Unaudited Interim Report and Financial Statements

LUDGATE
ENVIRONMENTAL FUND

For the period from 1st July 2012 to 31st December 2012

Table of Contents

LUDGATE
ENVIRONMENTAL FUND

This report is printed using digital technology – a plateless and waterless workflow which eliminates the consumption of metal printing plates, chemicals for plate processing and water in the production process. The paper used is made of pre-production recycled pulp and pulp from a forest managed sustainable source

Statement of Investment Policy

The Ludgate Environmental Fund invests in a diverse portfolio of cleantech companies for capital growth.

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

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

Our target cleantech companies demonstrate the following attributes:

- Clear environmental improvement
- Proven technology with a scalable business model
- Revenue generation or clear, near-term visibility to substantial sales
- Experienced management with technical expertise and track 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 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 making any significant borrowing until and unless the portfolio is substantially invested in financial assets in the cleantech sector.

Seeking to provide significant total return to shareholders over the expected life of the Company to 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 previously.

Chairman's Statement

I am pleased to report to shareholders on the performance of Ludgate Environmental Fund Limited in the six months to 31st December 2012.

Finance

As at 31st December the net asset value of the Company was £46,498,889 (2011: £45,268,844), equivalent to 82.7 (2011: 80.5) pence per share, increasing from £45,570,496 and 81.0 pence respectively on 30th June 2012 and after the payment of an ordinary dividend of £1,068,936 or 1.9 pence per share. The Company enjoyed net income in the period of £1,997,329 (2011: loss of £5,839,380) and held cash of £9,219,691. The Company subscribed for £4,933,799 of new investments in existing assets (Terra Nova, ECO Plastics, Ignis and Tamar), with a further £723,275 earmarked to be invested into ECO Plastics during Q1 2013. This is consistent with our policy of investing only where the expected gain to shareholders over the remaining life of the Company is greater than returning capital. While ensuring that the Company has sufficient capital to maintain operations we shall return capital to shareholders by dividend and the purchase of our own shares.

Strategy

After an extended period of consultation we were pleased that shareholders strongly endorsed the Company's investment policy and strategy at the annual general meeting in December, essentially to manage for value over the remaining life of the Company. The terms of the advisory agreement with Ludgate Investments Limited were amended to ensure that they were economically encouraged to manage and recommend the sale of assets in this period at premiums to NAV. The rigorous fair value accounting of our assets, the active participation of our nominated directors in the underlying companies, and the broad sectoral experience, contact and goodwill created by the Company and its advisers, give the board confidence in achieving this. The continuing performance of the assets, the investment adviser and nominated directors are monitored and assessed by the board at least once a month.

Portfolio

Within the portfolio Lumicity, Tamar, Ignis Biomass, STX, NERR and RAP have all performed at or ahead of our expectations at the period end. ECO Plastics has been slower to deliver commercial returns than foreseen though operations are now well established. Terra Nova is fulfilling its technical expectations but has been significantly constrained by working capital requirements and the absence of expansion capital; in December shareholders agreed to subscribe for an additional investment round. Micropelt has similarly won fine technical recognition in mission critical applications but has not yet achieved adequate sales and also requires short term working capital support. All these positions are being actively managed.

Outlook

European strategic markets continue to be subdued both in numbers of completed transactions and their protracted execution; the public markets are closed to assets in our portfolio by their small size and stage of economic development. However corporate and institutional interest in sustainable and efficient energy technologies, as well as production, with associated durable cashflow, is established. For this reason we expect that our investee companies will find possible strategic acquirors already active in their particular sector. We look to the active involvement of our nominated directors and the investment adviser to discover and develop these relationships to maximise value in selling portfolio companies.

I wish to thank my fellow board members for their professional curiosity, considerable engagement and formal commitment to the Company, its advisers and shareholders over the last six months.

Report of the Directors

The Directors present their report and the unaudited financial statements for the period 1st July 2012 to 31st December 2012.

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 and Dividends

The increase in net assets attributable to shareholders from operations before dividends for the period amounted to £1,997,329 (for the six months ended 31st December 2011: net decrease of £5,839,380).

The Company paid an interim dividend of 1.9 pence per share at a total cost of £1,068,936 on 10th August 2012 (for the six months ended 31st December 2011: an interim dividend of 1.75 pence per share was paid at a total cost of £984,546). No special dividend was paid during the period (for the six months ended 31st December 2011: a special dividend of 12 pence per share was paid at a total cost of £6,751,174).

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.

Directors

The Directors who held office during the period and subsequently (except where stated) were:-

J. Shakeshaft (Chairman)

M. Christensen

R. Green

S. Hansen

D. Pirouet

Secretary

The Secretary is State Street Secretaries (Jersey) Limited of Lime Grove House, Green Street, St. Helier, Jersey, JE1 2ST.

Independent Auditors

BDO Limited is the appointed auditor to the Company. These interim financial statements were read by BDO Limited for omissions and errors but no review of the numbers was performed.

Nominated Adviser

The Company's Nominated Adviser is PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT who has expressed its willingness to continue in office.

Registrar

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

Broker

Panmure Gordon (UK) Limited, One New Change, London, EC4M 9AF (appointed 13th November 2012)
Matrix Corporate Capital LLP, One Vine Street, London, WIJ 0AH (resigned 13th November 2012)

Banker

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

Legal Advisers

Norton Rose, 3 More London Riverside, London, SE1 2AQ

Carey Olsen, 47 Esplanade, St Helier, Jersey, JE1 0BD

Investment Adviser

Ludgate Investments Limited, Third Floor, 29-30 St James's Street, London, SW1A 1HB

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 Report of the Directors' 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) as issued by the 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.

However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs 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 period and subsequently.

By Order of the Board

Authorised Signatory
State Street Secretaries (Jersey) Limited

Secretary

Date: 30th January 2013

Balance Sheet

As at 31 St December 2012

	Notes	Unaudited interim financial statements 31st Dec 12	Audited annual financial statements 30th June 12	Unaudited interim financial statements 31st Dec 11
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	7,21	32,738,892	29,179,682	24,440,345
Loans receivable	10	3,000,000	-	-
		35,738,892	**29,179,682**	**24,440,345**
Current assets				
Derivatives at fair value through profit or loss	7,8	114,676	143,167	36,114
Loans receivable	10	969,672	804,357	1,022,172
Trade and other receivables	11	585,104	537,434	359,989
Cash and cash equivalents	9	9,219,691	15,217,724	19,689,116
		10,889,143	**16,702,682**	**21,107,391**
TOTAL ASSETS		**£46,628,035**	**45,882,364**	**45,547,736**
LIABILITIES				
Non-current liabilities				
Retention of performance fees	3,13	-	190,033	188,723
Current liabilities				
Trade and other payables	12	129,146	121,835	90,169
TOTAL LIABILITIES		**129,146**	**311,868**	**278,892**
NET ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		**46,498,889**	**45,570,496**	**45,268,844**
TOTAL LIABILITIES AND NET ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		**£46,628,035**	**£45,882,364**	**45,547,736**
		£	**£**	**£**
Net asset value per ordinary share outstanding		**0.83**	**0.81**	**0.81**

These interim financial statements on pages 8 to 48 were approved and authorised for issue by the Board of Directors on the 30th day of January 2013 and were signed on its behalf by:

Director: D. R. Pirouet

(The notes on pages 12 to 48 form part of these financial statements)

Statement of Comprehensive Income

For the Period 1st July 2012 To 31st December 2012

	Notes	Unaudited interim financial statements 1st Jul 12 to 31st Dec 12	Audited annual financial statements 1st Jul 11 to 30th Jun 12	Unaudited interim financial statements 1st Jul 11 to 31st Dec 11
INCOME:				
Deposit interest income		40,070	224,387	132,381
Income on financial assets at fair value through profit or loss		792,426	817,721	385,713
Other income		20,865	108,956	-
Gain on financial assets and derivatives at fair value through profit or loss	7,8	1,596,920	-	-
Performance fee written back	3,13	190,033	-	-
Reversal of provision	10	265,315	-	-
Movement on foreign exchange		5,483	-	-
		2,911,112	**1,151,064**	**518,094**
EXPENSES:				
Loss on financial assets and derivatives at fair value through profit or loss	7,8	-	3,792,672	4,577,295
Legal fees		8,638	15,594	23,028
Professional fees		79,294	332,152	182,142
Adviser fees	18	450,922	1,047,557	580,738
Administration and accountancy fees		78,405	161,259	122,709
Directors' fees and expenses	4	84,464	170,125	81,347
Provision for loans receivable		-	265,315	-
Provision for interest receivable		176,119	65,137	-
Withholding tax		24,197	48,132	-
Audit fees		6,935	31,045	18,746
Miscellaneous fees		4,809	12,682	23,187
Movement on foreign exchange		-	747,122	748,282
		913,783	6,688,792	6,357,474
TOTAL COMPREHENSIVE INCOME /(LOSS)		**1,997,329**	**(5,537,728)**	**(5,839,380)**
Gain/(loss) per ordinary share	6	0.04	(0.10)	(0.10)

(The notes on pages 12 to 48 form part of these financial statements)

Statement of Changes in Net Assets Attributable to Equity Shareholders

For the Period 1st July 2012 to 31st December 2012

For the Period Ended 31st December 2012	Notes	Ordinary shares and warrants issued	Change in net assets attributable to equity shareholders	Total net assets attributable to equity shareholders
Opening balance as at 1st July 2012		57,566,436	(11,995,940)	45,570,496
Total comprehensive income		-	1,997,329	1,997,329
Dividends paid to equity shareholders	5	-	(1,068,936)	((1,068,936)
Closing balance as at 31st December 2012	**14**	**57,566,436**	**(11,067,547)**	**46,498,889**

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 12 to 48 form part of these financial statements)

Statement of Cash Flows

For the Period 1st July 2012 to 31st December 2012

	Notes	Unaudited interim financial statements 1st Jul 12 to 31st Dec 12	Audited annual financial statements 1st Jul 11 to 30th Jun 12	Unaudited interim financial statements 1st Jul 11 to 31st Dec 11
Cash flows from operating activities	17	(775,139)	(1,628,769)	(917,497)
Cash flows from investing activities				
Purchase of investments	7	(4,933,799)	(17,650,196)	(11,991,761)
Sale of investments	7	-	8,913,431	7,353,319
Interest and dividends received		674,358	588,868	251,825
Loan finance provided	10	-	(876,672)	(876,672)
Loan finance repaid	10	100,000	552,388	552,388
		(4,159,441)	(8,472,181)	(4,710,901)
Cash flows from financing activities				
Dividends paid to equity shareholders	5	(1,068,936)	(7,735,720)	(7,735,720)
Net decrease in cash and cash equivalents		(6,003,516)	(17,836,670)	(13,364,118)
Effects from changes in exchange rates on cash and cash equivalents		5,483	(747,122)	(748,282)
Cash and cash equivalents at beginning of the period/year		15,217,724	33,801,516	33,801,516
Cash and cash equivalents at end of the period/year	**9**	**9,219,691**	**15,217,724**	**19,689,116**

(The notes on pages 12 to 48 form part of these financial statements)

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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

The unaudited interim financial information included in the half-year report for the six months ended 31st December 2012, has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". It does not include all of the information required for full annual financial statements. The half-year report should be read in conjunction with the annual report and audited financial statements for the year ended 30th June 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The extra column of comparatives for the half-year ended 31st December 2011 in the statement of financial position is an AIM requirement, and notes to these accounts are not required. 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 period

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 period 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 as 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.

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.

The Directors have made an assessment of the potential impact of early adoption of all of the standards listed 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 periods 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 (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 IFRS 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

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus directly attributable transaction costs and are subsequently carried 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.

Financial liabilities

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

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.

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 entitle 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

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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 period. (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 period/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 period/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 a multiple of sales in line with market multiples. This metric has been discounted to reflect the company's non-listed status. The convertible unsecured loan stock is valued at cost.
- Hydrodec Group plc loan notes are valued at par.
- STX Services B.V. shares have been valued based on a multiple of profit after tax for the year plus the free cash on the balance sheet available for dividend.
- New Earth Recycling and Renewables (Infrastructure) Plc is valued at the most recent published monthly valuation published by the fund administrator.
- Terra Nova SAS shares are valued on a discounted cash flow basis.
- ECO Plastics Limited holding is valued based on a multiple of sales in line with market multiples

less net debt excluding the convertible unsecured loan stock. This metric has been discounted to reflect the company's non-listed status. The resulting value has then been passed through the company's cash waterfall, with the CULS treated as if converted.

- Lumicity Limited shares are valued based on the current value of its near-term pipeline plus its cash and debtors. The loan notes are valued at par.
- Tamar Energy Limited shares are valued at cost.
- Ignis Biomas Limited shares, loan notes and convertible unsecured loan stock are valued at cost.
- Micropelt GmbH convertible unsecured loan stock is valued at cost less approximately 50%. Full provision has been made against the accrued interest.

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 Biomas Limited, 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 subsidiary Ignis Wick Limited:

- 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 Biomas Limited and Ignis Wick Limited were not consolidated in these financial statements as the Directors considered that these subsidiary companies are immaterial to the Group as a whole. Therefore in the opinion of the Directors, the Company has no material subsidiaries and consequently there is no requirement to present consolidated financial statements.

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) Segmental 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 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

	Period ended 31st Dec 12	Period ended 31st Dec 11
Performance fees payable	£ nil	£ nil

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 period ended 31st December 2012 and year ended 30th June 2012.

20% of 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. In the addition to the above conditions, there is 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. Directors' Remuneration and Interests

	Period ended 31st Dec 12	Period ended 31st Dec 11
Directors' fees	79,722	80,000
Directors' expenses	4,742	1,347
	£ 84,464	**81,347**

The details of the Directors' remuneration is as follows:	Period ended 31st Dec 12	Period ended 31st Dec 11
J. Shakeshaft (Chairman)	30,000	30,000
D. Adamson	-	12,500
M. Christensen	12,500	12,500
S. Hansen	12,500	12,500
D. Pirouet	12,500	12,500
R. Green	12,222	-
	79,722	**80,000**

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 Period 1st July 2012 to 31st December 2012

31st December 2012	Ordinary Shares	Warrants	Manager Warrants
Directors			
J. Shakeshaft	115,445	-	-
M. Christensen	10,000	-	-
Investment Adviser and related principals			
Ludgate Investments Limited	664,000	-	-
J.N.B. Curtis	15,000	-	-
N. Pople	50,000	-	-
C. Sebag-Montefiore	-	-	-
B. Weil	-	-	-
Ocean Capital Investments BV *	5,839,798	-	-
Ocean Capital Holding II BV **	-	-	-
30th June 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.

* Ocean Capital Investments BV is a company in which G. Voskamp and J. Voskamp, both directors of Ludgate Investments Limited, each have a 50% shareholding.
** Ocean Capital Holding II BV is a company in which G. Voskamp and J. Voskamp, both directors of Ludgate Investments Limited, each have 20% and 80% shareholdings, respectively.

5. Dividends

	Period ended 31st Dec 12	Period ended 31st Dec 11
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 1.9 pence per share at a total cost of £1,068,936 on 10th August 2012 (for the six months ended 31st December 2011: an interim dividend of 1.75 pence per share was paid at a total cost of £984,546). No special dividend was paid during the period (for the six months ended 31st December 2011: 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:

	Period ended 31st Dec 12	Period ended 31st Dec 11
Total comprehensive income/(loss)	£ 1,997,329	£ (5,839,380)
	Number	Number
Weighted average number of equity shares for the purposes of basic earnings per share	56,259,784	56,259,784
Basic and diluted income/(loss) per equity share	£ 0.04	£ (0.10)

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

7. Financial Assets at Fair Value Through Profit or Loss

As noted above the Company has designated its investment holdings in cleantech companies at fair value through profit or loss. Financial assets are initially recognised on the Company's balance sheet at fair value when the Company becomes party to the contractual provisions of a given instrument and changes thereafter are recognised in the statement of comprehensive income.

Investments:	**31st Dec 12**	**30th June 12**
Opening cost of investments	38,209,522	28,460,639
Purchases/(disposals) during the period/year:		
Cost of Loan Notes converted into preference shares	1,301,635	-
New investments acquired	4,933,799	17,650,196
Conversion to preference shares	(1,301,635)	-
Conversion to loan	(3,000,000)	-
Investments sold	-	(7,901,313)
Closing cost of investments	**£40,143,321**	**£38,209,522**
Opening fair value of investments	29,179,682	24,170,394
Purchases/(disposals) during the period/year:	1,301,635	-
Cost of Loan Notes converted into preference shares	4,933,799	17,650,196
New investments acquired	(1,301,635)	-
Conversion to preference shares	(3,000,000)	-
Conversion to loan		(8,913,431)
Proceeds on disposal	-	
Fair value movement	1,625,411	(3,727,477)
Closing fair value of investments	32,738,892	29,179,682

Further details of the investments held can be found in note 21 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 31st December 2012 and 30th June 2012.

31st December 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Financial assets at fair value through profit or loss	**2,646,468**	**-**	**30,092,424**	**32,738,892**
Derivatives at fair value through profit or loss	**-**	**-**	**114,676**	**114,676**
30th June 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.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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).

The movement in Level 3 financial assets for the period ended 31st December 2012 and year ended 30th June 2012 by class of financial assets were as follows:

31st December 2012	**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	(28,491)	(2,286,813)	6,595,901	4,280,597
Purchases, sales, issuances, and settlements (net)	-	3,523,087	(1,589,289)	1,933,798
Closing balance	£114,676	£19,183,294	£10,909,130	£30,207,100
30th June 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 £1,320,591 (for the year ended 30th June 2012: £914,294). A decrease of 5% would have resulted in a decrease in value of £1,320,591 (for the year ended 30th June 2012: £914,294).

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

	31st Dec 12	30th Jun 12
Walker Crips Stockbrokers Limited	2,321,533	2,011,812
State Street (Jersey) Limited	30,092,424	26,883,738
Computer Share (Australia)	324,935	284,132
	£32,738,892	**£29,179,682**

8. Derivatives at Fair Value Through Profit or Loss

	31st Dec 12	30th Jun 12
Rapid Action Packaging Limited – 2,250 warrants (30th June 2012: 2,250)	**£114,676**	**£143,167**

The warrants have been valued using the Black Scholes Option Pricing Model.

9. Cash and Cash Equivalents

	31st Dec 12	30th Jun 12
Royal Bank of Scotland International - current account GBP	305,589	263,893
Royal Bank of Scotland International - current account EUR	255,697	17,928
Royal Bank of Scotland International - current account AUD	1	1
Walker Crips Stockbrokers Limited	21,545	21,554
Barclays – reserve account	-	189,668
Cash held on fixed term deposit:		
Fixed term deposits held with Barclays (GBP)	2,212,068	3,136,767
Fixed term deposits held with HSBC (GBP)	-	5,087,913
Fixed term deposits held with ABN AMRO (GBP)	190,963	-
Fixed term deposits held with Lloyds (GBP)	2,600,000	4,000,000
Fixed term deposits held with Royal Bank of Scotland International (GBP)	3,633,828	2,500,000
	£9,219,691	**£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 (30th June 2012: £nil). The Board of the Company have 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.

The cash held on the Reserve Account represents 20% of the performance fees earned by the Adviser to date. The balance on this account can 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.

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

Bank/Broker	**31st Dec 12**	**30th Jun 12**
Walker Crips Stockbrokers Limited	21,545	21,554
Royal Bank of Scotland International	4,195,115	2,781,822
Barclays	2,212,068	3,326,435
Lloyds	2,600,000	4,000,000
ABN AMRO	190,963	-
HSBC	-	5,087,913
	9,219,691	15,217,724

10. Loans Receivable

	31st Dec 12	**30th Jun 12**
Lumicity Ltd	650,000	484,685
Ignis Wick Limited	319,672	319,672
Hydrodec	3,000,000	-
	£3,969,672	£804,357
Non- current	3,000,000	-
Current	969,672	804,357

On 28th September 2010, the Company entered into an Investment Agreement with Lumicity Limited whereby the Company advanced an unsecured and interest free loan of £298,000 which was converted into 149,000 A Preference Shares on 18th August 2011.

On 18th August 2011, the Company purchased 125,000 additional Lumicity A Preference Shares and £750,000 unsecured Series B Loan Notes which bear interest of 10% (maximum of £3 million). On 21st December 2012, a partial payment of £100,000 was received by the Company. At 30th June 2012, a fair value provision of £265,315 was made against this loan, which accordingly had a fair value of £484,685. The provision was reversed during the current period.

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 and bears interest at 8% p.a. As at 31st December 2012, £319,672 (year ended 30th June 2012: £319,672) has been drawn.

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.

11. Trade and Other Receivables

	31st Dec 12	30th Jun 12
Fixed deposit interest receivable	1,268	39,668
Investment income receivable	512,618	394,350
Prepayments and other receivables	71,218	103,416
	£585,104	**£537,434**

12. Trade and Other Payables

	31st Dec 12	30th Jun 12
Directors' fees and expenses payable	19,066	18,056
Professional fees payable	49,225	51,039
Audit fees payable	4,750	16,500
Administration and accounts payable	30,000	25,000
Payable to Terra Nova	11,417	-
Other creditors	14,688	11,240
	£129,146	**£121,835**

All expenses are payable on presentation of an invoice.

13. Performance Fee Retention

	31st Dec 12	30th Jun 12
Retention of performance fees	**-**	**£190,033**

For further details please refer to note 3. The above figures include accrued interest as at period/ year end.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

14. Stated Capital Account

AUTHORISED:	31st Dec 12	30th Jun 12
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 manager warrants
Opening balance at 1st July 2012	56,259,784	6,683,775	1,285,250
Expired warrants	-	(6,683,775)	(1,285,250)
Closing balance at 31st December 2012	56,259,784	-	-
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

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 entitled 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.

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.

		31st Dec 12 Stated Capital	30th Jun 12 Stated Capital
Opening balance and closing balance		£57,566,436	£57,566,436

WARRANTS:		**31st Dec 12**	**30th Jun 12**
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 entitled 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 entitled the holder to subscribe for one share at a price of £1.75 until the Final Subscription Date of 31st October 2012.

Warrants could only be exercised during the 28 days following the date of publication of the Company's annual Audited 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 period 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, excluding bank interest, are generated from outside the Company's country of domicile.

Non-current assets
The Company has no non-current assets other than financial instruments.

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., Lumicity Limited, Ignis Biomass Limited 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 21 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.

The Company's overall interest rate risk is reviewed by the Board on at least a quarterly basis.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

Interest Rate Profile:	**31st December 2012**		
	Interest charging basis	**Effective interest rate**	**Amount**
Financial assets:			
Cash and cash equivalents	Fixed	0.43%	9,219,691
Financial assets at fair value though profit or loss:			
Unquoted securities	Fixed	8.00%	7,345,664
Unquoted securities	Fixed	12.00%	3,563,466
Quoted equities	Non-interest bearing	n/a	2,646,468
Unquoted equities	Non-interest bearing	n/a	19,183,294
Derivatives at fair value through profit or loss	Non-interest bearing	n/a	114,676
Loan receivable	Fixed	8%	3,319,672
Loan receivable	Fixed	10%	650,000
Trade and other receivables	Non-interest bearing	n/a	585,104
			£46,628,035
Financial liabilities:			
Trade and other payables	Non-interest bearing	n/a	129,146
			£129,146
Financial assets:			
Cash and cash equivalents	Fixed	1.47%	15,217,724
Financial assets at fair value though profit or loss:			
Unquoted securities	Fixed	8.00%	3,034,200
Unquoted securities	Fixed	12.00%	4,653,164
Unquoted securities	Fixed	6%	1,249,354
Quoted equities	Non-interest bearing	n/a	2,295,944
Unquoted equities	Non-interest bearing	n/a	17,947,020
Derivatives at fair value through profit or loss	Non-interest bearing	n/a	143,167
Loan receivable	Fixed	8.00%	319,672
Loan receivable	Fixed	10.00%	484,685
Trade and other receivables	Non-interest bearing	n/a	537,434
			£45,882,364
Financial liabilities:			
Trade and other payables	Non-interest bearing	n/a	121,835
Retention of performance fees	Floating	0.19%	190,033
			£311,868

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.

As disclosed above, the majority of the Company's financial assets and financial liabilities are non-interest bearing or fixed rate. During the period, the Company's interest income from fixed deposits was £40,070 (year ended 30th June 2012: £224,387) of which £1,268 (as at 30th June 2012: £39,668) is outstanding at the end of the period. Had interest rates been 50 basis points higher throughout the period the Company would have increased its profit by £46,098 (year ended 30th June 2012: decrease in loss by £76,089), with a corresponding decrease had interest rates been 50 basis points lower (year ended 30th June 2012: decrease in profit 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.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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

	31st Dec 12	30th Jun 12
Financial assets at fair value through profit or loss		
Unquoted equities and securities denominated in EUR	7,595,602	6,654,932
Quoted equities denominated in AUD	351,105	302,439
	£7,946,707	£6,957,371

	31st Dec 12	30th Jun 12
Cash and cash equivalents		
Cash and cash equivalents denominated in EUR	255,697	17,928
Cash and cash equivalents denominated in AUD	1	1
	£255,698	**£17,929**
Trade and other receivables:		
Trade receivables denominated in EUR	105,744	113,807
Trade and other payables:		
Trade payables denominated in EUR	£14,684	£3,259

Currency sensitivity

As at 31st December 2012 if GBP had strengthened against the EUR by 5%, with all other variables held constant, the profit for the period as per the statement of comprehensive income would have decreased and the net assets of the Company would have decreased by £202,357 (year ended 30th June 2012: increase in loss and decrease in net assets of £323,033). A 5% weakening of GBP against the EUR would have resulted in a increase in the profit for the period as per the statement of comprehensive income and an increase in net assets of the Company of £223,657 (year ended 30th June 2012: decrease in loss and increase in net assets of £357,036), with all other variables held constant.

As at 31st December 2012 if GBP had strengthened against the AUD by 5%, with all other variables held constant, the profit for the period as per the statement of comprehensive income would have decreased and the net assets of the Company would have decreased by £16,719 (year ended 30th June 2012: increase in loss and decrease in net assets of £14,402). A 5% weakening of GBP against the AUD would have resulted in a increase in the profit for the period as per the statement of comprehensive income and an increase in the net assets of the Company of £18,479 (year ended 30th June 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 period ended 31st December 2012 was a profit of £5,483 (year ended 30th June 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 1.233 as at 31st December 2012.

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:

	31st Dec 12	30th Jun 12
Financial assets at fair value through profit or loss	**percentage of net assets**	**percentage of net assets**
Equity investments:		
Quoted	5.69%	5.04%
Unquoted	41.26%	39.38%
Debt investments:		
Unquoted	23.46%	19.61%

Market price risk sensitivity

7.01% of the Company's investment assets are listed on European stock exchanges (year ended 30th June 2012: 6.83%). 1.07% of the Company's investments are listed on the Australian stock exchange (year ended 30th June 2012: 1.04%). A 10% increase in stock prices as at 31st December 2012 would have increased the profit for the period and would have increased the net assets of the Company by £264,647 (year ended 30th June 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.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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 reporting date the Company's financial assets exposed to credit risk amounted to the following:

	31st Dec 12	30th Jun 12
Preference share holdings	2,813,649	301,677
Unquoted securities	10,909,130	8,936,718
Loans receivable	3,969,672	804,357
Trade and other receivables	585,104	537,434
Cash and cash equivalents	9,219,691	15,217,724
Total financial assets exposed to credit risk	£27,497,246	£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 Poors, Moody's, or Fitch of AA- 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:

	31st Dec 12	30th Jun 12
Cleantech industries	66.47%	41.01%
Banks/financial services	33.53%	58.99%

All of the Company's financial assets exposed to credit risk which were held at the balance sheet date are European, except for 1.07% holding in Australia.

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:

	31st Dec 12	**30th Jun 12**
Investment in cleantech industries	100.00%	100.00%
Geographical area – Holland	11.28%	10.03%
Geographical area – France	8.59%	5.32%
Geographical area - UK	75.73%	76.14%
Geographical area - Australia	1.07%	1.04%
Geographical area - Germany	3.33%	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.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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.

	31st Dec 12		30th Jun 12	
	Within one year £	**One to five years £**	**Within one year £**	**One to five years £**
Financial assets:				
Cash and cash equivalents	9,219,691	-	15,217,724	-
Financial assets at fair value through profit or loss	-	32,738,892	-	29,179,682
Derivatives at fair value through profit or loss	114,676	-	143,167	-
Loans receivable	3,969,672	-	804,357	-
Trade and other receivables	585,104	-	537,434	-
	13,889,143	**32,738,892**	**16,702,682**	**29,179,682**
Financial liabilities:				
Trade and other payables	129,146	-	121,835	-
Retention of performance fee	-	-	-	190,033
	129,146	-	121,835	190,033

Financial instruments by category

Category in accordance with IAS 39	Carrying amount £	Amounts recognised in balance sheet according to IAS 39 Amortised Cost £	Fair value recognised in profit or loss £	Fair value £
At 31st December 2012:				
Loans and receivables	13,774,467	13,774,467	-	13,774,467
Fair value through profit or loss	32,853,568	-	32,853,568	32,853,568
Other liabilities	129,146	129,146	-	129,146
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 £**
31st December 2012:			
Gain on financial assets and derivatives at fair value through profit or loss		1,596,920	-
Investment income	40,070	792,426	-
Foreign exchange gain	5,483	-	-
	45,553	**2,389,346**	**-**
31st December 2011:			
Loss on financial assets and derivatives at fair value through profit or loss	-	(4,540,739)	-
Interest income	132,381	385,713	-
Foreign exchange loss	(748,282)	-	-
	(615,901)	**(4,155,026)**	**-**

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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

	Period ended 31st Dec 12	Period ended 31st Dec 11
Total comprehensive income/(loss)	1,997,329	(5,839,380)
Adjustments for:		
(Gain)/loss on financial assets and derivatives at fair value through profit or loss	(1,596,920)	4,540,739
Movement on foreign exchange: cash and cash equivalents	(5,483)	748,282
Interest and dividends on investments	(792,426)	(385,713)
Reversal of provision against loan receivable	(265,315)	-
Provision against loan receivable	-	47,500
Decrease in trade and other receivables	70,398	10,197
Increase/(decrease) in trade and other payables	7,311	(40,461)
(Decrease)/increase in retention of performance fees	(190,033)	1,339
CASH FLOW FROM OPERATIONS	**£(775,139)**	**£(917,497)**

NON-CASH MOVEMENTS	**31st Dec 12**	**30th Jun 12**
Conversion of Loan Notes to Preference Shares	1,301,635	-
Conversion of Loan Notes to Loan	3,000,000	-
	£4,301,635	**-**

18. Related Party Disclosure

Directors' remuneration and expenses payable for the period ended 31st December 2012 are disclosed in note 4 and note 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 Investment Advisory Agreement up until 21st December 2012, 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.

During the period the Adviser's fee was £450,922 (period ended 31st December 2011: £578,069). No accrued Adviser's fees were outstanding as at the period end (year ended 30th June 2012: £ nil). During the period the Adviser's expenses were £nil (period ended 31st December 2011: £2,669).

No placing fees were paid to LIL by the Company during the period (period ended 31st December 2011: £ nil). Such fees are charged on normal commercial terms.

Under the terms of the Investment Adviser's 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. The performance fee is dependent on the Company's performance and amounted to £nil for the period ended 31st December 2012 (period ended 31st December 2011: £ nil). Further details are disclosed in note 3.

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.

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 period ended 31st December 2012, LIL provided directors fee services to certain portfolio companies. The total paid by portfolio companies for various corporate services to LIL for the period ended 31st December 2012 was £53,427 (period ended 31st December 2011: £36,460). Out of this sum, LIL reimbursed the Company £nil (year ended 30th June 2012: £89,793).

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

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.

20. 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:

AS AT 31ST DECEMBER 2012	Ordinary shares held	Percentage shareholding
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%
State Street Nominees Limited	2,159,000	3.84%

AS AT 30TH JUNE 2012	Ordinary shares held	Percentage shareholding
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%

21. Investments

	31st Dec 12 Cost	31st Dec 12 Fair value	30th Jun 12 Cost	30th Jun 12 Fair value
Quoted equity securities:				
Hydrodec Group plc Ordinary Shares	3,498,417	1,663,263	3,498,417	1,455,355
Renewable Energy Generation Ordinary shares	720,241	437,100	720,241	423,150
Phoslock Water Solutions Limited Ordinary shares	443,713	351,105	443,713	302,439
Hightex Group plc Ordinary Shares	730,000	195,000	730,000	115,000
Total quoted equities:	**5,392,371**	**2,646,468**	**5,392,371**	**2,295,944**
Unquoted equities:				
STX Services B.V. Ordinary Shares	917,068	3,693,143	917,068	2,925,393
Rapid Action Packaging Limited Ordinary Shares	5,035,903	5,137,440	5,035,903	5,129,548
Emergya Wind Technologies B.V. Preference Shares	4,471,385	-	4,471,385	-
Terra Nova SAS Preference Shares	5,291,670	2,813,649	2,688,582	301,677
New Earth Recycling & Renewables (Infrastructure) plc	2,941,344	3,471,179	2,941,344	3,165,924
Lumicity Limited Class A Preference Shares	548,000	897,610	548,000	-
ECO Plastics Limited Ordinary Shares	5,000,059	-	5,000,059	4,174,198
Tamar Energy Limited Ordinary Shares	2,170,000	2,170,000	1,750,000	1,750,000
Ignis Biomas Limited Ordinary Shares	1,000,000	1,000,000	500,000	500,000
Micropelt Ordinary Shares	-	273	-	280
Total unquoted equities:	**27,375,429**	**19,183,294**	**23,852,341**	**17,947,020**
Unquoted securities:				
Hydrodec Group plc 8% Convertible Bonds	-	-	3,000,000	3,034,200
Rapid Action Packaging Limited 12% Convertible Loan Notes	2,474,656	2,474,656	2,474,656	2,474,656
Micropelt GmbH 12% CULS	2,188,519	1,088,810	2,188,519	2,178,508
Ignis Biomas Limited Unsecured Convertible Notes 2017	1,850,000	1,850,000	-	-
ECO Plastics Limited Loan Notes	862,346	5,495,664	-	-
Terra Nova SAS 6% Convertible Loan Notes	-	-	1,301,635	1,249,354
Total unquoted securities:	**7,375,521**	**10,909,130**	**8,964,810**	**8,936,718**
Total investments:	**40,143,321**	**32,738,892**	**38,209,522**	**29,179,682**

*For ECO Plastics Limited, the shares and loan notes 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.

Notes to the Financial Statements

For the Period 1st July 2012 to 31st December 2012

22. Commitments

As at the Balance Sheet Date, the Company had outstanding commitments of £5,553,275 million to make further investments into Tamar and ECO Plastics, of which £nil million has subsequently been drawn down.

www.ludgateenvironmental.com

For further information contact:

Ludgate Environmental Fund:	
Chairman, John Shakeshaft	+44 (0)1534 609 034
Ludgate Investments Limited:	
Bill Weil	+44 (0)20 3478 1000
NOMAD - PricewaterhouseCoopers LLP:	
Chris Clarke	+44 (0)20 7213 8898
Panmure Gordon (UK) Limited:	
Paul Fincham	+44 (0)20 7886 2713