATING INCOME AND INVESTMENT INCOME

The Group adopted IFRS 8 Operating Segments with effect from 1 May 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance.

ITM Power Plc is organised internally to report to the Group's Chief Operating Decision Maker, the Chief Executive Officer, on the financial and operational performance of the Group as a whole. The Group's Chief Operating Decision Maker is ultimately responsible for entity-wide resource allocation decisions and evaluates the performance of the Group on a Group-wide basis, and any elements within it on a combination of information from the executives in charge of the Group and Group financial information.

As a consequence of the above factors the Group has one operating and reportable segment in accordance with IFRS 8 Operating Segments.

Revenues are generated in the United Kingdom, the United States and Germany. In each of the geographical locations the company has subsidiary trading companies. The United Kingdom is the Group's country of domicile and all non-current assets were domiciled in the United Kingdom.

Included in revenue are the following amounts, which each accounted for more than 10% of total revenue;

- Customer A £878,000
- Customer B £569,000

An analysis of the Group's revenue is as follows:

	2015	2014
	£'000s	£'000s
Continuing Operations		
Revenue from construction contracts	1,539	1,079
Lease of goods	–	28
Consulting income	51	20
Maintenance contracts	32	–
Other	13	–
Revenue in the Consolidated Income Statement	**1,635**	**1,127**
Grant income	1,777	1,370
Investment income	12	25
	3,424	**2,522**

Revenues from Major Products and Services

The Group's revenues from its major products and services were as follows:

	2015	2014
	£'000s	£'000s
Continuing Operations		
Electrolyser platform sales	1,571	1,102
Consultancy	51	20
Other	13	5
Consolidated revenue (excluding investment revenue)	**1,635**	**1,127**

Geographic Analysis of Revenue

A geographic analysis of the Group's revenue is set out below:

	2015	2014
	£'000s	£'000s
United Kingdom	261	234
Rest of Europe	678	695
North America	696	122
Other	–	76
	1,635	**1,127**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS FOR THE YEAR

	2015	2014
	£'000s	£'000s
Loss For The Year Has Been Arrived at After Charging (Crediting)		
Net foreign exchange losses	86	56
Depreciation of property, plant and equipment	592	641
Loss on disposal of property, plant and equipment	87	–
Rentals Under Operating Leases		
Land and buildings	154	154
Government grants receivable	(1,777)	(1,370)
Staff costs (see note 7)	3,714	3,675
Cost of inventories recognised as an expense	262	270

The Following Amounts Payable to the Group's Auditor Have Been Charged Within the Loss Before Tax		
Fees payable to the Company's auditor for		
– The audit of the Company's annual accounts	24	71
– The audit of the Company's subsidiaries pursuant to legislation	24	–
Total audit fees	**48**	**71**
Other services pursuant to legislation		
– Interim review work	22	22
– Tax services	10	10
Total non-audit fees	**32**	**32**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Name of Director	Fees/Basic salary	Benefits in kind	Annual bonuses	Pension contributions	2015	2014
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Executive						
Dr S Bourne	124	–	28	6	158	151
Dr G Cooley	176	–	114	28	318	303
Non-Executive						
P Hargreaves	45	–	–	–	45	45
Prof R Putnam	132	–	–	–	132	128
Lord Freeman	35	–	–	–	35	35
R Bone	38	–	–	–	38	–
Aggregate emoluments	**550**	**–**	**142**	**34**	**726**	**662**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Details of options for Directors who served during the year are as follows:

Name of Director	Scheme	1 May 2014	Granted	30 April 2015	Exercise price £'000	Date from which exercisable	Expiry date
Dr S Bourne	EMI	200,000	02/02/2010	200,000	18p	02/02/2013	02/02/2020
Dr S Bourne	EMI	123,596	24/01/2011	123,596	67p	24/01/2011	23/01/2021
Dr S Bourne	Unapproved	276,404	24/01/2011	276,404	67p	24/01/2011	23/01/2021
Dr S Bourne	Unapproved	100,000	01/08/2012	100,000	50p	06/08/2014	05/08/2024
Dr S Bourne	Unapproved	–	06/08/2014	250,000	26p	01/08/2012	31/07/2022
Dr G Cooley	Unapproved	200,000	29/06/2009	200,000	18p	29/06/2012	29/06/2019
Dr G Cooley	Unapproved	360,000	02/02/2010	360,000	18p	02/02/2013	02/02/2020
Dr G Cooley	EMI	640,000	02/02/2010	640,000	18p	02/02/2013	02/02/2020
Dr G Cooley	Unapproved	800,000	24/01/2011	800,000	67p	24/01/2011	23/01/2021
Dr G Cooley	Unapproved	250,000	19/07/2012	250,000	50p	19/07/2012	18/07/2022
Dr G Cooley	Unapproved	–	06/08/2014	750,000	26p	06/08/2014	05/08/2024
Prof. R Putnam	Unapproved	50,000	23/11/2009	50,000	20p	23/11/2010	23/11/2019
Prof. R Putnam	Unapproved	100,000	24/01/2011	100,000	67p	24/01/2011	23/01/2021
Lord R Freeman	Unapproved	50,000	08/08/2011	50,000	31p	08/08/2012	07/08/2021

On 29 January 2010 the Group introduced a new EMI and Unapproved Share Option Scheme to be applied to all subsequent issues of share options. Under the scheme rules the exercise price is deemed to be the mid-market price of shares on the London Stock Exchange AIM market at the close of trading on the day before the grant of the share options. Share options vest in three equal instalments on the first, second and third anniversaries of the grant and are exercisable up to the tenth anniversary of the grant.

There were no LTIP awards granted or vested in the year for Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Directors' Emoluments	2015	2014
	£'000s	£'000s
Aggregate emoluments	692	628
Money purchase pension contributions	34	34
	726	**662**

Two Directors were members of money purchase schemes during the year (2014 – 2).

Remuneration of the highest paid Director		
Aggregate emoluments	290	275
Money purchase pension contributions	28	28
	318	**303**

Average number of persons employed	Number	Number
– Research and development	49	45
– Prototype production and engineering	4	4
– Sales and marketing	4	4
– Administration	15	16
	72	**69**

Staff costs during the year (including Directors)	£'000s	£'000s
Wages and salaries	3,205	3,167
Social security costs	356	358
Other pension costs	153	150
	3,714	**3,675**

As at 30 April 2015 pension contributions of £nil (2014 – £49,000) due in respect of the current year had not been paid over to the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. TAX

	2015	2014
	£'000s	£'000s
UK Corporation Tax		
UK Corporation tax credits for the year	(84)	(201)
Adjustments in respect of previous periods	–	37
	(84)	**(164)**

The differences between the total current tax shown above and the amount calculated by applying the blended rate of UK corporation tax to the loss before tax is as follows:

	£'000s	£'000s
Loss before tax	(5,711)	(7,953)
Tax on loss at blended standard UK corporation tax rate of 20.9% (2014 – 21.9%)	(1,199)	(1,741)
Factors Affecting Credit for the Year		
Expenses not deductible for tax purposes	19	10
Depreciation in excess of capital allowances	124	164
Short-term timing differences	(6)	(6)
Research and development enhanced relief	84	185
Research and development tax credit	(84)	(201)
Unrelieved tax losses carried forward	978	1,388
Adjustments in respect of previous periods	–	37
Tax credit for the year	**(84)**	**(164)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Factors Affecting Future Tax Charges

The Company has tax losses available to carry forward against future taxable profits, subject to agreement with the HM Revenue & Customs.

A net deferred tax asset of £10.654m (2014 – £9.512m) has not been recognised as there is insufficient evidence that the asset would be recoverable in the foreseeable future. The net unrecognised deferred tax asset comprises a deferred tax asset of £8.592m (2014 – £7.851m) in respect of accumulated tax losses, £2.062m (2014 - £1.768m) in respect of decelerated capital allowances and £nil (2014 – £nil) in respect of general provisions. The unrecognised deferred tax asset would be recoverable to the extent that the Company generates sufficient taxable profits in the future.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the balance sheet date.

In the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to these reduced rates. These rate changes are to be included in the Finance Bill 2015 but this has not yet been substantively enacted.

9. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2015	2014
	£'000	£'000
Loss		
Loss for the purposes of basic and diluted loss per share being net loss attributable to owners of the Company	(5,627)	(7,789)
Number of Shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	163,213,408	132,489,013

The loss per ordinary share and diluted loss per share are equal because share options are only included in the calculation of diluted earnings per share if their issue would decrease the net profit per share or increase the net loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	Production plant and equipment	Laboratory and test equipment	Computer equipment	Office furniture and fittings	Leasehold improvements	Assets in the course of construction	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost							
At 1 May 2013	1,852	1,300	503	200	1,315	–	5,170
Additions	288	50	53	1	–	537	929
Disposals	(4)	–	(122)	–	–	–	(126)
At 1 May 2014	2,136	1,350	434	201	1,315	537	5,973
Additions	79	25	11	–	95	1,260	1,470
Disposals	(592)	(115)	(10)	–	–	–	(717)
At 30 April 2015	**1,623**	**1,260**	**435**	**201**	**1,410**	**1,797**	**6,726**
Depreciation							
At 1 May 2013	996	800	463	172	1,276	–	3,707
Disposals	(8)	–	(122)	–	–	–	(130)
Charge for the year	390	175	32	18	26	–	641
At 1 May 2014	1,249	975	373	190	1,302	–	4,218
Disposals	(512)	(108)	(10)	–	–	–	(630)
Charge for the year	383	150	31	6	22	–	592
At 30 April 2015	**1,249**	**1,017**	**394**	**196**	**1,324**	**–**	**4,180**
Net Book Value							
At 30 April 2015	**374**	**243**	**41**	**5**	**86**	**1,797**	**2,546**
At 30 April 2014	758	375	61	11	13	537	1,755
At 30 April 2013	856	500	40	28	39	–	1,463

* All non-current assets are located in the United Kingdom

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 28 to the Company's separate financial statements.

12. INVENTORIES

	2015	2014
	£'000s	£'000s
Work in progress	512	762

13. CONSTRUCTION CONTRACTS

	2015	2014
	£'000s	£'000s
Contracts in progress at the balance sheet date:		
Amounts due from contract customers included in trade and other receivables	1,044	150
Amounts due to contract customers included in trade and other payables	–	–
	1,044	150
Contract costs incurred plus recognised profits less recognised losses to date	1,539	1,079
Less: progress billings	(2,409)	(410)
	(870)	669

At 30 April 2015, retentions held by customers for contract work amounted to £1,382k (2014: £Nil).
Advances received from customers for contract work amounted to £248k (2014: £Nil).

At 30 April 2015, no amounts (2014: £Nil) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. OTHER FINANCIAL ASSETS

	2015	2014
	£'000s	£'000s
Trade and Other Receivables		
Trade receivables	2,041	37
Other receivables	629	83
Corporation tax	293	394
Prepayments and accrued income	1,150	692
	4,113	**1,206**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.
Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.
There were receivables totalling £101,000 (2014 – £104,000) receivables that were past due but considered fully recoverable.
There were no receivables (2014 – £nil) impaired.

Cash and cash equivalents
These balances comprise cash and short-term bank deposits with an original maturity of three months or less.
The Directors consider that the carrying amount of these assets approximates to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. OTHER FINANCIAL LIABILITIES

	2015	2014
	£'000s	£'000s
Trade and Other Payables		
Trade payables	1,168	935
Other taxation and social security	51	112
Accruals and deferred income	2,076	1,137
	3,295	**2,184**

Trade and other payables principally comprise of amounts outstanding from trade purchases and ongoing costs. The average credit period taken is 44 days (2014 – 52 days).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

16. PROVISIONS

	£'000s	£'000s
Contract Provision	–	180
Warranty provision	108	122
	108	**302**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Contract Provision	Warranty Provision	Total Provision
	£'000s	£'000s	£'000s
At May 2014	180	122	302
Additional provision in the year	–	108	108
Utilisation of provision	–	(57)	(57)
Release of unused provision	(180)	(65)	(245)
At 30 April 2015	**–**	**108**	**108**

The warranty provision represents management's best estimate of the Group's liability under 12-month warranties granted on products.

The contract provision in 2014 represented the estimated future net realisable value of stock held at year end.

17. CALLED UP SHARE CAPITAL AND RESERVES

	2015	2014
	£'000s	£'000s
Trade and Other Payables		
Called up, allotted and fully paid:		
178,100,996 (2014 – 161,864,536) ordinary shares of 5p each	8,905	8,093

During the year the Company issued 16,236,460 ordinary shares of 5p each for a consideration of £4,868,000. Expenses in relation to the share issues, amounting to £21,000, were recognised in the share premium account. The merger reserve arose on the acquisition of ITM Power (Research) Ltd in 2004.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. NOTES TO THE CASH FLOW STATEMENT

	2015	2014
	£'000s	£'000s
Loss from operations	(5,723)	(7,978)
Adjustments for Property, Plant and Equipment		
Depreciation	592	641
Loss on disposal	87	–
Share-based payments charge (credit)	8	22
Operating cash flows before movements in working capital	(5,036)	(7,315)
Decrease/(increase) in inventories	250	(567)
(Increase)/decrease in receivables	(3,008)	443
Increase in payables	1,111	473
(Decrease)/increase in provisions	(194)	265
Cash used in operations	(6,877)	(6,701)
Income taxes received	193	–
Net cash used in operating activities	**(6,684)**	**(6,701)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CONTINGENT LIABILITIES

Subsequent to the year end, ITM Power Inc. has, as the result of a past event, a possibility of incurring an economic outflow as a result of ongoing negotiations regarding the delivery of a unit to a site in California. At this stage, the directors do not consider it probable that there will be an economic outflow; furthermore, the amount of any possible outflow cannot be accurately estimated at the present time, as it will be dependent on the outcome of future negotiations, which are not wholly within the control of the entity.

In the prior years, ITM Power (Research) Ltd, a wholly owned subsidiary of the Company, was originally awarded a grant for novel materials and processes for alcohol based fuel cells, and was receivable based on 69% of eligible costs incurred between April 2003 and August 2005 and deliverable milestones during that period. However, in the event that the Group generates income or sale proceeds from the use of prototypes developed from the grant project, 69% of those proceeds would be used to refund the grant until the grant is repaid in full. The maximum potential refund at 30 April 2015 would be the cumulative amount received to date of £469,000 (2014 – £469,000) in the event that sufficient revenues are generated from the prototypes developed under the grant agreement.

20. CAPITAL COMMITMENTS

The Group had no capital commitments at the balance sheet date (2014 – £nil).

21. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and Buildings	
	2015	2014
	£'000s	£'000s
Expiry Date		
Within one year	115	154
Between two and five years	75	190
	190	**344**

Operating lease payments represent rentals payable by the Group for certain of its office and laboratory properties. Leases are negotiated for an average of 5 years and rentals are fixed for an average of 4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. SHARED-BASED PAYMENTS

Equity-settled share option scheme

The Group operates a number of share option schemes to provide employees and third parties with the opportunity to acquire a proprietary interest in the Company as an incentive to attract and retain their services as follows:

- Enterprise Management Incentive (EMI) options;
- Non-EMI or 'unapproved' options in lieu of payment for services; and
- Options under HM Revenue and Customs is approved Save As You Earn scheme.

	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	4,787,614	40p	5,492,256	40p
Granted during the year	1,000,000	26p	–	–
Exercised during the year	(50,000)	24p	(63,336)	24p
Expired during the year	–	–	(641,306)	44p
Outstanding at the end of the year	5,737,614	32p	4,787,614	40p
Exercisable at the end of the year	5,737,614	32p	4,787,614	40p

All of the Company's share option plans were issued after 7 November 2002. In accordance with IFRS 2, only those options that had not fully vested by 1 May 2006, being the Group's date of transition to IFRS, were included in the calculations.

The weighted average share price at the date of exercise for share options exercised during the period was 24p. The options outstanding at 30 April 2015 had a weighted average exercise price of 32p, and a weighted average remaining contractual life of 2 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The assumptions for the Black-Scholes model are as follows:

Weighted averages	2015	2014
Share price	32p	34p
Exercise price	32p	34p
Expected volatility	46%	49%
Expected life	2 years	2 years
Risk-free rate	4%	4%

Expected volatility is the annual standard deviation of the share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group has recognised share-based payment expense in the income statement for the year of £8,000 (2014 – £22,000).

23. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group raised sufficient cash through issuing one class of ordinary shares to provide the Company with the means to progress through to the anticipated commercialisation of its products.

Externally Imposed Capital Requirement

The Group is not subject to externally imposed capital requirements.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

	2015	2014
Categories of financial instruments	**£'000s**	**£'000s**
Financial Assets		
Loans and receivables	9,246	9,883
Financial Liabilities		
Amortised cost	1,219	1,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Financial Measurements

As at 30 April 2015, the Group had no financial instruments that were measured at fair value through profit or loss (2014 – £nil). The carrying value of all financial instruments at 30 April 2015 and 30 April 2014 approximated to their fair value. Accordingly, no fair value hierarchy table has been presented.

Financial Risk Management Objectives and Policies

The Group's finance function monitors and manages the financial risks relating to the operations of the Group. The Group's activities expose it primarily to the financial risks of changes in interest rates.

The Group seeks to minimise the effects of these risks. The Group's policies approved by the Board of Directors provide written principles on interest rate risk and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group does not currently enter into or trade financial instruments, including derivative financial instruments.

The treasury activities are reported quarterly to the Group's Board.

Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk of liquid funds (cash, cash equivalents and short-term deposits) is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity and Interest Risk Management

The Group is exposed to the interest rate risks associated with its holdings of cash and cash equivalents and short-term deposits. The Group invests its excess cash in fixed interest short-term deposits with maturity profiles up to one year.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short, medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Foreign Currency Risk Management

The Group does not hedge its exposure of foreign investments held in foreign currencies. The monetary assets and liabilities of the Group are only held in the functional currencies of the Group.

The table below shows the Group's currency exposure. Such exposure comprises the monetary assets and monetary liabilities that are not denominated in the functional currency of the operating unit involved. The Group's exposure to currency risk predominately arises on borrowings denominated in currencies other than the functional currency of the operating unit excluding interCompany balances. At 30 April 2015, these exposures were as follows:

	Liabilities		Assets	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
EURO	401	147	809	471
USD	801	15	1,154	149
SEK	9	–	–	–
	1,211	**162**	**1,963**	**620**

Foreign Currency Sensitivity Analysis

The table below assumes an increase/decrease of 10% change of the Euro to Pound Sterling exchange rate and a decrease/ increase of 10% change of the US Dollar to Pound Sterling exchange rate. The sensitivity analysis is based on the subsidiaries' profit or loss for the year and the net assets or net liabilities held at the balance sheet date, excluding interCompany balances and intangible assets held at the date of acquisition of the Group by ITM Power Plc.

	EURO impact		USD impact	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Profit or loss	39	31(i)	30	13(ii)

(i) This is mainly attributable to the exposure outstanding on Euro to Pound Sterling receivables and payables in the Group at the balance sheet date.

(ii) This is mainly attributable to the exposure to outstanding US Dollars to Pound Sterling receivables and payables at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

If interest rates had been 1% higher/lower and all other variables had remained constant, loss for the year would have decreased/increased by £25,000 (2014 – £52,000).

The Group's financial liabilities consist of trade and other payables as shown on the balance sheet. No interest is paid on these balances and all amounts are due within 3 months.

Fair Value of Financial Instruments

Carrying amounts of financial instruments are a reasonable approximation of the fair values of those instruments.

24. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the Directors, who are the key management personnel of the Group, is shown in note 7.

25. CONTROLLING PARTY

As at the date of these accounts neither the Directors together or any individual shareholder owned more than 50% of the issued share capital of the Company and hence, in the opinion of the Directors, there is no controlling party at this date.

COMPANY BALANCE SHEET

	Note	2015	2014
		£'000s	£'000s
Fixed Assets			
Tangible assets	28	10	9
Investments	29	46,171	37,892
		46,181	37,901
Current Assets			
Debtors	30	114	111
Cash at bank and in hand		3,815	8,721
		3,929	8,832
Creditors: Amounts Falling Due Within One Year	**31**	**(330)**	**(401)**
Net Current Assets		**3,599**	**8,431**
Total Assets Less Current Liabilities, Being Net Assets		**49,780**	**46,332**
Capital and Reserves			
Called-up share capital	32	8,905	8,093
Share premium account	34	54,738	50,703
Profit and loss account	34	(13,863)	(12,464)
Shareholders' Funds	**35**	**49,780**	**46,332**

The financial statements of ITM Power Plc, registered number 5059407, were approved by the Board of Directors and authorised for issue on 31 July 2015.

Signed on behalf of the Board of Directors
Dr Simon Bourne
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

26. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Tangible Fixed Assets

Leasehold improvements, fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	4 years or the remainder of the lease term, if shorter
Computer equipment	3 years
Office furniture and fittings	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of Tangible and Intangible Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Investments
These are stated at cost less a provision for any permanent impairment in value.

Taxation
Current tax is provided at amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Share Option Charges
The Company has applied the requirements of FRS 20 'Share-based Payment' and UITF 44 'Group and Treasury transactions'. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7th November 2002 that were unvested as of 1st January 2006.

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Pension Costs
The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions actually payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

27. LOSS ATTRIBUTABLE TO ITM POWER PLC
The loss for the financial year dealt with in the financial statements of the parent Company, ITM Power Plc, was £1.397m (2014 – loss of £7.587m). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

28. TANGIBLE FIXED ASSETS

	Computer equipment	Office furniture and fittings	Leasehold improvements	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
At 1 May 2014	164	12	10	186
Additions	5	–	–	5
Disposals	(9)	–	–	(9)
At 30 April 2015	**160**	**12**	**10**	**182**
Deprecation				
At 1 May 2014	155	12	10	177
Charge for the year	4	–	–	4
Disposals	(9)	–	–	(9)
At 30 April 2015	**150**	**12**	**10**	**172**
Net Book Value				
At 30 April 2015	**10**	**–**	**–**	**10**
At 30 April 2014	9	–	–	9

NOTES TO THE COMPANY FINANCIAL STATEMENTS

29. INVESTMENTS

	Loans to subsidiary undertakings	Shares in subsidiary undertakings	Total
	£'000s	£'000s	£'000s
Net Book Value			
At 1 May 2014	40,199	3,593	43,792
Additions	8,279	–	8,279
At 30 April 2015	**48,478**	**3,593**	**52,071**
Provisions for Impairment			
At 1 May 2014 and 30 April 2015	**5,900**	**–**	**5,900**
Net Book Value			
At 30 April 2015	**42,578**	**3,593**	**46,171**
At 30 April 2014	34,299	3,593	37,892

The Company holds 100% of the ordinary share capital of ITM Power (Research) Limited, a Company which is incorporated in England and Wales and its principal activity is the research and development of scientific and engineering projects.

The Company also holds 100% of the ordinary share capital of ITM Power (Trading) Limited, a Company which is incorporated in England and Wales and its principal activity is the development and manufacturing of prototype products.

The Company also holds 100% of the ordinary share of ITM Power GmbH, a Company which is incorporated in Germany and its principal activity is that of the sale of electrolysis equipment and hydrogen storage solutions.

The Company also holds 100% of the ordinary share of ITM Power Inc, a Company which is incorporated in California and its principal activity is that of the sale of electrolysis equipment and hydrogen storage solutions.

The Company also holds 100% of the ordinary share of ITM Power ApS, a Company which is incorporated in Denmark and its principal activity is that of the sale of electrolysis equipment and hydrogen storage solutions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

30. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000s	£'000s
Trade debtors	–	10
Other debtors	16	20
Prepayments	98	81
	114	**111**

31. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000s	£'000s
Trade creditors	82	84
Payroll creditors	15	23
Other creditors	–	6
Accruals and deferred income	233	288
	330	**401**

32. CALLED UP SHARE CAPITAL

	2015	2014
	£'000s	£'000s
Called-up, allotted and fully paid: 178,100,996 (2014 - 161,864,536) ordinary shares of 5p each	**8,905**	**8,093**

During the year the Company issued 16,236,460 ordinary shares of 5p each for a consideration of £4,868,000. Expenses in relation to the share issues, amounting to £21,000, were recognised in the share premium account.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

33. SHARE-BASED PAYMENTS

Equity-Settled Share Option Scheme

The Company operates a number of share option schemes to provide employees and third parties with the opportunity to acquire a proprietary interest in the Company as an incentive to attract and retain their services as follows:

- Enterprise Management Incentive (EMI) options;
- Non-EMI or 'unapproved' options as payment in lieu of services;
- Options under HM Revenue and Customs' approved Save As You Earn scheme.

	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	4,787,614	40p	5,492,256	40p
Granted during the year	1,000,000	26p	–	–
Exercised during the year	(50,000)	24p	(63,336)	24p
Expired during the year	–	–	(641,306)	44p
Outstanding at the end of the year	5,737,614	32p	4,787,614	40p
Exercisable at the end of the year	5,737,614	32p	4,787,614	40p

All of the Company's share option plans were issued after 7 November 2002. In accordance with FRS 20, only those options that had not fully vested by 1 May 2006 were included in the calculations.

The options unvested by 1 May 2006 and outstanding as at 30 April 2015 had a weighted average remaining contractual life of less than one year (2014 – less than one year).

On 29 January 2010 the Group introduced a new EMI and Unapproved Share Option Scheme to be applied to all subsequent issues of share options. Under the scheme rules the exercise price is deemed to be the mid-market price of shares on the London Stock Exchange AIM market at the close of trading on the day before the grant of the share options. Share options vest in three equal instalments on the first, second and third anniversaries of the grant and are exercisable up to the tenth anniversary of the grant.

The weighted average share price at the date of exercise for share options exercised during the period was 24p. The options outstanding at 30 April 2015 had a weighted average exercise price of 32p, and a weighted average remaining contractual life of 2 years.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

The assumptions for the Black-Scholes model are as follows:

Weighted averages	2015	2014
Share price	32p	34p
Exercise price	32p	34p
Expected volatility	46%	49%
Expected life	2 years	2 years
Risk-free rate	4%	4%

Expected volatility is the annual standard deviation of the share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company has recognised share-based payment expenses in the profit and loss account for the year of £2,000 (2014 – £1,000). The Company recharges its operating subsidiaries for any share based payment charges relating to their own employees.

34. RESERVES

	Share premium account	Profit and loss account	Total
	£'000s	£'000s	£'000s
At 1 May 2014	50,703	(12,464)	38,239
Loss for the financial year	–	(1,397)	(1,397)
Debit to equity for share-based payments	–	(2)	(2)
Issue of ordinary 5p shares	4,035	–	4,035
At 30 April 2015	**54,738**	**(13,863)**	**40,875**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

35. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £'000	2014 £'000
Loss for the financial year	(1,397)	(7,587)
New shares issued	4,847	11,388
Debit to equity for share based payments	(2)	(1)
Net addition to shareholders' funds	3,448	3,800
Opening shareholders' funds	46,332	42,532
Closing shareholders' funds	49,780	46,332

36. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in Financial Reporting Standard 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the Group qualifying as related parties.

ITM POWER – REGULATORY NEWS ANNOUNCEMENTS 2014–2015

2015

Director/PDMR shareholding	22 Apr	RNS
Second price monitoring extension	17 Apr	Submitted by 3rd party (by the LSE)
Price monitoring extension	17 Apr	Submitted by 3rd party (by the LSE)
£1.79m electrolyser sale to EMEC	16 Apr	RNS
£2.89m award for two new London refuelling stations	27 Mar	RNS
£4.9m strategic investment by JCB in ITM Power	12 Mar	RNS
RWE Power-to-Gas system delivered	18 Feb	RNSR
Thüga Group's P2G plant exceeds expectations	12 Feb	RNSR
Half year results for the period ended 31 October 2014	29 Jan	RNS
Major new european report on Power-to-Gas energy storage	28 Jan	RNSR
Enhanced P=product range for Power-to-Gas market	20 Jan	RNSR
Toyota makes available thousands of fuel cell vehicle and refuelling patents royalty-free	06 Jan	RNSR
Manufacturing, testing and power supply expansion	05 Jan	RNS

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2014		
Gas network optimisation contract with AMEC and National Grid	18 Dec	RNS
Sale of second major Power-to-Gas plant	11 Dec	RNS
£0.9m funding for the HELES project	27 Nov	RNS
Thüga Power-to-Gas project update	25 Nov	RNS
Toyota launches the Mirai fuel-cell electric car	19 Nov	RNSR
European bus manufacturers and leading mayors sign fuel cell electric buses LoU	17 Nov4	RNSR
ITM Power takes delivery of Hyundai ix35 fuel cell vehicle	20 Oct	RNSR
Government funding to help prepare the UK for the arrival of hydrogen FCEVs	09 Oct	RNS
Trading update	07 Oct	RNS
Toyota to launch fuel cell sedan in 2015	02 Oct	RNSR
Results for the year ended 30 April 2014	30 Jul	RNS
Appointment of non-executive Director	04 Jul	RNS
Commercial product platform optimisation and cost reduction	27 May	RNSR
Thüga Group's Power-to-Gas plant officially commissioned and operational	08 May	RNSR
Second US hydrogen refuelling station	02 May	RNS

RNS RNS Reach Submitted by third party (by the LSE)

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