Company Registration No. 05075088

Inspirit Energy Holdings Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 June 2013

Inspirit Energy Holdings Plc

Contents

Inspirit Energy Holdings Plc

Officers and Advisers

DIRECTORS	D Lenigas (Non-executive Chairman) J Gunn J Nazhat N Jagatia N Luke
SECRETARY	J Nazhat
REGISTERED OFFICE	2nd Floor London Wall Buildings London EC2M 5PP
REGISTERED NUMBER	05075088
INDEPENDENT AUDITOR	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
REGISTRARS	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
SOLICITORS	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
NOMINATED ADVISER	Westhouse Securities Limited 110 Bishopgate London EC2N 4AY
WEBSITE	www.inspirit-energy.com

Introduction

Since Inspirit Energy Holding Plc’s (“Inspirit” or “the Company”) interim results, the Board has been primarily focused on ensuring the business reduced its overheads and continued to implement its investing policy in order to generate returns to shareholders.

Continued Research into Investment Opportunities

Following shareholder approval at the Company’s General Meeting on 23 July 2013, the Company completed the acquisition of Inspirit Energy Limited (“Inspirit Energy”), which is now a wholly owned subsidiary. Inspirit Energy is a company in the final stages of development of a micro combined heat and power appliance (“the Appliance”). Inspirit Energy is in the process of formalising product introduction plans with the aim of installing commercial boilers at key customer sites in the first half of 2014 with volume production targeted for the end of 2014.

Financial Results

The Financial Statements for the year to 30 June 2013 are set out in the following pages. The Financial Statements show revenue of £7,300 (2012 - £26,446) and administrative expenses have increased by approximately 30%. Exceptional legal and professional costs of £258,123 were incurred during the year in connection with the acquisition of Inspirit Energy.

Changes to the Board of Directors

On 25 March 2013 Mr Nilesh Jagatia was appointed as an executive director and Chief Financial Officer to the Company. Mr Jagatia has over 20 years experience including senior financial roles.

On 26 July 2013 Mr Neil Luke was appointed as a non-executive director. It was further announced on 2 September 2013 he had been appointed as an executive director and Chief Operating Officer to the Company. Mr Luke has experience in a number of renowned businesses in the heating sector which provide extensive experience of bringing development projects to market.

On 11 September 2013 Mr David Lenigas was appointed as non-executive Chairman of the Company. Mr Lenigas replaces Mr John Gunn as executive Chairman who assumes the role of Chief Executive Officer. Mr Lenigas has extensive experience operating in global public markets having served in a senior executive capacity on many public company boards.

Company Finance

In connection with the re-admission of the Company and the reverse acquisition of Inspirit Energy, the Company raised £410,000 (gross) by way of a subscription for 41.0 million new Ordinary Shares at a price of 1 pence per ordinary share.

In addition to the above, on 29 August 2013 the Company raised a further £175,000 (gross) through the issue of 13,461,537 of new Ordinary Shares at a price of 1.3 pence per share.

On 13 September 2013, the Company entered into a £472,000 Placing and an Equity Swap Agreement, consisting of 16,857,142 ordinary shares, with YA Global Master SPV, Ltd. ("YAGM") at 2.8 pence per share. Of this amount, £236,000 was paid back by the Company to YAGM under the Equity Swap Agreement from which Inspirit is expected to receive a base amount of £19,666.67 per month for a 12 month period. The final amount of these monthly funds received by the Company under the Equity Swap Agreement will be dependent on the future price performance of the Company's ordinary shares.

The proceeds from the subscription will be used for general working capital purposes, including further development of the Appliance.

Loan Notes

At the beginning of the financial year under review, Global Investment Strategy UK Limited ("GIS") had two loan note instruments dated 22 June 2010 and 22 November 2009 under which some of the debt owing to GIS has been converted into shares in Inspirit during the year ended 30 June 2012. The undiscounted debt outstanding on each of the loan note instruments as at 30 June 2013, excluding interest, was £75,141 and £131,971 respectively. Since the year ended 30 June 2013, the Company approved the conversion of all existing debt held with GIS and John Gunn into new ordinary shares.

D Lenigas
Non-executive Chairman

22 November 2013

Inspirit Energy Holdings Plc

Directors' Report
For the year ended 30 June 2013

The Directors present their annual report and audited Financial Statements for the year ended 30 June 2013.

On 25 July 2013, the Company changed its name from KleenAir Systems International Plc to Inspirit Energy Holdings Plc.

Principal Activity and Business Review

The principal activity of the Company during the year was that of an investment company which aims to invest in disruptive products or technologies that are either proven or at the latter stages of development, which own or have exclusive licence to the relevant intellectual property and may benefit from feed-in tariffs or other renewable energy incentives.

The Business Review is included in the Non-executive Chairman's Statement on pages 3 and 4.

Key Performance Indicators (KPIs)

The primary performance indicator applicable to the Company is a return based on targeting suitable investments. This was not a key performance indicator in the period; however, it will be assessed during 2013/2014 and reported on in the 2014 Directors' Report.

There are no non-financial performance indicators being used at present.

Future Developments

A review of activities together with future developments is provided in the Non-executive Chairman's Statement.

Risk and Uncertainties

The main risks and uncertainties that the Company faces are to find suitable acquisition opportunities in line with the Company's business development strategy (see also Note 3 to the Financial Statements).

Results and Dividends

The results for the Company for the year are set out in the Statement of Comprehensive Income on page 12. The Directors do not recommend the payment of a dividend.

Directors

The following have been Directors of the Company during the financial year ended 30 June 2013 and up to the date of approval of these Financial Statements:

J Gunn	
J Nazhat	
N Jagatia	(appointed 25 March 2013)
N Luke	(appointed 26 July 2013)
D Lenigas	(appointed 11 September 2013)

Indemnity of Officers

The Company maintains appropriate insurance cover against legal action brought against its Directors and officers.

Company's Policy on Payment of Creditors

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. At 30 June 2013, the number of creditor days in respect of trade creditors was 136 days (2012 – 50 days).

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Financial Risk Management

The principal financial risk faced by the Company is liquidity risk. The Company's financial instruments included borrowings and cash which it used to finance its operations. At the year end, borrowings did not include borrowings supplied from the bank. More information is given in Note 3 to the Financial Statements. The Company has no significant concentrations of credit risk.

Directors' Interests

The Directors who held office in the period up to the date of approval of the Financial Statements and their beneficial interests in the Company's issued share capital and share options at the beginning and end of the accounting year were:

	Ordinary shares		**Share options**	
	Interest at end of year	**Interest at start of year or date appointed**	**Interest at end of year**	**Interest at start of year or date appointed**
	No.	**No.**	**No.**	**No.**
J Gunn	9,240,160	7,290,160	-	-

Major Shareholdings

Shareholders holding more than 3% of the shares of the Company as at 21 November 2013 were:

	Ordinary shares	%
John Gunn	350,269,927	61.8
Rothschild Nominees Limited	29,950,817	5.3
Hebolux S.A.	23,852,243	4.2

Events after the Reporting Period

The events after the reporting period are set out in Note 22 to the Financial Statements.

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, PKF Littlejohn LLP (formerly named Littlejohn LLP), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved and signed on behalf of the Board by:

J Nazhat
Director

22 November 2013

Inspirit Energy Holdings Plc

Statement of Directors' Responsibilities
For the year ended 30 June 2013

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for 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 the Financial Statements may differ from legislation in other jurisdictions. The Company is complaint with the AIM Rule 26 regarding the Company's website.

Corporate Governance
For the year ended 30 June 2013

The Directors acknowledge the importance of the principles set out in the UK Corporate Governance Code. Although the Corporate Governance requirements and disclosures are not compulsory for AIM companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board of Directors

The Board is responsible for strategy and performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Audit Committee and Remuneration Committee

The Audit Committee and the Remuneration Committee consists of one Non-Executive Director and one Executive Director. The Audit Committee receives and reviews reports from management and the Company's auditor relating to the annual and interim accounts and the accounting and internal control systems of the Company. The Audit Committee has unrestricted access to the Company's auditor.

The Remuneration Committee reviews the performance of the Executive Directors, sets their remuneration, determines the payment of bonuses to Executive Directors and considers the allocation of share options to Directors and employees.

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- The Company's organisational structure has clear lines of responsibility.
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.
- The Board is involved with structured operational reporting requirements.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the system of internal financial control that will be operated by the Company, and have concluded it is appropriate to the current level of operations.

Relations with Shareholders

Communications with shareholders are given high priority. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions.

Statement by Directors on Compliance with the Provisions of the UK Corporate Governance Code

The Board considers that it has complied with the provisions of the UK Corporate Governance Code, as far as practicable and appropriate for a public company of this size.

Report of the Independent Auditor to the Members of Inspirit Energy Holdings Plc

We have audited the Financial Statements of Inspirit Energy Holdings Plc for the year ended 30 June 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 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.

Mark Ling (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

22 November 2013

Inspirit Energy Holdings Plc

Statement of Comprehensive Income
For the year ended 30 June 2013

	Note	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Continuing Operations			
Revenue	4	7,300	26,446
Cost of sales		-	-
Gross Profit		7,300	26,446
Administrative expenses	7	(169,842)	(131,085)
Exceptional expenses	7	(258,123)	-
Operating Loss	7	(420,665)	(104,639)
Finance income	8	4,047	1,762
Finance costs	8	(31,166)	(32,072)
Loss before Income Tax		(447,784)	(134,949)
Income Tax	9	-	-
Loss for the Year		(447,784)	(134,949)
Other comprehensive income		-	-
Total Comprehensive Income for the Year		(447,784)	(134,949)
Total Comprehensive Income attributable to:-			
Equity shareholders of the Company		(447,784)	(134,949)
Earnings per share attributable to the equity shareholders of the Company – basic and diluted (pence per share)	10	(0.641)	(0.221)

The accounting policies and notes on pages 16 to 39 form part of these Financial Statements.

Inspirit Energy Holdings Plc

Statement of Financial Position
For the year ended 30 June 2013

Company Registration Number: 05075088

	Note	2013 £	2012 £
Assets			
Non-Current Assets			
Investments	11	740,000	740,000
Trade and other receivables	12	124,515	-
		864,515	740,000
Current Assets			
Trade and other receivables	12	34,962	52,528
Cash and cash equivalents	13	34	34
		34,996	52,562
Current Liabilities			
Trade and other payables	14	367,868	188,511
Borrowings	15	-	227,482
Net Current Liabilities		(332,872)	(363,431)
Total Assets less Current Liabilities		531,643	376,569
Non-Current Liabilities			
Trade and other payables	14	411,247	-
Borrowings	15	52,329	-
		68,067	376,569
Equity Attributable to Shareholders			
Share capital	16	471,283	460,747
Share premium	16	4,011,515	3,887,762
Other reserves		109,522	104,529
Retained loss		(4,524,253)	(4,076,469)
Total Equity		68,067	376,569

The Financial Statements were approved and authorised for issue by the Board of Directors on 22 November 2013 and were signed on its behalf by:

J Nazhat
Director

The accounting policies and notes on pages 16 to 39 form part of these Financial Statements.

Inspirit Energy Holdings Plc

Statement of Changes in Equity
For the year ended 30 June 2013

	Attributable to the equity shareholders of the Company					
	Share Capital £	**Share Premium £**	**Shares to be issued £**	**Other Reserves £**	**Retained Loss £**	**Total £**
At 1 July 2011	452,419	3,671,231	3,232	124,492	(3,941,520)	309,854
Total comprehensive income for the year	-	-	-	-	(134,949)	(134,949)
Conversion of convertible loan	8,328	216,531	-	(23,195)	-	201,664
Transactions with owners	8,328	216,531	-	(23,195)	-	201,664
At 30 June 2012	460,747	3,887,762	3,232	101,297	(4,076,469)	376,569
At 1 July 2012	460,747	3,887,762	3,232	101,297	(4,076,469)	376,569
Total comprehensive income for the year	-	-	-	-	(447,784)	(447,784)
Shares issued	8,333	91,667	-	-	-	100,000
Share based payments	613	17,776	-	19,399	-	37,788
Conversion of convertible loan	1,590	14,310	-	(14,406)	-	1,494
Transactions with owners	10,536	123,753	-	4,993	-	139,282
At 30 June 2013	471,283	4,011,515	3,232	106,290	(4,524,253)	68,067

The accounting policies and notes on pages 16 to 39 form part of these Financial Statements.

Statement of Changes in Equity
For the year ended 30 June 2013

Inspirit Energy Holdings Plc

Statement of Cash Flows
For the year ended 30 June 2013

	Note	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Cash Flows from Operating Activities			
Loss before tax		(447,784)	(134,949)
Finance income		(4,047)	(1,762)
Finance costs		31,166	32,072
(Increase)/decrease in trade and other receivables		(106,949)	10,120
Increase in trade and other payables		427,614	62,053
Net Cash used in Operating Activities		(100,000)	(32,466)
Cash Flows from Investing Activities			
Interest received		-	479
Net Cash used in Investing Activities		-	479
Cash Flows from Financing Activities			
Proceeds from issue of shares		100,000	-
Net cash from Financing Activities		100,000	-
Net decrease in cash and cash equivalents		-	(31,987)
Cash and cash equivalents at beginning of year		34	32,021
Cash and cash equivalents at end of year	13	34	34

Major non cash transactions:

Convertible loans of £15,900 were converted into shares during the year ended 30 June 2013 (2012 - £224,859). In total 1,590,000 (2012 - 8,328,125) new ordinary shares were issued with a total value including share premium of £15,900 (2012 - £224,859).

On 2 July 2012 and 24 September 2012, the Company issued 412,982 and 200,000 ordinary shares, respectively, fully paid at 0.01 pence per share, in settlement of financial advisor fees. The aggregate value of these shares was £12,389 and £6,000, respectively, and calculated by reference to the fair value of services rendered and outstanding.

The accounting policies and notes on pages 16 to 39 form part of these Financial Statements.

1. GENERAL INFORMATION

Inspirit Energy Holdings Plc is a Company incorporated in England & Wales. The Company's shares are traded on AIM, a market operated by the London Stock Exchange. The address of the registered office is disclosed on page 2 of the Financial Statements. The principal activities of the Company are described in the Directors' Report.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention. The Financial Statements are presented in pounds sterling, rounded to the nearest pound. Sterling is the functional currency of the Company.

The preparation of Financial Statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 2.18 to these Financial Statements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Directors' Report. In addition, Note 3 to the Financial Statements include the Company's financial risk management objectives and policies for managing its capital.

The Company entered into an unsecured loan facility on 28 June 2013 with Global Investment Strategy UK Limited ("GIS") for an aggregate maximum amount of £350,000. Amounts may be drawdown at the discretion of the Company. Interest is payable on any drawdown at 5 per cent above the base rate of HSBC Bank plc. Any amount drawdown under the loan facility shall be repayable 18 months from the date of the loan facility.

On 28 June 2013, the Company also entered into a Discretionary Drawdown Facility ("DDF") with Mr D Lenigas (non-executive Chairman) which provides the Company with an equity facility up to a maximum aggregate limit of £70,000. The facility is available for drawdown at any time, and for any specified amount at the Company's discretion, up to 17 May 2015. Mr D Lenigas is entitled to commission at 6.0% of any amount received by the Company in accordance with the terms of the facility.

In connection with the AIM re-admission and acquisition of Inspirit Energy Limited, the Company raised £410,000 (gross) by way of a subscription for 41.0 million new ordinary shares at a price of 1 pence per ordinary share. The proceeds from the subscription will be used for general working capital purposes.

2. ACCOUNTING POLICIES (continued…)

2.1 Basis of Preparation (continued...)

In addition, on 29 August 2013 the Company raised a further £175,000 (gross) through the issue of 13,461,537 of new ordinary shares at a price of 1.3 pence per share.

The Company has secured further funding by entering into a placing for £472,000 and an Equity Swap Agreement with YA Global Master SPV, Ltd. ("YAGM") at 2.8 pence per share. YAGM subscribed for a total of 16,857,142 new ordinary shares at a price of 2.8 pence per share for a gross consideration of £472,000. Of this amount, £236,000 will be paid back to YAGM under the Equity Swap Agreement from which the Company is expected to receive a base amount of £19,666.67 per month for a 12 month period.

On 4 September 2013, the Company approved the conversion of all existing debt held with GIS and John Gunn (executive director). The total debt and accrued interest of £706,680 (including the liabilities of Inspirit Energy Limited) was satisfied by the allotment of 54,360,019 new ordinary shares in the Company at a conversion price of 1.3 pence per share.

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate with the cash funds and facilities. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

2.2 Changes in Accounting Policy and Disclosures

(i) New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 July 2012 that have a material impact on the Company.

(ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 July 2012, but not currently relevant to the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning 1 July 2012, and have not been applied in preparing these Financial Statements. None of these is expected to have a significant effect on the financial statements of the Company.

Amendments to IFRS 1, 'First time adoption' on fixed dates and hyperinflation. The first amendment replaces references to a fixed date of 1 January 2004 with ''the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

IFRS 7, 'Financial instruments: Disclosures' was amended in October 2012 for the transfer of financial assets. These amendments are as part of the IASB's comprehensive review of off Statement of Financial Position activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

2. ACCOUNTING POLICIES (continued…)

2.2 Changes in Accounting Policy and Disclosures (continued...)

Amendments to IAS 12, 'Income Taxes' on deferred tax. Currently IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'income taxes – recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

(iii) New and amended standards and interpretations issued but not yet effective and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Unless stated, none of these are expected to have a significant effect on the Financial Statements of the Company.

IAS 19, 'Employee benefits', was amended in June 2011. The amendments eliminate the option to defer the recognition of gains and losses, known as the 'corridor method'; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

Amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' on government loans. This amendment addresses how first-time adopters would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first time adopters granted to existing preparers of IFRS Financial Statements when the requirement was incorporated into IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in 2008. The amendment is effective for the accounting period beginning on or after 1 January 2013.

IFRS 7, 'Financial Instruments: Disclosures' was amended for asset and liability offsetting. This amendment requires disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment is effective for the accounting period beginning on or after 1 January 2013.

2. ACCOUNTING POLICIES (continued…)

2.2 Changes in Accounting Policy and Disclosures (continued...)

IFRS 10, ‘Consolidated financial statements’, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess IFRS 10’s full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 11, ‘Joint Arrangements’ provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company is yet to assess IFRS 11’s full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, ‘Disclosures of interests in other entities’, includes the disclosure requirements for all forms of interests in entities, including joint arrangements, associates, special purpose vehicles and other off Statement of Financial Position vehicles. The Company is yet to assess IFRS 12’s full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

Amendments to IFRS 10, ‘Consolidated Financial Statements’, IFRS 11, ‘Joint Arrangements and IFRS 12, ‘Disclosure of Interests in Other Entities’, provide additional transition relief to IFRSs 10,11 and 12 by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Company is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013.

Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statements” define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9, ‘Financial Instruments’, in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The Company is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2014.

IFRS 13, ‘Fair value measurement’, aims to provide consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with IFRSs or US GAAP. The standard becomes effective for annual periods beginning on or after 1 January 2013.

2. ACCOUNTING POLICIES (continued…)

2.2 Changes in Accounting Policy and Disclosures (continued...)

IAS 27, 'Separate Financial Statements', replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10. The revised standard includes the requirements relating to separate financial statements. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28, 'Investments in Associates and Joint Ventures', replaces the current version of IAS 28, 'Investments in Associates', as a result of the issue of IFRS 11. The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 1. The revised standard becomes effective for accounting period beginning on or after 1 January 2013.

Amendments to IAS 36 "Impairment of Assets" require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments also incorporate the requirement for an entity to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The amendments become effective for accounting periods beginning on or after 1 January 2014.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" introduce a narrow-scope exception to the requirement for the discontinuation of hedge accounting. The amendments allow hedge accounting to continue in a situation where a derivative that has been designated as a hedging instrument is novated from one counterparty to a central counterparty, as a consequence of new laws or regulations if specific conditions are met. This relief has been introduced in response to legislative change across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. The amendments become effective for accounting periods beginning on or after 1 January 2014.

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics for the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2. ACCOUNTING POLICIES (continued…)

2.2 Changes in Accounting Policy and Disclosures (continued...)

Amendments to IAS 32, 'Financial Instruments: Presentation', add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of ''currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Company is yet to assess the full impact of the amendments to IAS 32 and intends to adopt the amended standard no later than the accounting period beginning on or after 1 January 2014.

IFRIC 21 "Levies" addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. The interpretation also addresses the accounting for a liability to pay a levy whose timing and amount is certain. The amendment intends to be adopted no later than the accounting periods beginning on or after 1 January 2014.

'Annual Improvements 2009–2011 Cycle' sets out amendments to various IFRSs as follows:

- An amendment to IFRS 1, 'First-time Adoption' clarifies whether an entity may apply IFRS 1:
  (a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period; or
  (b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.
- The amendment to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalisation was before the date of transition to IFRSs.
- An amendment to IAS 1, 'Presentation of Financial Statements' clarifies the requirements for providing comparative information:
  (a) for the opening Statement of Financial Position when an entity changes accounting policies, or makes retrospective restatements or reclassifications; and
  (b) when an entity provides Financial Statements beyond the minimum comparative information requirements.

- An amendment to IAS 16, 'Property, Plant and Equipment' addresses a perceived inconsistency in the classification requirements for servicing equipment.

- An amendment to IAS 32, 'Financial Instruments: Presentation' addresses perceived inconsistencies between IAS 12, 'Income Taxes' and IAS 32 with regard to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

- An amendment to IAS 34, 'Interim Financial Reporting' clarifies the requirements on segment information for total assets and liabilities for each reportable segment.

The Company intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013.

2. ACCOUNTING POLICIES (continued…)

2.3 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of corporate services in the ordinary course of the Company's activities. Revenue is shown net of Value Added Tax.

2.4 Current and Deferred Tax

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period based on the profit or loss for the period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.5 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.6 Segment Reporting

The Company currently has one segment, being an investment holding company. All activities are within the United Kingdom.

2.7 Investments

Equity investments not held for trading are stated at cost as they are unlisted and their fair values cannot be reliably determined.

2.8 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at bank.

2.9 Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2. ACCOUNTING POLICIES (continued…)

2.10 Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.12 Financial Instruments

Financial assets comprise investments in equity securities (available for sale), trade and other receivables (loans and receivables) and cash and cash equivalents. Financial liabilities comprise trade and other payables (at amortised cost) and borrowings.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

2. ACCOUNTING POLICIES (continued…)

2.13 Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

Where material, the liability component of a compound financial instrument is measured initially at the fair value of a similar liability that does not have an equity conversion option.

The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability in cash for at least 12 months after the end of the reporting period.

2.14 Fair Values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Company at the reporting date approximate to their fair values, due to the relatively short term nature of these financial instruments.

2. ACCOUNTING POLICIES (continued…)

2.15 Share Based Payments

The Company operates equity-settled, share-based schemes, under which it receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Company. The Company may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable, the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

2.16 Share Capital

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

Share capital is classified as equity and is the amount subscribed for shares at nominal value.

The B ordinary shares rank pari passu in all respects with the ordinary shares, save that the holder or holders of B ordinary shares shall not have the right to attend and vote at general meetings of the Company (save in respect of resolutions to vary the rights attaching to the B ordinary shares). Holders of B ordinary shares have the option to convert their interests in B ordinary shares at any time, and from time to time, into ordinary shares on a 1 for 1 basis.

Deferred shares have no righting votes and have no rights to dividends. Deferred shares only have very limited rights on a return of capital and are not freely transferable.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of the respective shares.

2. ACCOUNTING POLICIES (continued…)

2.17 Reserves

Retained loss represents the cumulative loss of the Company attributable to equity shareholders.

Other reserves represent the equity component of convertible loans and the share option reserve.

2.18 Critical Accounting Judgements

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Impairment of investments

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates. Following the Directors' assessment, no impairment was considered necessary.

(b) Interest rate applicable to financial instruments of comparable credit status

In order to calculate the split for convertible loans between the financial liability and equity components, management is required to discount the contractual stream of future cash flows under the convertible loan note instrument at an estimated rate of interest applicable to instruments which do not have any associated conversion option.

(c) Share Based Payments

The fair value of options and warrants is determined by reference to the fair value of the options and warrants granted, excluding the impact of any non-market vesting conditions. In accordance with IFRS 2 'Share Based Payments', the Company has recognised the fair value of options and warrants, calculated using the Black-Scholes option pricing model. The Directors have made assumptions particularly regarding the volatility of the share price at the grant date in order to reach a fair value. Further information is disclosed in Note 17.

3. FINANCIAL RISK MANAGEMENT

General Objectives, Policies and Processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The Company operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy.

The Company is exposed through its operations to the following financial risks:

- Liquidity risk; and
- Credit risk.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's flexibility. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Further details regarding these policies are set out below:

Principal Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables;
- Convertible loan notes.

Liquidity Risk

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances to meet expected requirements for a period of at least 60 days. The Company's current borrowings are all in the form of fixed interest convertible loan notes.

Rolling cash forecasts identifying the liquidity requirements of the Company are produced frequently. These are reviewed regularly by management and the Board to ensure that sufficient financial headroom exists for at least a twelve month period.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

3. FINANCIAL RISK MANAGEMENT (continued…)

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to make future investments and provide a return for shareholders. The Company monitors its level of cash resources available against future expenses and may issue new shares or create new convertible loan note instruments in order to raise further funds from time to time. No quantitative analysis is currently applicable based upon the Company's current operations.

4. REVENUE

Revenues during the year comprise the provision of corporate services to Global Investment Strategy UK Limited. All income is generated in the United Kingdom.

5. EMPLOYEES

	Year ended 30 June 2013 No.	Year ended 30 June 2012 No.
The average number of staff employed by the Company during the year amounted to:		
Executive Directors	3	2
Non-executive Directors	-	1
Employees	1	-
	4	3
Wages and salaries (including Directors' fees)	51,700	34,000
Social security costs	2,752	-
	£54,452	£34,000

6. DIRECTORS' REMUNERATION

	Salary and Fees	
	Year ended 30 June 2013 £	Year ended 30 June 2012 £
J Gunn	-	-
S Pozner	-	13,591
D Pinckney	-	5,000
J Nazhat	22,500	11,715
N Jagatia	3,000	-
	25,500	30,306

The Company does not operate a pension scheme and no contributions were paid during the year.

7. EXPENSES BY NATURE

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Directors' remuneration and fees (note 6)	25,500	30,306
Salaries and wages (note 5)	26,200	3,694
Social security costs (note 5)	2,752	-
Audit and other fees	14,300	13,150
Professional and consultancy fees	100,293	61,397
Other expenses	797	22,538
	169,842	131,085
Exceptional expenses (see below)	258,123	-

Exceptional expenses consist of legal and professional fees incurred during the year on the acquisition of Inspirit Energy Limited (see Note 22 for further details) and re-admission of the Company to AIM.

AUDITOR'S REMUNERATION

Operating loss is stated after charging:

Fees payable to the Company's Auditor for the audit of the Company	12,500	12,100
Fees payable to the Company's Auditor for other services:		
Taxation compliance services	1,050	1,050
Corporate finance services	28,050	-
Other assurance services	750	-

8. FINANCE INCOME AND COSTS

Finance Costs

Convertible loans (see below)	-	7,394
Convertible loans (Note 15)	31,166	24,678
	31,166	32,072

Finance Income

Loan to related party	4,047	1,762

Interest on convertible loans, not split between liabilities and equity based on materiality, was included within accruals during the year ended 30 June 2012.

9. INCOME TAX EXPENSE

Due to the losses in the accounting periods presented, no income tax liability has arisen.

Factors affecting current tax charge:

The tax on the Company's loss on continuing operations differs from the theoretical amount that would arise using the weighted average tax rate of 20% (2012 – 20%) to losses of the entity as follows:

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Loss for the year	(447,784)	(134,949)
Loss for the year multiplied by rate of tax	(89,557)	(26,990)
Expenses not deductible for tax purposes	57,379	-
Unutilised losses	32,178	26,990
Total current tax	-	-

The Company has excess management expenses of approximately £1,379,000 (2012 - £1,216,000), capital losses of £150,000 (2012 - £150,000) and non-trade financial losses of approximately £119,000 (2012 - £92,000) to carry forward against future suitable taxable profits. No deferred tax asset has been provided on any of these losses due to uncertainty over the timing of their recovery.

10. EARNINGS PER SHARE

Loss per ordinary share has been calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year. The calculations of both basic and diluted loss per share for the year are based upon the loss for the year of £447,784 (2012 - £134,949). The weighted number of equity shares in issue during the year was 69,818,036 (2012 – 61,200,460).

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options and warrants and convertible debt would be to decrease the loss per share and are therefore deemed anti-dilutive. Details of convertible loans and share options that could potentially dilute earnings per share in future periods are set out in Notes 15, 17 and 22.

11. INVESTMENTS

	30 June 2013 £	30 June 2012 £
As at 1 July	740,000	740,000
As at 30 June	740,000	740,000

During the year ended 30 June 2011, the Company purchased equity shares at a cost of £740,000 in Inspirit Energy Limited, an unlisted company registered in the United Kingdom operating in the Clean Tech and Renewables sector. As at 30 June 2013 the Company owned a total of 2,596,666 shares in Inspirit Energy Limited, representing approximately 17% of the total shares in issue.

12. TRADE AND OTHER RECEIVABLES

	30 June 2013 £	30 June 2012 £
Loans due from related parties	124,515	40,435
VAT repayable	26,810	50
Prepayments and accrued income	8,152	12,043
	159,477	52,528
Less non-current portion	(124,515)	-
Current portion	34,962	52,528

All trade and other receivables are denominated in Sterling. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The Company entered into a revised loan agreement on 28 June 2013 with Inspirit Energy Limited in relation to a series of loans provided by the Company to Inspirit Energy Limited between 23 May 2011 and 28 June 2013. Interest is receivable on the loan amount at 7 per cent per annum. As at 30 June 2013, the aggregate amount outstanding from Inspirit Energy Limited is £101,234. The loan agreement terminates on 23 May 2015, when all outstanding monies under the loan agreement become payable.

13. CASH AND CASH EQUIVALENTS

	30 June 2013 £	30 June 2012 £
Cash at bank	34	34

All of the Company's cash at bank is held with institutions with an AA credit rating.

14. TRADE AND OTHER PAYABLES

	30 June 2013 £	30 June 2012 £
Current		
Trade payables	160,907	18,034
Amount due to related parties	-	132,784
Other payables	8,749	2,039
Accruals and deferred income	198,212	35,654
	367,868	188,511
Non-current		
Amount due to related parties	411,247	-
	411,247	-

The Company entered into a loan agreement on 28 June 2013 with Global Investment Strategy UK Limited ("GIS") in relation to a £45,000 loan provided by GIS to the Company between 2 February 2012 and 13 February 2012. Interest is payable on the loan amount at 7 per cent per annum. As at 30 June 2013, a total aggregate amount of £34,636 was outstanding, including £3,636 of interest under the loan agreement. The loan agreement terminates on 31 July 2015, when all outstanding monies under the loan agreement become payable.

Included in 'Amounts due to Related Parties' is a balance due to GIS for £110,094, including interest of £4,515. Also included within 'Amount due to Related Parties' are amounts totalling £266,517 due to GIS, including interest, following the re-classification of the outstanding convertible loan notes on 28 June 2013 (see Note 15).

The Company entered into an unsecured loan facility on 28 June 2013 with GIS for an aggregate maximum amount of £350,000. Amounts may be drawdown at the discretion of the Company. Interest is payable on any drawdown at 5 per cent above the base rate of HSBC Bank plc. Any amount drawdown under the loan facility shall be repayable 18 months from the date of the loan facility. No amounts had been drawn down under this facility as at 30 June 2013.

15. BORROWINGS

Non-current	**30 June 2013 £**	**30 June 2012 £**
Convertible loan	52,329	-
Current		
Convertible loan	-	227,482

Convertible Loans

During the year ended 30 June 2010, the Company issued 220,000 5% convertible loans at a par value of £220,000 under loan note instruments dated 22 November 2009. Loan notes totalling £54,073 and £18,056 were converted into shares during the years ended 30 June 2010 and 30 June 2011 respectively. There were no conversions during the year ended 30 June 2012. During the year ended 30 June 2013, loan notes totalling £15,900 were converted into shares, with a conversion price of £0.01 per share.

During the year ended 30 June 2010, the Company issued 300,000 5% convertible loans at a par value of £300,000 under a loan note instrument dated 22 June 2010. Loan notes totalling £224,859 were converted into shares on 24 October 2011. There were no conversions during the years ended 30 June 2012 and 2013.

On 28 November 2012 the redemption date for both loan note instruments was extended to 22 December 2013.

On 28 June 2013, the Company entered into two Deeds of Variation in respect of the loan note instruments. Under the terms of these deeds, the rights to convert these debts into shares were removed. Furthermore, the terms of repayment for both the 2009 and 2010 loan notes were extended to 22 December 2014. Both the 2009 and 2010 convertible loans were issued to GIS and have been reclassified from Current liabilities ‘Borrowings’ to Non-current liabilities ‘Amounts due to Related Parties’.

On 9 July 2012 the Company issued 50,000 0% convertible loans at par value of £50,000 with Hebolux S.A. No loans were converted into shares during the year ended 30 June 2013. The loans mature on 9 July 2015 and have a conversion price of £0.015 per ordinary share plus 50 per cent of the subscription price if the Company relists. Conversion of the loan would require the allotment of 10,000,000 ordinary shares in the Company to Hebolux S.A. in full and final settlement of the loan.

The values of the liability and equity conversion component were determined at the date the loan notes were issued. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible loan. The residual amount, representing the value of the equity conversion option was deemed immaterial and therefore not included in shareholders’ equity.

15. BORROWINGS (continued...)

The convertible loan recognised in the Statement of Financial Position is calculated as follows:

	30 June 2013 £	30 June 2012 £
At 1 July	227,482	449,516
Face value of convertible loans	-	-
Liability component on initial recognition	227,482	449,516
Converted to ordinary shares	(15,900)	(246,712)
Reclassification on removal of conversion rights	(190,419)	-
Interest expense (Note 8)	31,166	24,678
Liability component at 30 June	52,329	227,482

The fair value of current and non-current borrowings equals their carrying amount.

16. SHARE CAPITAL

	Number	£
Authorised		
Ordinary shares of £0.001	1,501,855,740	1,501,856
'B' Ordinary shares of £0.001	1,221,200	1,221
Deferred shares of £0.99	400,932	396,923
	1,503,477,872	1,900,000

The 'B' ordinary shares and deferred shares have no voting rights.

There has been no movement in the authorised share capital during the year.

Issued and Fully Paid	Number of ordinary shares	Number of 'B' ordinary shares	Number of deferred shares	Ordinary shares £	'B' ordinary shares £	Deferred shares £	Share premium £	Total £
At 1 July 2011	54,275,065	1,221,200	400,932	54,275	1,221	396,923	3,671,231	4,123,650
Conversion of convertible loan	8,328,125	-	-	8,328	-	-	216,531	224,859
At 30 June 2012	62,603,190	1,221,200	400,932	62,603	1,221	396,923	3,887,762	4,348,509
Issue of new shares	8,333,333	-	-	8,333	-	-	91,667	100,000
Share based payment	612,982	-	-	613	-	-	17,776	18,389
Conversion of convertible loans	1,590,000	-	-	1,590	-	-	14,310	15,900
At 30 June 2013	73,139,505	1,221,200	400,932	73,139	1,221	396,923	4,011,515	4,482,798

On 3 July 2012, GIS agreed to convert £15,900 of its outstanding convertible loan into 1,590,000 ordinary shares of 0.1 pence each. These shares were placed with unconnected third parties to GIS. Also on 3 July 2012, the Company allotted 412,982 ordinary shares of 0.1 pence each to a financial advisor in settlement of fees.

On 19 September 2012, the Company allotted 200,000 ordinary shares of 0.1 pence each to a financial advisor in settlement of fees.

On 4 October 2012, the Company raised £50,000 through the placement of 3,333,333 ordinary shares of 0.1 pence each at a price of 1.5 pence per share.

On 20 December 2012, the Company raised £50,000 through the placement of 5,000,000 ordinary shares of 0.1 pence each at a price of 1 pence per share.

17. SHARE BASED PAYMENTS

Share options and warrants are granted to selected Directors and third party service providers.

Share options and warrants outstanding at the end of the year have the following expiry dates and exercise prices:

	2013		2012	
	Weighted Average Exercise Price £	**Options and warrants**	**Weighted Average Exercise Price** £	**Options and warrants**
At 1 July	0.04875	1,500,000	0.04875	1,500,000
Granted	0.03000	646,620	-	-
At 30 June	0.04310	2,146,620	0.04875	1,500,000

		Number of options and warrants	
Expiry date	**Exercise price in £ per share**	**2013**	**2012**
26 April 2021	0.04875	1,500,000	1,500,000
12 September 2015	0.03000	646,620	-
	0.04310	2,146,620	1,500,000

The share options and warrants granted in 2011 and 2012 may only be exercised on or after 26 April 2012 and 13 September 2013, respectively.

The total weighted average contractual life of the outstanding options and warrants at 30 June 2013 was 6.14 years (2012 – 8.83 years).

The fair value of the share options and warrants were determined using the Black Scholes valuation model. The parameters used are detailed below:

	2011 Options	**2012 Warrants**
Shares and warrants under option	1,500,000	646,620
Option granted on:	26 April 2011	13 September 2012
Option life (years)	10	3
Share price (pence per share) at grant date	4.50	3.00
Risk free rate	3.71%	3.71%
Expected volatility	10%	10%
Expected dividend yield	Nil	Nil
Marketability discount	5%	5%
Fair value per option granted (pence per share)	1.254	0.330
Exercise price (pence per share)	4.875	3.000

17. SHARE BASED PAYMENTS (continued...)

The expected volatility is based on historical volatility for the 6 months prior to the date of grant. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

Based on materiality, the total fair value of the options and warrants granted in the year has not resulted in a charge to the Statement of Comprehensive Income for the year ended 30 June 2013 (2012 - £nil). No options were exercised during the year.

18. CAPITAL COMMITMENT

There was no capital expenditure that had been contracted for at the end of the reporting period but not yet incurred.

19. CONTINGENT LIABILITIES

The Company has no contingent liabilities.

20. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, Mr J Gunn is the ultimate controlling party.

21. RELATED PARTY TRANSACTIONS

During the year ended 30 June 2011, the Company entered into a loan agreement dated 23 May 2011 with Inspirit Energy Limited. As described in note 12, the terms of this loan agreement were amended on 28 June 2013. Inspirit Energy Limited is beneficially owned and controlled by J Gunn, a substantial shareholder and Director of the Company. Interest on the loan at 7% per annum is payable to the Company and the loan is repayable on 23 May 2015. The amount due to the Company from Inspirit Energy Limited as at 30 June 2013 is £81,110 (2012 - £14,465) together with accrued interest receivable under a previous agreement of £5,554 (2012 - £1,502).

In addition, the Company charged Inspirit Energy Limited fees of £nil (2012 - £16,946) for the provision of corporate services. An amount of £14,570 was receivable from Inspirit Energy Limited as at 30 June 2013 (2012 - £14,570).

Global Investment Strategy UK Limited ("GIS") is a company which is beneficially owned and controlled by J Gunn. At the year end the Company owed GIS £376,611 (2012 - £111,438) for the provision of rent, rates, office facilities, loan interest and funds advanced for working capital purposes, to include the reclassification of convertible loans following the removal of conversion rights during the year. GIS in turn owed the Company £23,280 (2012 - £11,400) for the provision of corporate services. GIS converted £15,900 of the outstanding convertible loan on 2 July 2012 into 1,590,000 ordinary shares of 0.1 pence each.

The Company entered into a loan agreement on 28 June 2013 with GIS in relation to a £45,000 loan provided by GIS to the Company between 2 February 2012 and 13 February 2012. Interest is payable on the loan amount at 7 per cent per annum. The loan agreement terminates on 31 July 2015, when all outstanding monies under the loan agreement become payable. During the year ended 30 June 2013, aggregate interest under the loan agreement amounted to £3,636 and the amount outstanding as at 30 June 2013 is £34,636 (2012 - £45,000).

21. RELATED PARTY TRANSACTIONS (continued...)

The Company entered into an unsecured loan facility on 28 June 2013 with GIS for an aggregate maximum amount of £350,000. Amounts may be drawdown at the discretion of the Company. Interest is payable on any drawdown at 5 per cent above the base rate of HSBC Bank plc. Any amount drawdown under the loan facility shall be repayable 18 months from the date of the loan facility. No amounts were drawn down under this facility as at 30 June 2013.

GIS hold a fixed and floating charge over all assets of the Company.

On 28 June 2013, the Company entered into a Discretionary Drawdown Facility ("DDF") with Mr D Lenigas, non-executive Chairman, which provides the Company with an equity facility up to a maximum aggregate limit of £70,000. The facility is available for drawdown at any time, and for any specified amount at the Company's discretion, up to 17 May 2015. Mr D Lenigas is entitled to commission at 6.0% of any amount received by the Company in accordance with the terms of the facility.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

Reverse acquisition of Inspirit Energy Limited

On 28 June 2013, the Company announced the proposed acquisition of the remaining share capital of Inspirit Energy Limited for an aggregate deemed consideration of £3.5 million, to be satisfied by the issue of 350,000,000 new ordinary shares in the Company. The acquisition constituted a reverse takeover under the AIM Rules and shareholder approval was obtained at a General Meeting on 23 July 2013. The acquisition was completed on 25 July 2013.

As at 30 June 2013, the unaudited assets and liabilities of Inspirit Energy Limited were as follows:

	£
Intangible assets	769,214
Tangible assets	6,320
Investment in subsidiary undertaking	1
Stocks	5,238
Debtors	28,477
Cash at bank and in hand	1,396
Creditors: amounts falling due within one year	(560,197)
Net assets	250,449

The investment in subsidiary undertaking relates to Somemore Limited which owns the product rights to the micro combined heat and power boiler appliance.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD (continued…)

Equity Transactions

At the same time as the acquisition of the remaining share capital of Inspirit Energy Limited, the Company raised £410,000 (gross) through a subscription for 41.0 million new ordinary shares at a price of 1 pence per share. As part of the subscription, the subscribers were issued with one warrant for every two subscription shares, comprising a total of 20.5 million warrants. The warrants are exercisable into ordinary shares at a price of 1 pence per ordinary share at any time within 12 months from the date of re-admission to AIM. In addition, the whole of the £50,000 convertible loan provided by Hebolux S.A. converted into 10,000,000 new ordinary shares at the date of re-admission.

On 9 August 2013, the Company issued 1,250,000 new ordinary shares to Ascend Capital Plc for the provision of corporate finance services.

On 29 August 2013, the Company raised £175,000 (gross) through the issue of 13,461,537 of new ordinary shares at a price of 1.3 pence per share.

On 13 September 2013, the Company entered into a £472,000 Placing and an Equity Swap Agreement with YA Global Master SPV, Ltd. ("YAGM") at 2.8 pence per share. YAGM subscribed for a total of 16,857,142 new ordinary shares at a price of 2.8 pence per share for a gross consideration of £472,000. Of this amount, £236,000 will be paid back to YAGM under the Equity Swap Agreement from which the Company is expected to receive a base amount of £19,666.67 per month for a 12 month period, depending on the future price performance of the Company's shares.

On 17 September 2013, the Company issued 1,978,733 new ordinary shares in settlement of professional fees.

On 6 November 2013, the Company has received a conversion notice from a warrant holder to exercise warrants over 1,000,000 ordinary shares at an exercise price of 1 pence per share.

Borrowings and Convertible Loans

On 4 September 2013, the Company approved the settlement of all existing debt held with GIS and Mr J Gunn (executive director) through the issue of new shares. Total debt and accrued interest of £706,680 (including the liabilities of subsidiary Inspirit Energy) was satisfied by the allotment of 54,360,019 new ordinary shares in the Company at a conversion price of 1.3 pence each.