Annual Report and Financial Statements

For the Year Ended 30th June 2013

LUDGATE
ENVIRONMENTAL FUND

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LUDGATE
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Statement of Investment Policy

Ludgate Environmental Fund Limited (the "Fund" or the "Company") has made investments in a diverse portfolio of cleantech companies for capital growth.

The Fund focuses on the following areas within the cleantech sector:

- Waste and recycling
- Renewable energy
- Energy efficiency
- Water

Our cleantech investments have the following characteristics:

- Clear environmental benefit
- Proven technology with a scalable business model
- Revenue generation or clear, near-term visibility of substantial sales
- Experienced management with technical expertise and record of delivery
- Defensible, differentiable intellectual property or know-how
- Significant potential market with high existing, or expected, growth rates
- Clear exit strategy within the anticipated life of the Fund

No single investment at subscription has had a value greater than 15% of the net assets of the Company. No individual holding is reduced or increased due to either relative growth or reductions of the Company's other investments; the Board remains conscious of the risk profile and expected returns from the portfolio.

The Company may borrow up to an amount equivalent to 25% of its net assets to finance investments or for any other purpose. The Board does not contemplate any significant borrowing.

Seeking to provide significant total return to shareholders over the expected life of the Company to 30th June 2015, the Directors may recommend that there should be a distribution of income received or capital realised from investment securities by way of dividend or other means as they have for the years ended 30th June 2009 to 2013.

Chairman's Statement

I am pleased to report to shareholders on the performance of Ludgate Environmental Fund Limited for the year ended 30th June 2013.

Financial Review

The net asset value of your Company on 30th June 2013 was £46,516,513 equivalent to 84.2 pence per share. An interim dividend of 1.90 pence was paid in August 2012 and we purchased 1,005,000 shares at an average price of 55 pence in May 2013. The Company recorded a net income of £2,567,703 (2012: loss £5,537,728). At year end we held cash balances of £7,388,288. The Company intends to invest a further £3,500,000 into Tamar as part of its original undertaking and may make further investments into existing portfolio companies if these are considered necessary to assist in the sale of portfolio companies at acceptable rates of return. Consistent with managing the Company's assets toward our anticipated wind up date in June 2015 we do not expect to make any other investments. We will also retain sufficient funds, supplemented by the proceeds of sales, to maintain operations through our remaining life.

We shall return capital to shareholders by the purchase of our own shares within established authority, the payment of dividends and other means. Total return to shareholders on an NAV basis since launch is positive and we hope to enhance this over our remaining life. Both the liquidity in our shares and the discount at which they trade to NAV are disappointing; however, the discipline we apply to the calculation and reporting of NAV, the stability of the share register and discussions with shareholders would support this assessment; successful sales would substantiate it.

As explained in more detail in Note 2a, the Directors have decided not to prepare consolidated financial statements as the Directors believe that this presentation would be misleading to the users of the financial statements. As explained in the note it is expected that the amendment to IFRS 10 will be endorsed by the EU by the end of 2013 at which point the Company will early adopt the standard. The Audit Report is thus qualified as a result of non-consolidation.

Portfolio Review

The fund is fully invested, with new investments in the year made only in fulfilment of disclosed obligations to existing assets and subject on each occasion to a reappraisal of realisable and expected returns within our anticipated life. The portfolio has a distinct and diversified shape within the loosely termed environmental sector especially renewables. Ignis Biomass in Wick is operating effectively and consistently, serving the community well and endorsing the developer model in which we invested. Similarly, the anaerobic digestion developer and operator, Tamar has, slower perhaps than hoped, progressed well and is creating scaleable and replicable operations. Added to NERR, the sale of whose securities we have nearly completed, these have shown an ability to realise positive return from greenfield development, adding to the previous success of agri.capital. ECO Plastics, a plastics recycler has begun, after a difficult period expanding its processing capacity and working capital financing, to operate profitably and sustainably. Similarly, Rapid Action Packaging has successfully exploited the introduction of a second production line to improve operational efficiencies, fulfil larger order runs and develop a broader product range improving the replacement rates which underscore its innovation, enabling the company to also operate profitably and sustainably. Terra Nova has proven its technology after processing and supplying significant quantities of processed materials to its customers including KGHM, LS and Mitsubishi. The company has suffered from significant metal price fluctuations over the last 12 months as well as severe capital constraints, which prevented it from purchasing sufficient quantities of feedstock. This has been a disappointing development and threatens the survival of the company. Terra Nova is in discussions to supply on a toll contracting basis, reducing the exposure to price movements, and is in the process of raising third party finance. STX, the environmental broker, continues to perform strongly, yielding significant economic returns and is outperforming its budget. The company has paid dividends twice annually and it is expected to continue to do so. Lumicity, despite the severity of the change in the tariff regime for solar energy production in the UK has developed and sold a number of projects successfully. In addition, it has submitted a number of projects for planning approval, built an attractive pipeline and promises a significant return on investment. Micropelt has proven its technology having supplied modest volumes to its customers and is now focusing on expanding its customer base to deploy its energy harvesting products in volume. The company is well positioned to grow independently or within a larger sales organisation. Hydrodec announced a major expansion of its North American business through a strategic partnership with G&S Technologies Group. Ian Smale, CEO of Hydrodec is forecasting the company will have a positive overall EBITDA run-rate by the end of 2013, for the first time in the company's history. However, the share prices in our listed securities of Hydrodec, Phoslock and Hightex continue to disappoint.

Strategy and Outlook

Our strategy is to manage and dispose of the assets in the portfolio, which is principally invested in the resource efficiency sector, at the greatest distributable return to shareholders within the anticipated life of the Company. We have actively managed our interests by taking substantial minority positions and nominating directors who report to us regularly. Of necessity the sale of illiquid and some non controlling interests in companies does not permit market timing. We have structured plans, including identification of possible acquirors, for the sale of the principal assets reflecting our assessment of their growth, profitably and attraction in the strategic markets; the commitment and support of management and fellow shareholders will be critical to our success. The remuneration payable to the advisers was restructured in the year weighted toward a performance fee on actual realisations above NAV indexed annually from a base in June 2012, the end of our investment period and approved by shareholders at the AGM. The early signs are that this new incentive programme will prove effective. The board has remained vigilant on the fair valuing of assets at each reporting date to ensure that, to the extent there are relevant, observable inputs or comparable companies these are used to reflect theoretically achievable prices shorn of transaction, maturity, financing and other costs. The expertise and knowledge the adviser has developed in the discovery, management and governance of these environmental assets, particularly in the renewable sector is assisting in the promotion of the companies competitively in the professional markets to known strategic purchasers. More broadly, each of the assets has an identified number of possible purchasers for whom the continuing constraints on bank funded acquisitions are not meaningful and for our infrastructure projects the established yields should prove attractive on a standalone basis. We therefore look forward to pursuingsubstantial sales over the coming twelve months.

I should like to thank my fellow board members for their common commitment, diligence and good humour in considering and developing investments in uncertain and occasionally difficult companies. The sustainability of the current portfolio owes much to their thoroughness, the adviser's asset discovery and corporate management and the continued support of shareholders.

John Shakeshaft, Chairman

Investment Adviser's Report

Highlights and Key Financial Data

- Net assets increased to £46.5 million at 30th June 2013, with a NAV per share of 84.2 pence (2012: £45.6 million and 81.0 pence)
- An interim dividend of 1.90 pence per share was paid on 10th August 2012 (1.75 pence per share 12th August 2011)
- 1,005,000 shares were purchased in the market by the Company ("LEF") in May 2013 for 55 pence each, reducing the number of shares in issue to 55,254,784
- Investments made in the year totalling £8.4 million into 5 portfolio companies (2012: £18.2 million invested and committed to 3 new and 6 portfolio companies)
- Interest and dividend income receivable (net of provisions) was £1.9.5 million
- £2.5 million was realised from the sale of a further 35% of the Company's interest in NERR
- £0.1m of loan stock was repaid by Lumicity
- Cash balances were £7.4 million as at 30th June 2013

After year end, £0.3 million was drawn down by Terra Nova and £0.3m by Micropelt. At the balance sheet date the Company had a total outstanding commitment to invest a further £3.5 million in Tamar Energy.

Net Asset Valuation summary

The table opposite summarises the position of the Company as at 30th June 2013. Investments made subsequent to year end are not included.

Advisor to the Company

Ludgate Investments Limited ("Ludgate Investments"), established in London in 2001, is an FCA regulated and specialises in private equity growth investments focused on resource efficiency, in commercially proven industrial applications and services in recycling & waste prevention, energy efficiency, renewable energy developers and water.

Charles Sebag Montefiore retired in December 2012 and is a Non-Executive Director. The investment team is Gijs Voskamp (Chief Executive Officer), Bill Weil (Chief Investment Officer), Nick Curtis, (senior investment director) and Matthew Sheppee, (associate). Trevor Cooke resigned as a Non-Executive Director on 2nd October 2012.

Net Asset Valuation summary

Currency: £m

Company	**Activity**	**Investment Amount** Equity	Convertible/ Loan	Total	**Valuation**	**% of NAV**
Rapid Action Packaging	Food packaging	5.0	2.5	7.5	8.2	17.7
ECO Plastics	Plastic bottle recycling	5.0	1.6	6.6	7.5	16.1
Hydrodec Group	Oil recycling	3.5	3.0	6.5	4.3	9.2
STX Services	Environmental broking	0.8	-	0.8	4.4	9.4
New Earth Recycling & Renewables	Waste treatment	0.9	-	0.9	1.1	2.4
Terra Nova	Electronic waste recycling	5.3	0.5	5.8	0.3	0.6
Micropelt	Thermogenerator Manufacturer	0.0	2.8	2.8	2.2	4.7
Tamar Energy	Anaerobic Digestion	3.5	-	3.5	3.9	8.4
Lumicity	Solar developer	0.5	0.7	1.2	1.9	4.1
Phoslock Water Solutions	Water treatment	0.5	-	0.5	0.2	0.4
Renewable Energy Generation	Wind developer	0.7	-	0.7	0.6	1.3
Ignis	Biomass developer	1.0	2.5	3.5	3.8	8.2
Hightex Group	Solar cooling	0.7	-	0.7	0.1	0.2
Emergya Wind Technologies	Turbine manufacturer	2.7	-	2.7	-	-
Subtotal		30.1	13.6	43.7	38.5	82.7
Cash at bank					7.4	15.9
Other assets/liabilities					0.7	1.4
					46.6	**100.0**

Principal Investments

Rapid Action Packaging

Food packaging

Valuation at 30th June 2013 (method): £8.2 million (fair value)
Investment: £5.0 million (ordinary shares) and £2.5 million (convertible loan notes)
Ownership: 36.3%; 45.0% after conversion of CULS and fully diluted
Date(s) of investment: Q2 2008, Q2 2009, Q2 2011

Company summary:

Specialists in the design, manufacture and supply of innovative, cost effective and environmentally responsible packaging systems particularly for the “food on the move” market.
Further information can be found at www.rapuk.com.

Investment during the year:

No further investment was made during the year.

Significant events during the year:

- RAP awarded membership in Europe’s top 500 Growth Companies (ranked 71st)
- Financial results to year end September 2012 showed a 13.5% increase in revenues to £18.3 million (2011: £16.1 million)
- Turnover in the first nine months of the financial year to June 2013 was 2.0% ahead of the equivalent period in the previous year whilst EBITDA has more than doubled
- Strong EBITDA performance reflecting improvements in manufacturing efficiencies
- Print finishing capability further expanded to enable the launch of its new range of products, called Softpack
- Launch of Softpack started in Q2 2013 with BagRap, supplied to a major Continental European supermarket
- Increasing sales and interest in RAP’s products from new geographies (both North American and Continental Europe) and new sectors (including airlines and branded food manufacturers)
- Further new product ranges are planned to launch during the remainder of 2013

LEF has the right to appoint two directors to the board of RAP and has appointed Nick Curtis and Nick Pople, of Ludgate Investments, as its directors.

ECO Plastics

Plastic bottle recycling

Valuation at 30th June 2013 (method): £7.5 million (fair value)
Investment: £5.0 million (preferred ordinary shares) and £1.6m (convertible loan notes)
Ownership: 16.8%; 18.5% fully converted and fully diluted; LEF holds 26.6% of the convertible loan notes, which is considered proxy for its economic ownership
Date(s) of investment: Q3 2011, Q3/Q4 2012, Q1 2013

Company summary:

ECO Plastics is Europe's largest recycler of mixed plastic bottles. Operating the most technically advanced plastics recycling facility in Europe, it produces 11 different streams of plastics, including food-grade recycled PET, suitable for soft drinks packaging. Further information can be found at www.ecoplasticsltd.com.

Investment during the year:

In September 2012, the Company issued £5 million of convertible loan notes. Draws from LEF were made in Q3/Q4 2012 and Q1 2013 totalling £1.6 million.

Significant events during the year:

- ECO Plastics enjoyed a record month of operational and financial performance during June 2013 and has continued to trade well
- ECO Plastics was voted Materials Recycler of the Year at the 2013 National Recycling Awards
- ECO Plastics' new processing equipment from the expansion is now fully commissioned and delivering volume growth with record volumes achieved during the year
- Continuum Recycling (JV with Coca-Cola Enterprises) capacity utilisation has increased and has exceeded expectations in terms of throughput and quality
- Coloured PET pellet, a new premium product for ECO Plastics, started volume production during the year and has been well received in the market
- Effluent Treatment Plant fully commissioned, now using a closed loop water recycling process
- As announced a new CEO, Chris Brown and CFO, Darren Marr have been appointed
- Management team strengthened with new CEO, industry veteran Chris Brown, supported by a new CFO, Darren Marr

LEF has the right to appoint a director to the board of ECO Plastics and has appointed Bill Weil, CIO of Ludgate Investments, as its director.

Principal Investments

Hydrodec (AIM:HYR)

Specialist oils recycling

Valuation at 30th June 2013 (method): £4.3 million (market value)
Investment: £3.5 million (ordinary shares) and £3.0 million (loan)
Ownership: 3.3%
Date(s) of investment: Q4 2007, Q1/Q2/Q4 2008, Q1/Q2 2009

Company summary:

Hydrodec's technology is a patented sustainable oil refining process that takes existing spent oil as feedstock to produce new specialty oils thus creating a virtuous green cycle. The process is closed loop and produces no harmful emissions. Further information can be found at www.hydrodec.com.

Investment during the year:

No further investment was made during the year.

Significant events during the year:

- Revenues in 2012 increased 17% to $26.1 million (2011: $22.4 million)
- In June 2013, Hydrodec reported that sales volumes were up over the prior year, with gross margins in line with the prior year and plant capacity above 70%
- LEF's conversion option on its loan notes expired on 31st October 2012, and they are now held as 8% unsecured loan notes repayable, at the Company's option, by 31st October 2014
- In April 2013, Hydrodec announced a JV with G&S Technology Group to expand production capacity at the Canton facility in the USA by 140%. Hydrodec will retain a 50.1% stake in the JV
- Under the agreement, G&S Technologies will provide funding and a committed volume of used oil feedstock, sufficient to expand production capacity at Hydrodec's Canton plant to circa 65 million litres
- Hydrodec will also license its technology to the JV in return for a 5% royalty on the revenues generated

STX Services

Environmental product broking

Valuation at 30th June 2013 (method): £4.4 million (fair value)
Investment: £0.9 million (ordinary shares)
Ownership: 29.3% fully diluted
Date(s) of investment: Q4 2007, Q1 2008, Q1 2012

Company summary:

STX Services (STX) is a broker specialising in environmental financial products with a particular focus on the carbon markets. It has mostly been active in EU Emission Allowances but has diversified into Certified Emission Reductions, biofuel tickets, green certificates and other environmental trading. STX is Amsterdam-based and active across the European markets. Further information can be found at www.stxservices.com.

Investment during the year:

No further investment was made during the year.

Significant events during the year:

- The Company's financial performance significantly exceeded budget in the first three months of its financial year to 30th June and continued to trade ahead of forecasts
- Paid dividends twice during the fiscal year, totalling £0.4 million to LEF. The total received to date from STX in interest payments and dividends is £2.1 million
- Moved to a larger office in Amsterdam in Q4 2012 to accommodate expansion of the team and allow further growth
- STX has implemented a new improved recruitment and training program to source new brokers for the team

LEF has the right to appoint a member of the supervisory board of STX and has nominated Gijs Voskamp, CEO of Ludgate Investments.

Principal Investments

New Earth Recycling & Renewables (Infrastructure)

Waste treatment and renewable energy

Valuation at 30th June 2013 (method): £1.1 million (market value)
Original Investment: £5.0 million (in NESG); exchanged in September 2011 for shares in NERR at a subscription value of £5.9 million
Realised: £5.6 million (85.0% of shareholding)
Ownership: n/a
Date(s) of investment: Q3 2011
Date(s) of divestment: Q4 2011, Q2 2012, Q1/Q2 2013

Company summary:

New Earth Recycling & Renewables (Infrastructure) plc (NERR) is an open-ended specialist fund registered with the Isle of Man Financial Supervision Commission (Isle of Man Company Number: 123613C), which was created principally to finance the recycling facilities of New Earth Solutions Group Ltd (NESG), a waste treatment and renewable energy specialist providing sustainable waste treatment processes to local authority and commercial customers across the UK. Further information can be found at www.newearthsolutions.co.uk.

Divestment during the year:

LEF redeemed a further 35.0% of its holding, realising £2.5 million. The redemption of the remaining 15.0% holding is scheduled for October 2013.

Significant events during the year:

- Two further redemptions in the financial year realising £1.2 million in February 2013, and £1.3 million in April 2013
- New Earth's 13MW Energy Recovery Plant is being built adjacent to its existing waste treatment facility at Avonmouth in two phases
- Phase 1 (6.5MW capacity) is now fully commissioned and exported its first electricity in May 2013
- Phase 2 (6.5MW capacity) is undergoing installation of the boilers and is expected to be operational from Q4 2013
- NERR has committed to finance the remaining capital expenditure for Phase 2 which totalled c. £9 million at the end of April 2013

Terra Nova

Electronic waste recycling

Valuation at 30th June 2013 (method): £0.3 million (fair value)
Investment: £5.3 million (preferred ordinary shares) and £0.5 million (convertible loan notes)
Ownership: 37.2%; 38.1% fully converted and fully diluted
Date(s) of investment: Q4 2009, Q4 2011, Q1/Q2/Q4 2012, Q2 2013

Company summary:

Terra Nova developed, constructed and now operates a printed circuit board treatment and recycling business. The company has a 30,000 tonne per annum pyrolysis plant to pre-treat recovered metals from waste electronics for the major metal smelters. Further information can be found at www.terranovametal.com.

Investment during the year:

LEF subscribed to preferred ordinary shares in Q4 2012 and convertible loan notes in Q2 2013. As part of the transaction, 1,404 preferred ordinary shares were transferred to LEF in Q4 2012. LEF's total investment in Terra Nova during the financial year was £1.8 million. A further investment of £0.3m was made after year end.

Significant events during the year:

- The company has witnessed significant volatility in the commodity markets during the year and this as well as , which other reasons has led to increased losses and a weakened balance sheet position. , prompting LEF to write down this asset during the year to its estimated net realisable value….
- Announced Memorandum of Understanding with Total S.A. to explore an in investment in Terra Nova and develop the second phase of the process in Dunkirk, France
- Strengthened the management team with the appointment of Frederic Marty, the new CEO, bringing long experience in operational management from process industries
- Signed contracts and supplied final product to key customers, including LS (South Korea), KGHM (Poland), Mitsubishi (Japan) and Metallo-Chimique (Belgium)
- In discussion with potential feedstock suppliers for a partial toll contracting arrangement of the plant.

LEF has the right to appoint a director and an observer to the board of Terra Nova and has nominated Bill Weil, CIO of Ludgate Investments, as its observer and Charles DesForges (adviser to the Investment Adviser) as its director and chairman.

Principal Investments

Micropelt

Waste heat recovery

Valuation at 30th June 2013 (method): £2.2 million (fair value)
Investment: £2.8 million (convertible loan notes)
Ownership: 42.7% fully converted
Date(s) of investment: Q2 2012, Q1 2013

Company summary:

Micropelt is a developer and producer of the world's smallest thermal energy harvesting chips that convert heat into electricity, substituting the need to replace or recharge batteries in micro actuators/ controls and wireless sensor networks. Further information can be found at http://www.micropelt.com.

Investment during the year:

LEF invested £0.6 million in Q1 2013. A further investment of £0.3m was made after year end.

Significant events during the year:

- Successfully launched its new intelligent thermostatic radiator valve (iTRV), a 'smart home'-enabled radiator valve powered by the heat in the radiator itself, in March 2013
- Key partnerships now established, commercial trials underwayalpha samples being actively tested
- New sensor product for electricity distribution introduced Q4 2012; qmNODE continuously monitors temperature and current, identifying overheating early to prevent disruption
- Micropelt completed certification of ISO 9000 Quality Management and ISO 14000 Environmental Monitoring
- While the product is successful operationally, the timeline to market has been delayed versus initial forecasts, prompting the partial write down of this asset during the period

LEF has the right to appoint a director to the board of Micropelt and has nominated Bill Weil, CIO of Ludgate Investments, as its director and chairman.

Tamar Energy

Biogas project developer, owner and operator

Valuation at 30th June 2013 (method): £3.98 million (fair value)
Investment: £3.5 million (preferred ordinary shares) with a further £3.5 million intended to be invested
Ownership: 7.8%; 7.1% fully diluted
Date(s) of investment: Q2/Q3 2012, Q2 2013

Company summary:

Tamar Energy is a biogas project developer, owner and operator planning a UK network of over 40 anaerobic digestion (AD) plants to generate 100MW of green electricity over the next five years. Further information can be found at http://www.tamar-energy.com/.

Investment during the year:

LEF invested a further £1.8 million in Q3 2012 and Q2 2013. The remaining £3.5 million commitment is forecast to be drawn during the 2013/14 financial year.

Significant events during the year:

- Development plan has slipped by a year but company expects to catch up
- Four sites, totalling 8MW, are in construction and on schedule. Three sites are expected to be fully operational by March 2014, with the fourth in commissioning
- Seven further plants are expected to be in construction by March 2014 with additional plants in the development pipeline
- An agreement has been announced with Peel Holdings for the development of five sites on Peel Holdings' land
- Terms for £60m of corporate debt linked to individual projects have been agreed
- The team is growing and has added staff in Business Development, Finance and Construction

LEF has the right to appoint a director to the board and an observer on the Investment Committee of Tamar Energy and has nominated Bill Weil, CIO of Ludgate Investments, as its director on the board and Nick Curtis, of Ludgate Investments, as its representative on the Investment Committee.

Principal Investments

Lumicity

Solar project developer

Valuation at 30th June 2013 (method): £1.9 million (fair value)
Investment: £0.5 million (preferred ordinary shares) and £0.7m (loan)
Realised: £0.1 million
Ownership: 45.7%
Date(s) of investment: Q3 2010, Q3 2011
Date(s) of divestment: Q4 2012

Company summary:

Lumicity is a renewable energy company that develops projects in solar and biomass. The company is a sector specialist in the planning, finance, construction and management of renewable energy projects. Further information can be found at www.lumicity.com.

Divestment during the year:

In December 2012, Lumicity repaid £0.1 million of loan notes.

Significant events during the year:

- Sold three solar projects with a combined capacity of 24.4MW to Hazel Capital and one 5MW solar project to Anesco
- Solar pipeline now exceeds totals 80 MW in exclusivity, negotiation with further development opportunities continuing to be sourced
- 21 MW of projects are in planning with a further circa 28 MW ready for submission into planning in the short term
- Lumicity is actively developing biomass projects with several major heat users and has agreed terms with a strategic buyer to provide the asset funding

LEF has the right to appoint a director to the board of Lumicity and has nominated Bill Weil, CIO of Ludgate Investments, as its director, with Nick Curtis, of Ludgate Investments, as alternate.

Ignis Biomass

Biomass project developer, owner and operator

Valuation at 30th June 2013 (method): £3.78 million (fair value)
Investment: £1.0 million (ordinary shares), £2.2 million (convertible loan notes) and £0.3m (unsecured loan)
Ownership: 99.9%
Date(s) of investment: Q2 2011, Q2/Q3/Q4 2012, Q2 2013

Company summary:

Ignis Biomass is a developer, owner and operator of biomass heat and power projects, providing UK business and puba lic sector organisations with local solutions for energy, waste management and CO2 emissions reduction. Further information can be found at http://www.ignis-biomass.com.

Investment during the year:

LEF invested a further £0.5 million in ordinary shares and £2.2 million convertible loan notes during the financial year.

Significant events during the year:

- The new wood chip boiler in Wick has been commissioned, and steam is now being supplied under a long term contract to the district heating network and whisky distillery
- Visiting Scottish Energy Minister, Fergus Ewing, hailed the Wick district scheme as "one of those leading the way" in Scotland
- A new contract has been signed to supply heat to the local concert hall and meeting rooms
- Discussions with additional customers are underway, including the NHS and district council
- District heating network is being extended in H2 2013 to supply the council, and will allow additional customers to be supplied
- "Smart" heat meters are being installed that will allow customers to manage their heat usage

LEF has the right to appoint two directors to the board of Ignis Biomass and has nominated Bill Weil, CIO of Ludgate Investments, as its director and Nick Curtis, of Ludgate Investments, as its director and chairman.

Investment Realisation

A partial sale of the Company's interest in NERR occurred during the year, realising £2.5 million. This related to 35.0% of the original shareholding and represents a 1.4x multiple from the initial investment in the related company, New Earth Solutions, and 11.5% IRR to LEF. Lumicity returned £0.1 million of loan notes.

Directors' Biographies

John Shakeshaft - Chairman

John, 59, has 27 years' experience as a corporate finance and capital markets banker. He is a Director and Chairman of the Audit Committee of Tele2 AB, listed on the OMX Nasdaq exchange, of Xebec, Inc, listed on the TSX and of The Economy Bank, NV, supervised in the Netherlands. He is also a Director of TT Electronics plc listed on the LSE and of Valiance Funds regulated in Guernsey. John is a member of the Council of Cambridge University and Chairman of their Audit Committee. He is also a trustee of the Institute of Historical Research. He was educated at Cambridge, Princeton and London Universities. He served for nine years in HM Diplomatic Service.

John is considered by the Company to be an independent Director on the basis that he is independent of the Adviser.

Matt Christensen - Director

Matt, 43, is the Global Head of Responsible Investment for AXA Investment Managers. Prior to his appointment, Matt was the Executive Director of Eurosif, the leading European think tank dedicated to public policy and research on sustainable and responsible investment matters. He is also a Director of Oikocredit, one of the largest private financiers worldwide in the microfinance sector. Matt is a frequent speaker at international events on sustainable investment matters and was a member of the European Commission's Co-ordination Committee to explore the future of sustainability policy in the EU. He was formerly a European Director at The Motley Fool, a leading publisher of information on personal finance and investing. Prior to that, he advised European clients as a strategy consultant with Braxton Associates. He holds masters degrees from Wharton (MBA) and the University of Pennsylvania (MA).

Matt is considered by the Company to be an independent Director on the basis that he is independent of the Adviser.

Ronald Green - Director

Ronald, 65, is retired from full time employment having had a long career involving various financial and senior management positions. From 1985 to December 2004, he worked at Berkeley Technology Limited, a listed Jersey financial services group where he had a variety of duties and responsibilities including managing the head office in Jersey, and executive and non-executive directorships of various development capital, leverage buy-out and other listed and unlisted funds. Prior to Berkeley Technology Limited, he worked at Citibank Jersey and was Finance Director of RCA Jersey Limited, a company manufacturing and selling television broadcast equipment worldwide. He is currently non-executive director of various other investment funds, including a European Private Equity Fund, a group of Mezzanine Debt Funds and investment holding company of a multinational telecommunications group. He is a Jersey resident and is a Fellow of the Chartered Institute of Management Accountants.

Ronald is considered by the Company to be an independent Director on the basis that he is independent of the Adviser.

Directors' Biographies

Sian Hansen - Director

Sian, 49, from 2006 to 2013, was the Managing Director of Policy Exchange, the UK's leading centre-right think tank which is an educational charity promoting research and discourse on public policy, including environmental and climatic issues. She has recently relinquished her role at Policy Exchange to become COO of the Legatum Institute, an independent public policy organisation whose research and events advance ideas and policies in support of free and prosperous societies. As of February 2013, Sian is a non executive director of JP Morgan Income and Capital Trust plc. She is also a Commissioner of The Women's Refugee Commission (USA) and a trustee of The Prospero World Charitable Trust in the UK. Sian currently provides a corporate governance proxy management service for fund investors. Sian was formerly Head of Sales for Asian equities at Société Générale. Prior to this Sian was an equity analyst and broker with Enskilda Securities in Europe.

Sian is considered by the Company to be an independent Director on the basis that she is independent of the Adviser.

David Pirouet - Director

David, 58, a Jersey resident, is a qualified accountant. He was an audit and assurance partner for 20 years with PricewaterhouseCoopers CI LLP ("PwC") until he retired in June 2009. He specialised in the financial services sector, in particular in the alternative investment management area. He also led PwC's Channel Islands hedge fund management practice for over four years.

Since retiring from PwC, Mr. Pirouet has carried out a four month project for the Chief Minister's Department in the States of Jersey, reporting to the Director for International Finance as well other advisory work. He currently serves on the Boards of a number of listed and privately held alternative investment vehicles.

David is regulated by the JFSC for the provision of services as a non-executive director. David has worked in London and Canada as well as the Channel Islands.

David is considered by the Company to be an independent Director on the basis that he is independent of the Adviser.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30th June 2013.

Incorporation

Ludgate Environmental Fund Limited (the "Company") was incorporated in Jersey, Channel Islands on 7th June 2007.

Activities

The Company is a closed-ended investment company investing in the cleantech sector including waste management and recycling, renewable energy, energy efficiency, water treatment and management.

Results, Dividends and other Returns

The increase in net assets attributable to shareholders from operations before dividends for the year amounted to £2,567,703 (2012: decrease of £5,537,728).

The Company paid an interim dividend of 1.90 pence per share at a total cost of £1,068,936 on 10th August 2012 (2012: an interim dividend of 1.75 pence per share at a total cost of £984,546). No special dividend was paid during the year (2012: a special dividend of 12 pence per share was paid at a total cost of £6,751,174).

The Company purchased 1,005,000 shares in the market in May 2013 for 55 pence each reducing the number of shares in issue to 55,254,784.

Going Concern

The Directors are of the opinion that the Company is a going concern, and the financial statements have been prepared on that basis.

Corporate Governance

As a Jersey incorporated company and under the AIM Rules for Companies, the Company is not required to comply with the UK Corporate Governance Code published by the Financial Reporting Council in May 2010 (the "Code"). However, it is the Company's policy to comply with best practice on good corporate governance that is applicable to investment companies.

The Board has therefore considered the principles and recommendations of the AIC's Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code can be found on www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Code, as well as setting out additional principles and recommendations on issues specific to investment companies.

Directors' Report

The Board considers that it is appropriate to report against the principles and recommendations of the AIC Code and by reference to the AIC Guide and that the Company has complied with the principles and recommendations throughout the accounting period, except where indicated below on pages 21 to 22 in respect of the chief executive, executive directors' remuneration, a senior independent director, Board Committees and an internal audit function. The following statements describe how the relevant principles of governance are applied to the Company.

The Board

The Board consisted of five non-executive Directors and the Chairman was John Shakeshaft. The Directors consider that the Chairman is independent for the purposes of the AIC Code. The Directors do not consider the appointment of a senior independent director to be appropriate due to the size of the Board and the Company.

The Company has no executive directors and no employees. However, the Board has engaged external companies to undertake investment advisory and administrative activities of the Company together with the production of the Annual Report and Financial Statements which are independently audited. Clearly documented contractual arrangements are in place with these external companies that define the areas where the Board has delegated responsibility to them and their contracts are reviewed on an annual basis. Whilst the Board delegates responsibility, it retains accountability for the functions it delegates and is responsible for the systems of internal control.

The Board meets at least four times a year and between these formal meetings there is regular contact with the Adviser, Nomad and Broker. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and that should be brought to the attention of the Directors.

The Board has a breadth of experience relevant to the Company and they have access to independent professional advice at the Company's expense where they deem it necessary to discharge their responsibility as Directors. The Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new appointment of a Director to the Board, consideration is given as to whether a formal induction process is appropriate and if any relevant training is required.

The Board considers agenda items laid out in the notice and agenda which are formally circulated to the Board in advance of a meeting as part of the Board papers and therefore Directors may request any agenda items to be added that they consider appropriate for Board discussion. Additionally, each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance may be unavoidable in certain circumstances. Members of the Board are deemed to be in attendance when present at meetings in jurisdictions where they may participate in the discharge of the Company's business. All members of the Board may observe meetings from other jurisdictions but neither participate in the conduct of business, vote or be considered for quoracy.

During the year under review the Board met fourteen times. Of those fourteen meetings, John Shakeshaft attended twelve, Matt Christensen attended fourteen, Ronald Green attended fourteen, Sian Hansen attended eleven and David Pirouet attended thirteen.

The Board has been continuously engaged in a review of the Company's strategy with the Adviser to ensure the deployment of appropriate strategies under prevailing market, political and economic conditions at any particular time, within the overall investment restrictions of the Company.

To support the review of the strategy, the Board has focused at Board meetings on a review of individual investments and returns, country exposure, the overall portfolio performance and associated matters such as gearing and follow-on investment opportunities. Additionally a strong focus of attention is given to marketing/investor relations, risk management and compliance, peer group information and industry issues.

The Board evaluates each Director's own performance on an annual basis and believes that the mix of skills, experience, ages and length of service are appropriate to the requirements of the Company and in accordance with the AIC Code. Directors shall retire and stand for re-election at intervals of no more than three years. Each Director is appointed subject to the provisions of the Articles of Association in relation to retirement.

Board Responsibilities

The Board meets at least four times a year to consider, as appropriate, such matters as:

- The overall objectives for the Company;
- Risk assessment and management, including reporting, monitoring, governance and control;
- Any shifts in strategy that may be appropriate in light of changes in market conditions;
- The appointment, and ongoing monitoring, through regular reports and meetings of the Adviser, Administrator sand other service providers;
- Review of the Company's investment performance;
- Share price performance;
- Statutory obligations and public disclosures;
- The shareholder profile of the Company; and
- Transactional and other general matters affecting the Company.

These matters are discussed by the Board to clearly demonstrate the seriousness with which the Directors take their fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of their actions.

Directors' Report

Committees of The Board

The Board has not deemed it necessary to appoint a nomination or remuneration committee as, being comprised wholly of non-executive Directors, the whole Board considers these matters.

Audit Committee

The Board operates an Audit Committee which consists of Matt Christensen, Ronald Green, Sian Hansen, David Pirouet and John Shakeshaft. David Pirouet serves as the Chairman of the Committee. The Audit Committee operates within defined terms of reference as agreed by the Board which are available from the Secretary upon request. Due to the Company's size, the Board considers it appropriate that all of the Board may sit on the Audit Committee but that the Committee is chaired by one of the independent non-executive Directors other than the Company's Chairman. The Audit Committee's function is to ensure the Company's financial performance is properly reported on and monitored and the Audit Committee reviews the following:

- The Annual and Interim Financial Statements;
- Internal control systems and procedures;
- Accounting policies of the Company;
- The Auditor's effectiveness and independence; and
- The Auditor's remuneration and engagement, as well as any non-audit services provided by them.

When required the Audit Committee meetings are also attended by the Administrator and the Company's Auditors. The Audit Committee meets at least twice a year.

During the year under review the Committee met three times. Of those three meetings, Matt Christensen, Ronald Green, Sian Hansen, David Pirouet attended three and John Shakeshaft attended two.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements. In line with general market practice for investment companies, the Directors do not conduct a formal annual review of the internal controls. However, the Board does conduct an annual review of the financial reporting procedures and corporate governance controls and feels that the procedures employed by the service providers adequately mitigate the risks to which the Company is exposed.

The key procedures which have been established to provide effective internal controls are as follows:

- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts;
- The Board reviews financial information produced by the Administrator and the Adviser on a regular basis; and
- The Company does not have an internal auditor. All of the Company's management functions are delegated to independent third parties and it is therefore considered that there is no need for the Company to have an internal auditor.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Relationships with Shareholders

The Directors, Adviser, Nomad and Broker maintain a regular dialogue with major shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

The Board monitors the trading activity and shareholder profile on a regular basis.

Shareholder sentiment is also ascertained by the careful monitoring of the premium/discount that the shares are traded in the market when compared to those experienced by similar companies. Major shareholders are contacted directly by the Adviser on a regular basis.

The Company reports formally to shareholders twice a year and a proxy voting card is sent to shareholders with the Annual Report and Financial Statements. Additionally, current information is provided to shareholders on an ongoing basis through the Company's website. The Secretary monitors the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the Annual General Meeting. Shareholders may contact the Directors via the Secretary.

Directors

The Directors who held office during the year and subsequently were:
J. Shakeshaft (Chairman)
M. Christensen
R. Green
S. Hansen
D. Pirouet

Directors' Report

Secretary

The Secretary of the Company is State Street Secretaries (Jersey) Limited with registered address at Lime Grove House, Green Street, St. Helier, Jersey, JE1 2ST.

Independent Auditors

BDO Limited has expressed their willingness to continue in office.

Registered Office

Lime Grove House, Green Street, St. Helier, Jersey, JE1 2ST.

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

The Directors are required to prepare financial statements for each financial year under the Companies (Jersey) Law 1991. As permitted by that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union and International Accounting Standards Board. The financial statements are required to give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Conceptual Framework for Financial Reporting". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

The Directors are also required to:

- select suitable accounting policies and apply them consistently;
- 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 are 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 also responsible for keeping adequate accounting records that are sufficient to show and explain its 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 (Jersey) Law 1991. 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 confirm they have complied with the above requirements throughout the year and subsequently.

BY ORDER OF THE BOARD

S. Otterdon

Authorised Signatory
State Street Secretaries (Jersey) Limited
Secretary
Date: 6th September 2013

Audit Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUDGATE ENVIRONMENTAL FUND LIMITED

We have audited the financial statements of Ludgate Environmental Fund Limited (the "Company") for the year ended 30 June 2013 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes In Net Assets Attributable to Equity Shareholders, the Statement of Cash Flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and Intematlonal Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 responslbIlItles 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 vlew. Our responslbility 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 financlal 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 polilcies 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 ffnanclal and non-financial InformatIon In the statement of Investment policy, chairman's statement, directors' biographies, Investment adviser's report, principal Investments report, Investment realisation report and directors' report to Identify material InconsIstencies with the audIted fInancial statements. If we become aware of any apparent materfal misstatements or Inconsistencies we consIder the Implication for our report.

Basis for qualified opinion on financial statements

As disclosed In note 2(p) to the financial statements the Company held controlling interests in

Ignis Biomass Limited and Micropelt GmbH however consolidated financial statements have not been prepared in accordance with International Accounting Standard No. 27 'Consolidated and Separate Financial Statements' .

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, 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 profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Philip Braun FCA
for and on behalf of BDO Limited
Chartered Accountants
Jersey
6 September 2013

Note:
The maintenance and Integrity of the Ludgate Environmental fund limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that occur to the financial statements or financial information due to their posting on the web site.

Balance Sheet

As at 30th June 2013

	Notes	2013	2012
ASSETS		**£**	**£**
Non-current assets			
Financial assets at fair value through profit or loss	7, 22	34,434,630	29,179,682
Loan receivable	10	3,000,000	-
		37,434,630	29,179,682
Current assets			
Derivatives at fair value through profit or loss	7, 8	67,116	143,167
Loan receivable	10	969,672	804,357
Trade and other receivables	11	778,159	537,434
Cash and cash equivalents	9	7,388,288	15,217,724
		9,203,235	16,702,682
TOTAL ASSETS		**46,637,865**	**45,882,364**
LIABILITIES			
Non-current liabilities			
Retention of performance fees	3, 13	-	190,033
Current liabilities			
Trade and other payables	12	121,352	121,835
TOTAL LIABILITIES		121,352	311,868
NET ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		46,516,513	45,570,496
TOTAL LIABILITIES AND NET ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		46,637,865	45,882,364
Net asset value per ordinary share outstanding		0.84	0. 81

These financial statements on pages 27 to 65 were approved and authorised for issue by the Board of Directors on the 6th day of September and were signed on its behalf by:

Director: J. R. Pironet

(The notes on pages 34 to 67 form part of these financial statements)

FOR THE YEAR ENDED 30TH JUNE 2013

	Notes	2013	2012
INCOME:		£	£
Deposit interest income		61,969	224,387
Loan notes interest income		1,391,197	817,721
Net gain on financial assets and derivatives at fair value through profit or loss	7, 8	2,224,518	-
Net gain on foreign exchange		11,324	-
Dividend income		504,272	
Reversal of provision against loans receivable	10	265,315	-
Other income		218,775	108,956
		4,677,370	1,151,064
EXPENSES:			
Administration and accountancy fees		177,650	161,259
Adviser fees	18	932,225	1,047,557
Audit fees	4	27,583	31,045
Directors' fees and expenses	4	169,762	170,125
Legal fees		15,473	15,594
Miscellaneous fees		8,880	12,682
Net loss on financial assets and derivatives at fair value through profit or loss	7, 8	-	3,792,672
Net loss on foreign exchange		-	747,122
Professional fees		135,654	332,152
Provision for interest receivable		394,365	65,137
Provision for loans receivable	10	-	265,315
Withholding tax		248,075	48,132
		2,109,667	6,688,792
TOTAL COMPREHENSIVE INCOME / (LOSS)		2,567,703	(5,537,728)
Gain / (loss) per ordinary share	6	0.05	(0.10)

(The notes on pages 34 to 67 form part of these financial statements)

Statement of Changes in Net Assets Attributable to Equity Shareholders

FOR THE YEAR ENDED 30TH JUNE 2013

	Notes	Ordinary shares and warrants issued £	Net assets attributable to equity shareholders £	Total net assets attributable to equity shareholders £
FOR THE YEAR ENDED 30TH JUNE 2013				
Opening balance as at 1st July 2012		57,566,436	(11,995,940)	45,570,496
Purchase of own shares	14	(552,750)	-	(552,750)
Total comprehensive income		-	2,567,703	2,567,703
Dividends paid to equity shareholders	5	-	(1,068,936)	(1,068,936)
Closing balance as at 30th June 2013	**14**	**57,013,686**	**(10,497,173)**	**46,516,513**
FOR THE YEAR ENDED 30TH JUNE 2012				
Opening balance as at 1st July 2011		57,566,436	1,277,508	58,843,944
Total comprehensive loss		-	(5,537,728)	(5,537,728)
Dividends paid to equity shareholders	5	-	(7,735,720)	(7,735,720)
Closing balance as at 30th June 2012	**14**	**57,566,436**	**(11,995,940)**	**45,570,496**

(The notes on pages 34 to 67 form part of these financial statements)

Statement of Cash Flows

FOR THE YEAR ENDED 30TH JUNE 2013

	Notes	2013	2012
		£	£
Cash flows from operating activities	17	(1,459,355)	(1,628,769)
Cash flows from investing activities			
Purchase of investments	7	(8,439,913)	(17,650,196)
Sale of investments	7	2,485,534	8,913,431
Interest and dividends received		1,094,660	588,868
Loan finance provided	10	-	(876,672)
Loan finance repaid	10	100,000	552,388
		(4,759,719)	(8,472,181)
Cash flows from financing activities			
Dividends paid to equity shareholders	5	(1,068,936)	(7,735,720)
Purchase of own shares	14	(552,750)	-
		(1,621,686)	(7,735,720)
Net decrease in cash and cash equivalents		(7,840,760)	(17,836,670)
Effects from changes in exchange rates on cash and cash equivalents		11,324	(747,122)
Cash and cash equivalents at beginning of the year		15,217,724	33,801,516
Cash and cash equivalents at end of the year	9	7,388,288	15,217,724

(The notes on pages 34 to 67 form part of these financial statements)

1. REPORTING ENTITY

The Company was registered as a public company on 7th June 2007 with registered number 97690 under the Companies (Jersey) Law 1991. The Company joined the Alternative Investment Market ("AIM") on 2nd August 2007. The registered office of the Company is Lime Grove House, Green Street, St Helier, Jersey, JE1 2ST.

The Company will have a life of approximately eight years from admission to AIM, expiring on 30th June 2015 (the "Proposed Wind-up Date"). The Directors may, not less than three months prior to the Proposed Wind-Up Date, propose a special resolution to extend the life of the Company by four years. Further such resolutions may then be proposed in the same manner not less than three months prior to the expiry of each such four year period.

2. ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union and International Accounting Standards Board ("IASB"), and its predecessor body, as well as interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and its predecessor body with the exception of IAS 27.

IAS 27 "Consolidated and Separate Financial Statements" requires the Company to consolidate controlling holdings in investments and therefore prepare consolidated financial statements. The Company has controlling holdings in Ignis Biomass Limited and Micropelt GmbH. An amendment to IFRS 10 exempts "Investment Entities" from the need to consolidate controlling holdings in investments if certain conditions are met. The amendment is effective from 1st January 2014 with early adoption permitted. The Company meets the definition of an Investment Entity under IFRS 10 and would therefore be exempt from preparing consolidated financial statements. The investments would be accounted for at fair value, on the same basis as the investments where a controlling holding is not held, which is how they are currently presented in the financial statements. The amendments to IFRS 10 are yet to be endorsed for use in the European Union. This is currently expected to take place before the end of 2013 at which point the Company will early adopt the standard. At the current year end, the Board has decided not to prepare consolidated financial statements as the Directors believe this presentation would be misleading to the users of the financial statements. The qualification in the audit report is made as a result of non-consolidation. Upon endorsement and adoption of the amendments to IFRS 10 this audit qualification will fall away.

The more significant policies are set out below:

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current year that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not adopted any New Accounting Requirements that are not mandatory.

Non-mandatory New Accounting Requirements not yet adopted

The following applicable New Accounting Requirements have been issued. However, these New Accounting Requirements are not yet mandatory and have not yet been adopted by the Company. All other non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

IFRS 9, "Financial Instruments"

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities. It is the IASB's intention that IFRS 9 will replace IAS 39 in its entirety. The IASB has adopted a phased approach to completion of the overall standard. When the first phase was published in November 2009, IFRS 9 addressed only the classification and measurement of financial assets. In October 2010, requirements for the classification and measurement of financial liabilities were published. The phases covering impairment methodology and hedge accounting are scheduled for completion prior to the mandatory effective date.

IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and, (ii) 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 of 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 changes in an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 is effective for accounting periods commencing on or after 1st January 2015, but early adoption is permitted at any time prior to this date. The Directors have not yet assessed the full potential impact of IFRS 9, but intend to do so once the standard is complete. The Company intends to adopt IFRS 9 no later than the mandatory effective date.

IFRS 10, "Consolidated Financial Statements"

IFRS 10 was issued in May 2011 and is mandatory for accounting periods commencing from 1st January 2013, but early adoption is permitted at any time prior to this date. IFRS 10 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.

IFRS 10 "Consolidated Financial Statements" (amendments)

IFRS 10 was amended on 31st October 2012 to introduce an exception from the requirement to prepare consolidated financial statements for "Investment Entities".

The amendment to IFRS 10 defines an Investment Entity is an entity that: "(a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis."

The amendment also provides examples of typical characteristics of an Investment Entity. The characteristics are: holding more than one investment; having more than one investor; having investors that are not related parties of the entity; and having ownership interests in the form of equity or similar interests. However, the absence of one or more of these characteristics will not prevent an entity from qualifying as an Investment Entity.

An entity will not be disqualified from being an Investment Entity where it carries out any of the following activities: provision of investment-related services to third parties and to its investors, even when substantial; or, providing management services and financial support to its investees, but only when these do not represent separate substantial business activity and are carried out with the objective of maximising the investment return from its investees.

An Investment Entity is required to account for its subsidiaries at fair value through profit or loss in accordance with IFRS 9, 'Financial instruments' (or IAS 39, 'Financial instruments: recognition and measurement', where applicable). The only exception is for subsidiaries that provide services to an Investment Entity that are related to its investment activities, which should be consolidated.

The exception from the consolidation requirements of IFRS 10 only applies to a parent of an Investment Entity if such parent is itself an Investment Entity. If the parent is not itself an Investment Entity, then such parent is required to consolidate all of the entities that it controls, including the Investment Entity's investees.

The revised standard is effective for accounting periods commencing on or after 1st January 2014, but early adoption is permitted at any time prior to this date.

At the same time as the amendment to IFRS 10 was issued, the IASB issued corresponding amendments to IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements", which must be adopted concurrently with the amendment to IFRS 10, if applicable. This amendment has not yet been endorsed for use in the EU.

IFRS 12, "Disclosure of Interest in Other Entities"

IFRS 12 was issued in May 2011 and is mandatory for accounting periods commencing from 1st January 2013, but early adoption is permitted at any time prior to this date. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, "Fair Value Measurement"

IFRS 13 was issued in May 2011 and aims to improve 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 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 within IFRSs.

IFRS 13 is effective for accounting periods commencing on or after 1st January 2013, but early adoption is permitted at any time prior to this date.

The Directors have made an assessment of the potential impact of early adoption of all of the standards listed above, except for IFRS 9, as stated above. In the Directors' opinion, early adoption of any of these standards would have no material effect on the reported performance, financial position, or disclosures of the Company.

b) Basis of measurement
These financial statements have been prepared on a historical cost basis as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss. The policies have been consistently applied to both years presented.

Financial instruments at fair value through profit or loss and derivatives at fair value though profit and loss are measured at fair value and changes therein are recognised in the statement of comprehensive income. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised within the financial statements are included in note 2 Section (o) 'Determination of fair values'.

c) Functional and presentation currency
These financial statements are presented in sterling, which is the Company's functional and presentation currency.

d) Use of estimates and judgements
The preparation of financial statements in accordance with IFRSs requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported

amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

e) Foreign currencies

Transactions in foreign currencies, other than sterling, are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to sterling at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

f) Financial instruments

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

Purchases and sales of financial instruments are recognised on the trade date. Gains and losses are recognised from that date.

Financial assets cease to be recognised when the contractual rights to cash flows from the assets expire or the Company transfers the financial assets and substantially all of the risks and rewards of ownership have been transferred. Financial liabilities cease to be recognised when the liabilities are extinguished.

Financial instruments comprise investments in equity and debt securities, warrants, loans receivable, trade and other receivables, cash and cash equivalents, trade and other payables and performance fees retained.

Financial instruments are recognised initially at fair value. Subsequent to initial recognition financial instruments are measured as described below.

Financial assets at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. The Company has designated its investment holdings as at fair value through profit or loss as permitted by International Accounting Standard 39 Financial Instruments: Recognition and Measurement. These financial assets are designated on the basis that they form part of a group of financial assets which are managed and have their performance evaluated on a fair value basis. Upon initial recognition attributable transaction costs are recognised in the statement of comprehensive income when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

Derivatives at fair value through profit or loss
The warrants held by the Company are classified as derivative financial instruments held for trading. Therefore they are recognised at fair value, with realised and unrealised gains and losses being recognised in the statement of comprehensive income. The derivatives are derecognised when the rights to receive cash flows from it have expired or the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

a) those that the Company intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
b) those that the Company upon initial recognition designates as available for sale; or
c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value, which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all of the amounts due under the terms of the receivable. The Company's loans and receivables comprise loans receivable, trade and other receivables and cash and cash equivalents.

Cash and cash equivalents
Cash comprises fixed deposits, cash balances and call deposits with banks. Cash equivalents are short-term highly-liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial liabilities
All liabilities are classified as other financial liabilities and are measured at amortised cost using the effective interest rate method.

Ordinary shares
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability.

The Ordinary Shares of the Company are treated as equity as they entitled the shareholder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

g) Provisions
A provision is recognised if, as a result of a past event, the Company has a legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to that liability.

h) Revenue and expenses
Revenue is recognised to the extent that it is possible that economic benefits will flow to the Company and the revenue can be reliably measured. Expenses are accounted for on an accruals basis.

i) Finance income and expenses
Finance income comprises interest income on funds invested (including debt securities at fair value through profit or loss), interest income and loan interest income. Interest income and loan interest income are recognised as they accrue in the statement of comprehensive income, using the effective interest rate method. Dividend income is recognised in the statement of comprehensive income on the date the Company's right to receive payments is established which is usually the ex-dividend date.

Finance expenses comprise interest expense on borrowings and unwinding of discounts on provisions.

Foreign currency gains and losses are reported in the statement of comprehensive income on a net basis.

j) Earnings per share ("EPS") and net asset value ("NAV") per share
The Company presents basic EPS and NAV data for its ordinary shares. Basic EPS is calculated by dividing the comprehensive income attributable to equity shareholders from operations by the weighted average number of ordinary shares in issue during the year. (For further details see note 6). NAV per equity share is calculated by dividing net assets attributable to equity shareholders by the number of equity shares outstanding at the year end.

k) Transaction costs
Expenses incurred by the Company that are directly attributable to the offering of new shares have been taken to statement of changes in net assets attributable to equity shareholders.

l) Taxation
Profits arising in the Company are subject to Jersey Income Tax, currently at the rate of 0%.

The Company is registered under the Reporting Fund regime Regulation 51 of The Offshore Fund (Tax) Regulations 2009 in the United Kingdom effective 1st July 2009.

m) Dividends payable
Dividends payable to ordinary shareholders are accounted for when a legal obligation arises.

Dividends payable, if any, on ordinary shares are recognised in the statement of changes in net assets attributable to equity shareholders.

n) Offsetting
Financial assets and liabilities are offset and the net amount is reported within assets and liabilities where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

o) Determination of fair values
A number of the Company's accounting policies and disclosures require the determination of fair values for the financial assets and liabilities. Fair value is the amount for which an asset or liability could be exchanged or settled between knowledgeable, willing parties in an arms-length transaction. Fair values have been determined for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets for which quoted closing prices are available from a third party in a liquid market are valued on the basis of quoted bid prices. Where there are no available quoted prices the fair values will be determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV" Guidelines) as amended from time to time.

As at the balance sheet date, the fair values of quoted equities are based on quoted bid prices at the year end. Unquoted equities and unquoted securities are valued using a variety of methods as follows:

- Rapid Action Packaging Limited Ordinary Shares have been valued based on an EBITDA multiple in line with market multiples. The unsecured convertible loan stock is valued at cost.
- STX Services B.V. Ordinary Shares have been valued based on a multiple of profit before tax for the year.
- New Earth Recycling and Renewables (Infrastructure) plc is valued at the most recent published

monthly valuation published by the fund administrator.

- Terra Nova's Preference Shares and Loan Notes are valued at its estimated net realisable value.
- ECO Plastics Limited Ordinary Shares are valued based on a multiple of sales in line with market multiples less net debt. This metric has been discounted to reflect the company's non-listed status.
- Lumicity Limited Class A Preference Shares are valued on a net asset basis based on the forecasted revenue of its pipeline projects and the loan is valued at cost.
- Tamar Energy Limited Ordinary Shares are valued on the basis of the estimated value of its pipeline of projects.
- Ignis Biomass Limited Ordinary Shares are valued on a discounted cashflow basis and the unsecured loan stock is valued at costpar.
- Micropelt GmbH unsecured loan stock is valued at its estimated net realisable value.

Investments are made in companies that may be subject to a high degree of operating and financial risk. The values assigned to investments are based upon available information and do not necessarily represent amounts that might ultimately be realised. Because of the inherent uncertainty of valuations, estimated carrying values may differ significantly from the values that would have been realised had a ready market for the investments existed, and these differences could be material.

The fair value of financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The fair value of derivatives at fair value through profit or loss is derived using the Black Scholes Option Pricing Model.

p) Non-consolidation

The Directors do not believe that the Company has the power to exercise control over the investments, except for Ignis Biomass Limited and Micropelt GmbH, as set out in the provisions of paragraph 12 of International Accounting Standard 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries), or under the Standard Interpretations Committee pronouncement Number 12 (SIC 12 - Consolidation: Special Purpose Entities). The Directors have arrived at this opinion because the Company in any of its investments with the exception of Ignis Biomass Limited and its wholly owned subsidiaries Ignis Wick Limited and Micropelt GmbH:

- does not hold a controlling stake;
- does not have the power to govern the financial and operating policies;
- does not have the power to remove the majority of the members of the Board of Directors; and
- does not have the power to cast the majority of votes at meetings of the Board of Directors.

Ignis Biomass Limited and Micropelt GmbH were not consolidated in these financial statements as the Directors believe this presentation would be misleading to the users of the financial statements.

Also as explained on page 31, it is expected that an exemption to IFRS 10 will be available before the end of 2013 at which point the Company will adopt the standard.

q) Associates
Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.
As the Company operates as a venture capital organisation it uses the scope exemption of IAS 28 'Investment in Associates' and designates upon initial recognition some investments that would otherwise be equity accounted as investments at fair value through profit or loss with subsequent changes in fair value recognised in the statement of comprehensive income in the period of the change.

r) Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Company and make decisions using financial information at the entity level only. Accordingly, the Directors believe that the Company has only one reportable operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day to day management of the business, including the decisions to purchase and sell securities, to other parties both internal and external to the Company. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. Therefore, the Directors retain full responsibility as to the major allocation decisions of the Company.

3. PERFORMANCE FEES RETAINED AND PAYABLE

	2013	2012
	£	£
Performance fees payable	-	-

Performance fees are payable to the Adviser with reference to the increase in adjusted net asset value per share over the course of each performance period. The Adviser becomes entitled to receive a performance fee if the following conditions are met:

a) The adjusted net asset value per share at the end of the performance period exceeds the Performance Hurdle. The Performance Hurdle is an amount equal to the placing price increased at a rate of 8% per annum on a compounded basis up to the end of the relevant performance period; and
b) The adjusted net asset value per share at the end of the performance period exceeds the High Watermark. The High Watermark is the highest previously recorded adjusted net asset value per

share at the end of a performance period for which a performance fee was last earned.

If the above conditions are met the Adviser is entitled to receive a fee equal to 20% of the amount by which the adjusted net asset value exceeds the higher of (i) the performance hurdle and (ii) the relevant High Watermark multiplied by the time-weighted average number of shares in issue since the end of the last performance period for which a performance fee was earned.

The conditions for payment of performance fees were not met for the performance years ended 30th June 2013 and 30th June 2012.

20% of any performance fees earned by the Adviser shall be retained and deposited in a Reserve Account (see note 9). The Reserve Amount shall only be released on the final calculation date when the Administrator will calculate the Reserve Release Amount in accordance with Schedule 1 of the Advisory Agreement.

On 21st December 2012, the Company entered into a new Investment Advisory Agreement with the Adviser in which the performance fee basis of calculation was reset from an effective date of 30th June 2012 and under the amended terms, the calculation will add back any distributions made to shareholders during any performance fee period. In the addition to the above conditions, there are also certain additional criteria which needs to be met by the Adviser before any accrued performance fees are payable. Also, as a result of entering into this new agreement, the balance of the performance fee retention was released in favour of the Company.

4. EXPENSES

AUDITOR'S FEES

	2013	2012
	£	£
Audit fees - current year	20,600	18,500
- prior year adjustments	(5,217)	5,545
Non-audit fees	12,200	7,000
	27,583	31,045

DIRECTORS' REMUNERATION AND INTERESTS

	2013	2012
	£	£
Directors' fees	159,722	159,236
Directors' expenses	10,040	10,889
	169,762	170,125

The details of the Directors' remuneration are as follows:

	2013	2012
	£	£
J. Shakeshaft (Chairman)	60,000	60,000
D. Adamson (resigned 31st March 2012)	-	18,750
M. Christensen	25,000	25,000
R. Green (appointed 12th April 2012)	24,722	5,486
S. Hansen	25,000	25,000
D. Pirouet	25,000	25,000
	159,722	159,236

As at the balance sheet date, the following Ordinary Shares and Warrants of the Company were held by the Directors, the Directors of the Adviser, the Investment Adviser and the Principals of the Investment Adviser.

Notes to the Financial Statements

For the year ended 30th June 2013

		Ordinary Shares	Warrants	Manager Warrants
2013				
Directors				
J. Shakeshaft		115,445	-	-
M. Christensen		15,000	-	-
Investment Adviser and related principals				
Ludgate Investments Limited	*	664,000	-	-
T. Cooke		50,000	-	-
J.N.B. Curtis		15,000	-	-
N. Pople		50,000	-	-
C. Sebag-Montefiore		-	-	-
B. Weil		-	-	-
Ocean Capital Holding II BV	**	5,839,798	-	-
2012				
Directors				
J. Shakeshaft		115,445	12,500	-
M. Christensen		10,000	2,500	-
Investment Adviser and related principals				
Ludgate Investments Limited	*	664,000	166,000	775,250
T. Cooke		50,000	12,500	25,000
J.N.B. Curtis		15,000	-	-
N. Pople		50,000	12,500	95,000
C. Sebag-Montefiore		-	-	70,000
B. Weil		-	-	40,000
Ocean Capital Holding II BV	**	5,839,798	-	-

Principals of Ludgate Investments Limited include Directors and senior management.

*T. Cooke, J.N.B. Curtis, N. Pople, C. Sebag-Montefiore and B. Weil have an interest in Ludgate Investments Limited.

**Ocean Capital Holding II BV is a company in which G. Voskamp and J. Voskamp, both directors of Ludgate Investments Limited, have 20% and 80% shareholdings, respectively.

5. DIVIDENDS

	2013	2012
	£	£
Interim dividend	1,068,936	984,546
Special dividend	-	6,751,174
	1,068,936	**7,735,720**

The Company paid an interim dividend of 1.90 pence per share at a total cost of £1,068,936 on 10th August 2012 (2012: an interim dividend of 1.75 pence per share at a total cost of £984,546). No special dividend was paid during the year (2012: a special dividend of 12 pence per share was paid at a total cost of £6,751,174).

6. EARNINGS PER SHARE

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

	2013	2012
	£	£
Total comprehensive income / (loss)	2,567,703	(5,537,728)
Weighted average number of ordinary shares for the purposes of basic earnings per share	56,185,222	56,259,784
	£	£
Basic and diluted gain / (loss) per ordinary share	0.05	(0.10)

Outstanding Warrants are not dilutive for both periods presented as the exercise price of the Warrants exceeded the average market price of Ordinary Shares issued. As explained in note 14, these Warrants have now expired.

Notes to the Financial Statements

For the year ended 30th June 2013

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments:	**2013**	**2012**
	£	**£**
Opening cost of investments	38,209,522	28,460,639
Purchases/(disposals) during the year:		
Cost of Loan Notes converted into preference shares	1,301,635	-
New investments acquired	8,439,913	17,650,196
Conversion to preference shares	(1,301,635)	-
Conversion to loan	(3,000,000)	-
Investments sold	(2,058,941)	(7,901,313)
Closing cost of investments	**41,590,494**	**38,209,522**
Opening fair value of investments	29,179,682	24,170,394
Purchases/(disposals) during the year:		
Cost of Loan Notes converted into preference shares	1,301,635	-
New investments acquired	8,439,913	17,650,196
Conversion to preference shares	(1,301,635)	-
Conversion to loan	(3,000,000)	-
Proceeds on disposal	(2,485,534)	(8,913,430)
Realised gain on disposal	426,593	1,012,117
Fair value movement	1,873,976	(4,739,595)
Closing fair value of investments	**34,434,630**	**29,179,682**

Further details of the investments held can be found in note 22 to these financial statements.

IFRS 7 requires the Company to classify fair value measurements using a three level fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to comprise market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 30th June 2013 and 2012.

2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	£	£	£
Financial assets at fair value through profit or loss	2,300,797	-	32,133,833	34,434,630
Derivatives at fair value through profit or loss	-	-	67,116	67,116
2012				
Financial assets at fair value through profit or loss	2,295,944	3,034,200	23,849,538	29,179,682
Derivatives at fair value through profit or loss	-	-	143,167	143,167

Financial assets whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include mainly actively listed equities. The Company does not adjust the quoted market price for these.

Financial assets that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 includes mainly convertible bonds. As Level 2 bonds are not traded in an active market, valuations are based on an option valuation method which was carried out by an independent broker.

Financial assets classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 includes equities and convertible loan notes. As the observable prices are not available for these equities and convertible loan notes, the Company has used valuation methods as described in note 2 (o) 'Determination of fair values'.

The movement in Level 3 financial assets for the years ended 30th June 2013 and 2012 by class of financial assets were as follows:

2013	Derivatives	Unquoted equities	Unquoted securities	Total
	£	£	£	£
Opening balance	143,167	17,947,020	5,902,518	23,992,705
Total (losses)/gains (realised/unrealised) included in the statement of comprehensive income	(76,051)	4,785,731	(2,455,815)	2,253,865
Purchases, sales, issuances, and settlements (net)	-	2,367,553	3,586,826	5,954,379
Closing balance	67,116	25,100,304	7,033,529	32,200,949
2012				
Opening balance	208,362	16,226,571	2,295,333	18,730,266
Total (losses) (realised/unrealised) included in the statement of comprehensive income	(65,195)	(4,359,238)	(62,292)	(4,486,725)
Purchases, sales, issuances, and settlements (net)	-	6,079,687	3,669,477	9,749,164
Closing balance	143,167	17,947,020	5,902,518	23,992,705

For unquoted equities, if the multiple used or the recent market transaction price used in the valuation had increased by 5%, this would have resulted in an increase in value of £994,405 (2012: £914,294). A decrease of 5% would have resulted in a decrease in value of £994,405 (2012: £914,294).

Title of financial assets at fair value through profit or loss are held by the following parties:

	2013	2012
	£	£
Computer Share (Australia)	217,712	284,132
State Street (Jersey) Limited	32,133,833	26,883,738
Walker Crips Stockbrokers Limited	2,083,085	2,011,812
	34,434,630	29,179,682

8. DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	£	£
Rapid Action Packaging Limited - 2,250 warrants (2012: 2,250)	67,116	143,167

9. CASH AND CASH EQUIVALENTS

	2013	2012
	£	£
Barclays – reserve account	-	189,668
Royal Bank of Scotland International - current account (AUD)	1	1
Royal Bank of Scotland International - current account (EUR)	-	17,928
Royal Bank of Scotland International - current account (GBP)	175,529	263,893
Walker Crips Stockbrokers Limited	-	21,554
Cash held on fixed term deposit:		
Fixed term deposits held with Barclays (GBP)	2,865,178	3,136,767
Fixed term deposits held with Barclays (EUR)	323,712	-
Fixed term deposits held with HSBC (GBP)	-	5,087,913
Fixed term deposits held with Lloyds (GBP)	2,602,833	4,000,000
Fixed term deposits held with Royal Bank of Scotland International (GBP)	1,421,035	2,500,000
	7,388,288	15,217,724

The Company has permission to borrow sums equivalent to 25% of the net asset value in accordance with its Articles of Association. At the balance sheet date, no such facility had been entered into (2012: £nil). The Board has taken care to minimise the credit risk associated with cash and cash equivalents. The cash held in fixed term deposits has been diversified across a number of reputable financial institutions.

Up till 21st December 2012, the cash held on the reserve account represents 20% of the performance fees earned by the Adviser to date. As part of the terms of the new Investment Advisory Agreement, effective from 21st December 2012, the balance on this account was released to the Company.

Cash and cash equivalents are held by the following banks and brokers:

	2013	2012
Bank/Broker	£	£
Barclays	3,188,890	3,326,435
HSBC	-	5,087,913
Lloyds	2,602,833	4,000,000
Royal Bank of Scotland International	1,596,565	2,781,822
Walker Crips Stockbrokers Limited	-	21,554
	7,388,288	15,217,724

Notes to the Financial Statements

For the year ended 30th June 2013

10. LOANS RECEIVABLE

	2013	2012
	£	£
Non-current:		
Hydrodec Group Plc	3,000,000	-
Current:		
Ignis Wick Limited	319,672	319,672
Lumicity Limited	650,000	484,685
	969,672	804,357

On 1st November 2012, the Hydrodec Group plc convertible bonds expired. At this date, the bonds were converted into a 2 year loan with interest of 8% per annum. The loan is unsecured and repayable between 1st November 2012 and 31st October 2014.

The Company entered into a Loan Agreement with Ignis Wick Limited to fund the development costs of the Wick project up to £779,000. The loan is unsecured, repayable on demand and bears interest at 10% per annum. As at 30th June 2013, £319,672 (2012: £319,672) has been drawn.

On 18th August 2011, the Company subscribed for £750,000 unsecured Series B Loan Notes in Lumicity Limited which bear interest of 10% per annum (maximum of £3 million). Effective 1st April 2013, the loan was restructured and bears 3% per annum, repayable on demand with a final redemption date of 1st January 2018. During the year, £100,000 of the loan was repaid.

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	£	£
Fixed deposit interest receivable	2,583	39,668
Investment income receivable	709,487	394,350
Prepayments and other receivables	66,089	103,416
	778,159	537,434

12. TRADE AND OTHER PAYABLES

	2013	2012
	£	£
Administration and accountancy fees	65,000	25,000
Audit fees payable	20,600	16,500
Directors' fees and expenses payable	18,976	18,056
Professional fees payable	-	51,039
Other creditors	16,776	11,240
	121,352	121,835

All expenses are payable on presentation of an invoice.

13. PERFORMANCE FEE RETENTION

	2013	2012
	£	£
Retention of performance fees	-	190,033

For further details please refer to note 3. The above figures include accrued interest as at 30th June.

14. STATED CAPITAL ACCOUNT

	2013	2012
AUTHORISED:		
Ordinary Shares of no par value each	Unlimited	Unlimited

The authorised stated capital of the Company comprises an unlimited number of voting, Ordinary Shares which are neither redeemable nor convertible and which have no par value.

	No. of ordinary shares	No. of Investor Warrants	No. of ordinary shares
Opening balance at 1st July 2012	56,259,784	6,683,775	56,259,784
Purchase of own shares	(1,005,000)	-	-
Expired warrants	-	(6,683,775)	(1,285,250)-
Closing balance at 30th June 2013	55,254,784	-	-
Opening balance at 1st July 2011	56,259,784	6,683,775	1,285,250
Closing balance at 30th June 2012	56,259,784	6,683,775	1,285,250

Notes to the Financial Statements

For the year ended 30th June 2013

Two Ordinary Shares of £1.00 each were issued on incorporation. The initial public offering ("IPO") of Ordinary Shares on 2nd August 2007 was priced at £1.00 per share. Subscribers for the Ordinary Shares received one investor warrant for every four Ordinary Shares subscribed. Each investor warrant entitles the holder to subscribe for additional Ordinary Shares in the Company at a subscription price of £1.50 until the final subscription date of 31st October 2012. At that date, these warrants expired.

A second placing of shares occurred on 22nd February 2008. 2,673,509 Ordinary Shares of no par value were issued at a price of £1.12 per share. On 10th November 2008 a further issue of 16,557,807 Ordinary Shares were placed at a price of £1.09 per share. On 5th August 2010 a further issue of 10,293,365 Ordinary Shares were placed at a price of £0.97 per share. No warrants were attached to these shares issued subsequent to the IPO. The Ordinary Shares and investor warrants are listed and traded on AIM. The manager warrants are not listed.

The Ordinary Shares carry the right to vote at general meetings, dividends and the surplus assets of the Company on winding-up. All holders of the Ordinary Shares have the same voting rights.

During the year, the Company purchased 1,005,000 of its own ordinary shares amounting to £552,750. These shares were subsequently cancelled.

	2013	2012
	£	£
Opening balance	57,566,436	57,566,436
Purchase of own shares	(552,750)	-
Closing balance	57,013,686	57,566,436

WARRANTS:		**2013**	**2012**
Investor Warrants:			
Issue of warrants at IPO (1:4 exercisable for ordinary shares)	Number	-	6,683,775
Exercise price		-	£1.50
Manager Warrants:			
Issue of Manager Warrants at IPO	Number	-	1,285,250
Exercise price		-	£1.75

The Investor Warrants entitle the holder to subscribe for one ordinary share in the Company at a price of £1.50 up to the Final Subscription Date of 31st October 2012. Investors who subscribed for Shares pursuant to the placing received one Investor Warrant for every four shares acquired.

The Manager Warrants were issued in registered form and entitle the holder to subscribe for one share at a price of £1.75 until the Final Subscription Date of 31st October 2012.

Warrants may only be exercised during the 28 days following the date of publication of the Company's Annual Report and Financial Statements for any of the financial periods/years ended 30th June 2008 to 2011 inclusive and/or during the 28 days prior to the Final Subscription Date of 31st October 2012.

The Warrants expired during the year and the holders did not exercise the right to acquire additional shares in the Company.

15. SEGMENT INFORMATION

Geographical information
The Company's country of domicile is Jersey, Channel Islands. All of the Company's revenues are generated from outside the Company's country of domicile. Detailed geographical information is disclosed in note 16 under "concentration risk".

Non-current assets
The Company has a £3,000,000 loan receivable from Hydrodec Group plc.

Sources of income
The Company's sources of net income were interest and dividends from financial assets and deposits. The majority of the income during the year was derived from investments in Hydrodec Group plc, Rapid Action Packaging Limited, STX Services B.V. and fixed term deposits.

16. FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the establishment and oversight of the Company's risk management framework. Policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. These are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company maintains positions in a variety of financial instruments dictated by its investment management strategy. The Company's investment portfolio comprises quoted and unquoted equity investments, unquoted debt securities and cash which the Company intends to hold for an indefinite period (subject to the life of the Company). Asset allocation is determined by the Board who manages the distribution of the assets to achieve the investment objectives.

The Directors are aware that substantially all of the current business of the Adviser is accounted for in the services provided to the Company under the Advisory Agreement. In reviewing the performance of the Adviser, the Directors have paid particular attention to the risks to the Company of the reputation, financial standing, compliance and operation of each. They are satisfied that there are sufficient controls in place to ensure that officers of the Adviser cannot exercise undue influence over financial reporting and that it is a going concern.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income and or the value of its holdings in financial instruments. The Adviser is responsible for monitoring, measuring and reporting market risk.

The Company's exposure to market risk comes mainly from movements in the value of its investments.

The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Company's investment objective is to deliver to investors a significant level of capital growth in the medium to long term by building a diverse portfolio of investments in cleantech companies. The Company's market risk is managed by the Adviser in accordance with the policies and procedures in place.

The Company seeks to achieve its investment objective and minimise investment risk through the identification of appropriate technologies and companies within the cleantech sector using a rigorous review and selection process; by adding value to companies in the portfolio through active support at all stages of their growth and by focusing on maximising returns for shareholders by assisting companies in achieving an appropriate and timely exit.

Potential investments are screened to ensure that investments comply with the investment criteria, as described in the Admission Document and described in the Investment Policy. A full review and due diligence are undertaken before a potential investment can be submitted for approval by the Screening Committee, Investment Committee and the Adviser.

Monitoring of the portfolio is carried out on a quarterly basis by the Adviser who reviews the investments against technology developments, commercial progress, financial and trading results including management accounts, management assessment, market intelligence and anticipated planning and exit. Investment risk is also reviewed at the time of any investment proposal, the publication of the net asset values and any capital raising.

The Company's overall market positions are reviewed quarterly by the Board of Directors. Details of the Company's investment portfolio composition as at the balance sheet date are disclosed in note 22 to these financial statements.

Interest Rate Risk

To the extent the Company incurs indebtedness, changes in interest rates can affect the Company's net interest income, which is the difference between the interest income earned on interest-bearing assets and the interest expense incurred on interest-bearing liabilities. Changes in the level of interest rates can also affect, among other things, the Company's ability to acquire loans and investments, the value of its investments and the Company's ability to realise gains from the settlement of such assets. Interest rate risk is mitigated by a policy of holding diversified instruments with varied counterparties.

The majority of the Company's financial assets are fixed rate or non-interest bearing and all of the Company's financial liabilities are non-interest bearing. Therefore, the Directors believe that the Company's exposure to interest rate risk is minimal. Any excess cash and cash equivalents are invested in fixed term deposits with maturities of 12 months or less. Investments in debt securities are in fixed rate instruments and therefore the Company has limited exposure to prevailing interest rates. Any adverse movement in interest rates would negatively affect the return on cash deposits over time. The amount of cash held on fixed term deposits is expected to reduce over the forthcoming years in accordance with the Company's stated investment objectives.

Interest rate sensitivity

IFRS 7 Financial Instruments: Disclosures ("IFRS 7") requires a sensitivity analysis for each type of risk to which the entity is exposed at the balance sheet date, showing how the profit or loss and equity would have been affected by changes in the relevant risk variable that are reasonably possible.

The majority of the Company's financial assets and financial liabilities are non-interest bearing or fixed rate. During the year, the Company's interest income from fixed deposits was £61,969 (2012: £224,387) of which £2,583 (2012: £39,668) is outstanding at the end of the year. Had interest rates been 50 basis points higher throughout the year the Company would have increased its income by £36,941 (2012: decrease loss of £76,089), with a corresponding decrease had interest rates been 50 basis points lower (2012: increase in loss of £76,089).

Currency Risk

The Company may invest in financial instruments and enter into transactions that are denominated in currencies other than its functional currency, sterling. Consequently the Company is exposed to risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets and liabilities denominated in currencies other than sterling.

The Company's policy is to accept a limited amount of currency risk within the portfolio. It does not hedge either the fair value of its foreign currency investments nor the cashflows, if any, arising from such investments. Any gain or loss, recognised as a result of the Company's investment and valuation policies is recognised in the statement of comprehensive income. When the Company has entered into a definitive contract to purchase or sell securities denominated in foreign currency it purchases forward contracts; any ineffectiveness in this hedging would also be recognised in the statement of comprehensive income. The Company's overall currency risk and exposure is monitored on a quarterly basis by the Board of Directors. The Directors intend to keep this policy under quarterly review as the portfolio becomes more fully invested. The Directors further consider that investment in currencies is a separate asset class and not as such part of the normal trading business of the Company.

As at the balance sheet date the Company had the following currency risk exposure:

	2013	2012
Financial assets at fair value through profit or loss	£	£
Unquoted equities and securities denominated in EUR	6,826,814	6,654,932
Quoted equities denominated in AUD	235,247	302,439
	7,062,061	6,957,371
Cash and cash equivalents		
Cash and cash equivalents denominated in EUR	323,712	17,928
Cash and cash equivalents denominated in AUD	1	1
	323,713	17,929
Trade and other receivables:		
Trade receivables denominated in EUR	8,607	113,807
Trade and other payables:		
Trade payables denominated in EUR	5,899	3,259

Currency sensitivity

As at 30th June 2013 if GBP had strengthened against the EUR by 5%, with all other variables held constant, the income for the year as per the statement of comprehensive income would have decreased and the net assets of the Company would have decreased by £340,644 (2012: increase in loss and decrease in net assets of £323,033). A 5% weakening of GBP against the EUR would have resulted in an increase in the income for the year as per the statement of comprehensive income and an increase in net assets of the Company of £376,501 (2012: decrease in loss and increase in net assets of £357,036), with all other variables held constant.

As at 30th June 2013 if GBP had strengthened against the AUD by 5%, with all other variables held constant, the income for the year as per the statement of comprehensive income would have decreased and the net assets of the Company would have decreased by £11,202 (2012: increase in loss and decrease in net assets of £14,402). A 5% weakening of GBP against the AUD would have resulted in an increase in the income for the year as per the statement of comprehensive income and an increase in the net assets of the Company of £12,381 (2012: decrease in loss and increase in net assets of £15,918), with all other variables held constant.

The movement in foreign exchange, excluding foreign exchange movements on financial assets at fair value through profit or loss which are reflected in the statement of comprehensive income as part of losses or gains on financial assets at fair value through profit or loss, for the year ended 30th

June 2013 was a gain of £11,324 (2012: loss of £747,122). This movement has been largely caused by the variance in the EUR:GBP exchange rate during the year on deposits held in EUR. The EUR:GBP exchange rate moved from 1.236 as at 1st July 2012 to 1.1668 as at 30th June 2013.

Other price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising due to currency risk or interest rate risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Company's financial instruments are held at fair value with changes in fair value being recognised in the statement of comprehensive income, all changes in market conditions will directly affect the profit for the period and the Company's net assets. Price risk is monitored and reviewed by the Directors on a quarterly basis, at any valuation event and at each investment committee meeting, whichever is the more frequent.

Risk is mitigated in a thematic portfolio diversified by securities, assets, geography and industrial sector. No single investment can account for more than 15% of ungeared NAV at the time of investment. No single investment held for short term trading can be more than £750,000. The following table breaks down the investment assets held by the Company:

Financial assets at fair value through profit or loss	**2013 percentage of net assets**	**2012 percentage of net assets**
Equity investments:		
Quoted	4.95%	5.04%
Unquoted	53.96%	39.38%
Debt investments:		
Unquoted	15.12%	19.61%

Market price risk sensitivity

6.00% of the Company's investment assets are listed on European stock exchanges (2012: 6.83%). 0.68% of the Company's investments are listed on the Australian stock exchange (2012: 1.04%). A 10% increase in stock prices as at 30th June 2013 would have increased the income for the year and would have increased the net assets of the Company by £230,080 (2012: decreased the loss and increase the net assets by £229,594). An equal change in the opposite direction would increase the loss and decrease the net assets of the Company by an equal but opposite amount.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amount of financial assets best represents the maximum exposure at the balance sheet date. At the balance sheet date the Company's financial assets exposed to credit risk amounted to the following:

Notes to the Financial Statements

For the year ended 30th June 2013

	2013	**2012**
	£	**£**
Preference share holdings	-	301,677
Unquoted securities	14,573,262	8,936,718
Loans receivable	3,969,672	804,357
Trade and other receivables	778,159	537,434
Cash and cash equivalents	7,388,288	15,217,724
Total financial assets exposed to credit risk	26,709,381	25,797,910

The Company and its Adviser seek to mitigate credit risk by actively monitoring the underlying credit quality of the Company's investment holdings. As noted above, monitoring of the portfolio is carried out on a quarterly basis by the Adviser who will review the investments against milestones of technology developments, commercial progress, financial and trading results including management accounts, management assessment, market intelligence and anticipated planning and exit. Any indications of credit risk will be reported to the Board who will also review the portfolio and the related credit risk at least on a quarterly basis. The Company holds no hedges or insurance against counterparty risk. The Directors believe that the purchase of credit insurance would expose the Company to an unapproved asset class of derivatives.

The Company holds fixed term deposits of varying maturities with a number of banks, each with a minimum long-term credit rating from Standard and Poor's, Moody's, or Fitch of "A", through a pooled account. This service is entitled "Cash2". All transactions are in the name of State Street (Jersey) Limited Client Nominee, operated by State Street (Jersey) Limited. The Company is the beneficial owner of these deposits. There is no additional payment, liquidity, or settlement risk associated with the pooling.

The Company analyses the credit concentration based on the counterparty, industry and geographical location of the financial assets that the Company holds. The Company's financial assets exposed to credit risk were concentrated in the following industries:

	2013	**2012**
Cleantech industries	72.34%	41.01%
Banks/financial services	27.66%	58.99%

All of the Company's financial assets exposed to credit risk which were held at the balance sheet date are European.

Concentration Risk

The Company may be exposed at any given time to a degree of concentration risk. To the extent that the Company's investments are concentrated in any one sub-sector of the cleantech sector, country or asset class downturns affecting the source of concentration may result in total or partial loss on such investments, which will reduce the Company's net asset value. The Directors consider the sector a diversified asset class and that effective hedging could be achieved by replication in purchasing differentiated securities but that the cost of these transactions would negate the value of the protection. The Company's investments are concentrated as follows:

	2013	2012
Investment in cleantech industries	100.00%	100.00%
Geographical area – Holland	12.86%	10.03%
Geographical area – France	0.73%	5.32%
Geographical area – UK	79.49%	76.14%
Geographical area – Australia	0.68%	1.04%
Geographical area – Germany	6.24%	7.47%

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company may face liquidity risks. Most of the investments in which the Company invests are relatively illiquid i.e. private companies which require a long-term capital commitment. A substantial amount of the Company's funds are concentrated in a limited number of investments subject to legal and other restrictions on resale, transfer, pledge or other disposition or that are less liquid than publicly traded securities. The illiquidity of these investments may make it difficult to sell investments if the need arises or the Investment Adviser determines that such a sale would be in the Company's interests.

The Directors monitor liquidity risk at least quarterly and perform going concern tests before the semi-annual publication of the financial statements. As an operating practice the Company is expected to hold at least sufficient working capital for a year's continuous operation on a rolling basis. The Company also holds sums equivalent to three months' forward operating expenses in call accounts. The Directors review this policy regularly. The Company also has permission to borrow sums equivalent to 25% of NAV in accordance with the terms of its Articles of Association.

Maturity profile
The tables below show the maturity of the current borrowings under the facilities, rather than the maturity over the whole life of the facilities and the expected maturity of the securities, rather than the legal maturity date.

	2013		2012	
	Within one year	One to five years	Within one year	One to five years
	£	£	£	£
Financial assets:				
Cash and cash equivalents	7,388,288		15,217,724	-
Financial assets at fair value through profit or loss		34,434,630	-	29,179,682
Derivatives at fair value through profit or loss	67,116	-	143,167	-
Loans receivable	969,672	3,000,000	804,357	-
Trade and other receivables	778,159	-	537,434	-
	9,203,235	37,434,630	16,702,682	29,179,682
Financial liabilities:				
Trade and other payables	121,352	-	121,835	-
Retention of performance fee	-	-	-	190,033
	121,352	-	121,835	190,033

Financial instruments by category

	Amounts recognised in balance sheet according to IAS 39			
Category in accordance with IAS 39	**Carrying amount**	**Amortised Cost**	**Fair value recognised in profit or loss**	**Fair value**
	£	**£**	**£**	**£**
At 30th June 2013:				
Loans and receivables	12,136,119	12,136,119	-	12,136,119
Fair value through profit or loss	34,501,746	-	34,501,746	34,501,746
Other liabilities	121,352	121,352	-	121,352
At 30th June 2012:				
Loans and receivables	16,559,515	16,559,515	-	16,559,515
Fair value through profit or loss	29,322,849	-	29,322,849	29,322,849
Other liabilities	311,868	311,868	-	311,868

Disclosure of material income, expenses, gains and losses resulting from financial assets and financial liabilities:

	Loans and receivables	Fair value through profit or loss	Financial liabilities at amortised cost
30th June 2013:	**£**	**£**	**£**
Net gain on financial assets and derivatives at fair value through profit or loss	-	2,224,518	-
Investment income	61,969	1,409,797	-
Gain on foreign exchange	-	11,324	-
	61,969	3,645,639	-
30th June 2012:			
Net loss on financial assets and derivatives at fair value through profit or loss	-	(3,792,672)	-
Investment income	224,387	817,721	-
Loss on foreign exchange	-	(747,122)	-
	224,387	(3,722,073)	-

Capital Management

The Company is an investment company listed on AIM in London. Capital can only be increased either by the issue of new shares at net asset value or by borrowing up to the permitted limit of 25% of NAV. Capital can only be reduced by the repurchase and cancellation of shares or the payment of special dividends both of which require shareholder resolution. The Company seeks to provide long term capital return in accordance with its stated investment policy from a diversified portfolio of securities of cleantech companies. The Company does not hold or intend to hold any derivatives other than those which may be embedded in or between the assets in the portfolio.

The Company will at all times maintain sufficient liquidity to cover at least twelve months' anticipated operating expenses. The Directors will also assure themselves that the NAV of the Company is sufficient for the cost effective management of the portfolio and the Company's objectives.

17. CASH GENERATED FROM OPERATIONS

	2013	2012
	£	£
Total comprehensive income / (loss)	2,567,703	(5,537,728)
Adjustments for:		
Unrealised (gain) / loss on financial assets and derivatives at fair value through profit or loss	(1,797,925)	4,804,789
Realised gain on financial assets and derivatives at fair value through profit or loss	(426,593)	(1,012,117)
Net (gain) / loss on foreign exchange: cash and cash equivalents	(11,324)	747,122
Loan notes interest income	(1,409,797)	(817,721)
(Reversal of provision) / provision against loan receivable	(265,315)	265,315
Provision for interest receivable	394,365	65,137
Increase in trade and other receivables	(319,953)	(137,420)
Decrease in trade and other payables	(483)	(8,795)
(Decrease) / increase in retention of performance fees	(190,033)	2,649
CASH FLOWS FROM OPERATIONS	**(1,459,355)**	**(1,628,769)**

NON-CASH MOVEMENTS	**2013**	**2012**
	£	£
Conversion of Loan Notes to preference shares (see note 7)	1,301,635	-
Conversion of Loan Notes to Loan (see notes 7 and 10)	3,000,000	-
	4,301,635	-

18. RELATED PARTY DISCLOSURE

Directors' remuneration and expenses payable for the year ended 30th June 2013 are disclosed in notes 4 and 12.

The terms and conditions of any transactions with key management personnel and their related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Under the original Investment Advisory Agreement the Adviser is entitled to receive a management fee from the Company at a rate of 2% per annum of the Company's net asset value calculated for each three month period ending on 31st March, 30th June, 30th September and 31st December each year on the basis of the Company's net asset value at the end of the preceding period and payable quarterly in advance.

On 21st December 2012, the Company entered into a new Investment Advisory Agreement with the Adviser in which it is entitled to receive a management fee from the Company at a rate of 2% of the Company's net asset value for each quarter end plus any distributions made to shareholders since 30th June 2012 which is payable quarterly in advance. In addition the Adviser is entitled to retain any fees received from providing directors to certain portfolio companies at LEF's nomination.

During the year the Adviser's fee was £932,225 (2012: £1,047,557). No accrued Adviser's fees were outstanding as at the year end (2012: £ nil). During the year the Adviser's expenses were £nil (2012: £nil).

No placing fees were paid to LIL by the Company during the year (2012: £nil).

Under the terms of the original Investment Advisory Agreement the Adviser is also entitled to a performance fee which is payable in arrears in respect of each annual period ending 30th June. The first calculation period began on the admission date and ended on 30th June 2008. Under the new Investment Advisory Agreement, the basis of the calculation of the performance fee has been reset to 30th June 2012 and is payable to the advisor if certain conditions are attained. The performance fee is dependent on the Company's performance and amounted to £ nil for the year ended 30th June 2013 (2012: £ nil). Further details are disclosed in note 3.

From time to time members of the LIL group may provide corporate financial services to the Company and investee companies. The Directors ensure that such services are pre-approved, provided on an arm's length basis and at market terms and that any possible conflicts of interest are disclosed.

In the year ended 30th June 2013, LIL provided directors fee services to certain portfolio companies and these fees were retained by LIL under the terms of the revised Investment Advisory Agreement. The total paid by portfolio companies for various corporate services to LIL for the year ended 30th June 2013 was £110,057 (2012: £89,793). Out of this sum, LIL reimbursed the Company £nil (2012: £89,793).

19. IMMEDIATE HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

In the opinion of the Directors there is no single ultimate controlling party since the criteria contained within the definition of "control" in IAS 24 - Related Party Disclosures are not satisfied by any one party.

Notes to the Financial Statements

For the year ended 30th June 2013

20. SUBSEQUENT EVENTS

Subsequent events have been evaluated up to the date the financial statements were approved and authorised for issue by the Board of Directors of the Company and there are no material events to be disclosed or adjusted for in these financial statements.

21. SHAREHOLDERS' INTERESTS

As at the balance sheet date, the registered holdings of the Company of at least 3% of the total share capital as far as the Board is aware comprised:

	Ordinary shares held	Percentage shareholding
AS AT 30TH JUNE 2013		
Morstan Nominees Limited	8,019,271	14.51%
BNY Mellon Nominees Limited	7,568,308	13.70%
HSBC Global Custody Nominee (UK) Limited (786698)	5,839,757	10.57%
Flintshire County Council	5,791,288	10.48%
Harewood Nominees Limited	5,220,999	9.45%
Quintain Estates and Development PLC	4,000,000	7.24%
Chase Nominees Limited	3,809,939	6.90%
HSBC Global Custody Nominee (UK) Limited (771096)	3,669,094	6.64%
BNY (OCS) Nominees Limited	2,159,000	3.91%
AS AT 30TH JUNE 2012		
Morstan Nominees Limited	8,019,271	14.25%
BNY Mellon Nominees Limited	7,568,308	13.45%
HSBC Global Custody Nominee (UK) Limited (786698)	5,839,757	10.38%
Flintshire County Council	5,791,288	10.29%
Harewood Nominees Limited	5,220,999	9.28%
Quintain Estates and Development PLC	4,000,000	7.11%
Chase Nominees Limited	3,809,939	6.77%
HSBC Global Custody Nominee (UK) Limited (771096)	3,669,094	6.52%
BNY (OCS) Nominees Limited	2,159,000	3.84%

22. INVESTMENTS

	2013 Cost	2013 Fair value	2012 Cost	2012 Fair value
Quoted equity securities:	**£**	**£**	**£**	**£**
Hightex Group plc Ordinary Shares	730,000	135,000	730,000	115,000
Hydrodec Group plc Ordinary Shares	3,498,417	1,316,750	3,498,417	1,455,355
Phoslock Water Solutions Limited Ordinary shares	443,713	235,247	443,713	302,439
Renewable Energy Generation Ordinary shares	720,241	613,800	720,241	423,150
Total quoted equities:	**5,392,371**	**2,300,797**	**5,392,371**	**2,295,944**
Unquoted equities:				
ECO Plastics Limited Ordinary Shares	5,000,059	7,539,733	5,000,059	4,174,198
Emergya Wind Technologies B.V. Preference Shares	4,471,385	-	4,471,385	-
Ignis Biomass Limited Ordinary Shares	1,000,000	1,243,819	500,000	500,000
Lumicity Limited Class A Preference Shares	548,000	1,253,145	548,000	-
Micropelt GmbH Ordinary Shares	-	289	-	280
New Earth Recycling & Renewables (Infrastructure) plc	882,403	1,113,307	2,941,344	3,165,924
Rapid Action Packaging Limited Ordinary Shares	5,035,903	5,681,138	5,035,903	5,129,548
STX Services B.V. Ordinary Shares	917,068	4,427,941	917,068	2,925,393
Tamar Energy Limited Ordinary Shares	3,500,000	3,840,932	1,750,000	1,750,000
Terra Nova SAS Preference Shares	5,291,669	-	2,688,582	301,677
Total unquoted equities:	**26,646,487**	**25,100,304**	**23,852,341**	**17,947,020**
Unquoted securities:				
ECO Plastics Limited 19% Loan Notes	1,585,635	- *	-	-
Hydrodec Group plc 8% Convertible Bonds	-	-	3,000,000	3,034,200
Ignis Biomass Limited 10% Unsecured Convertible Notes 2017	2,160,000	2,160,000	-	-
Micropelt GmbH 15% (2012: 15%) CULS	2,833,060	2,148,873	2,188,519	2,178,508
Rapid Action Packaging Limited 10% (2012: 10%) Convertible Loan Notes	2,474,656	2,474,656	2,474,656	2,474,656
Terra Nova SAS 12% (2012 : 8%) Convertible Loan Notes	498,285	250,000	1,301,635	1,249,354
Total unquoted securities:	**9,551,636**	**7,033,529**	**8,964,810**	**8,936,718**
Total investments:	**41,590,494**	**34,434,630**	**38,209,522**	**29,179,682**

* The shares and loan notes of ECO Plastics Limited were valued on the basis of a calculated fair enterprise value and the resulting figure was allocated based on the economic ownership of the shares and the loan notes.

Key Parties

NOMINATED ADVISER
PricewaterhouseCoopers LLP,
7 More London Riverside,
London, SE1 2RT

INDEPENDENT AUDITOR
BDO Limited,
Windward House,
La Route de la Liberation,
St Helier, Jersey, JE1 1BG

REGISTRAR
Computershare Investor Services (Channel Islands) Limited,
Queensway House,
Hilgrove Street,
St. Helier, Jersey, JE1 1ES

BROKER
Matrix Corporate Capital LLP (resigned: 31st December 2012),
One Vine Street,
London, WIJ 0AH

Panmure Gordon & Co (appointed: 1st January 2013),
1 New Change,
London, EC4M 9AF

BANKERS
Royal Bank of Scotland International Limited,
71 Bath Street,
St. Helier, Jersey, JE4 8PQ

LAWYERS
Norton Rose,
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