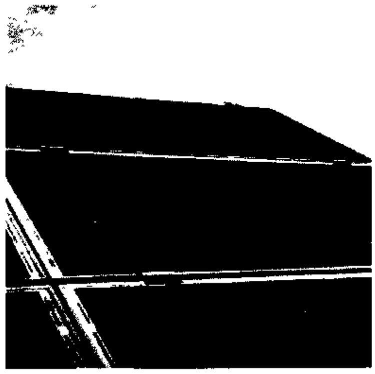
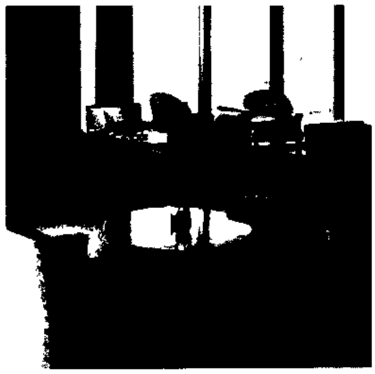
Fern Annual report and Accounts 2017

Registered No 06447318

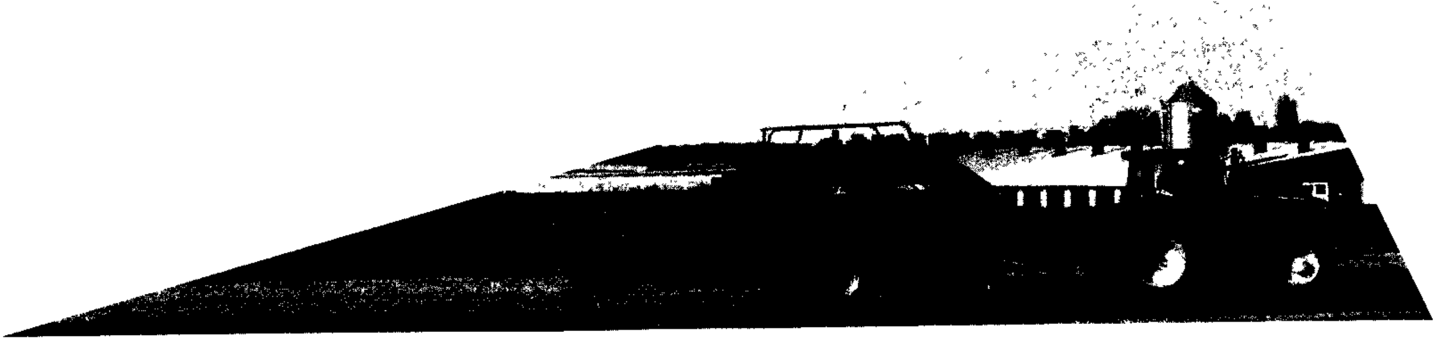




Because investing in a sustainable future makes economic sense.

FERN TRADING

The Annual Report contains forward-looking statements
For further information see inside back cover



1 | OVERVIEW

Creating value for all stakeholders while making a difference

Revenue

£293m

2017	£293m
2016	£226m
2015	£129m

Net debt/(cash)*

£596m

2017	£596m
2016	£580m
2015	£(84)m

EBITDA

£95m

2017	£95m
2016	£47m
2015	£46m

Share price*

143p

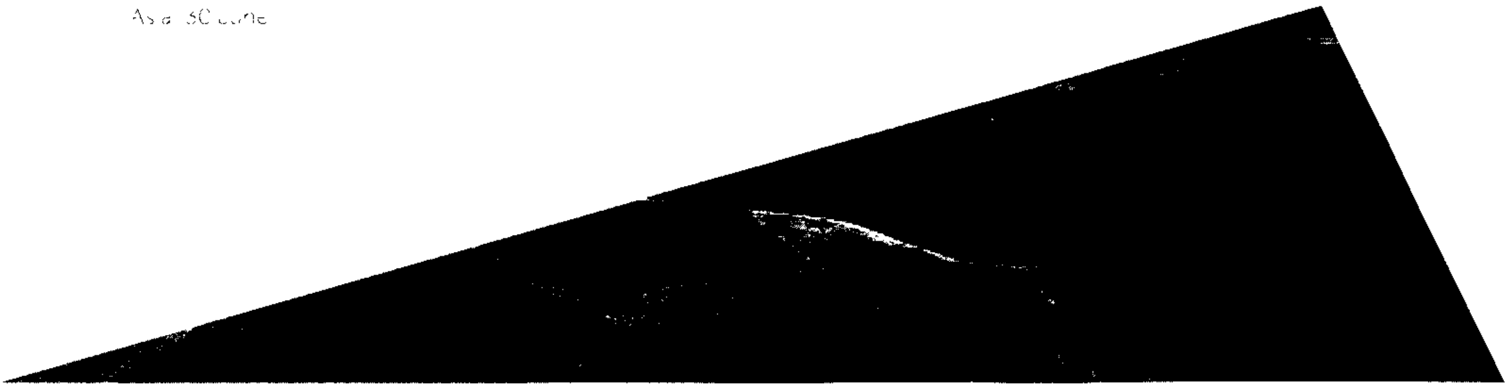
2017	143.0p
2016	135.5p
2015	130.5p

Net assets*

£1.42bn

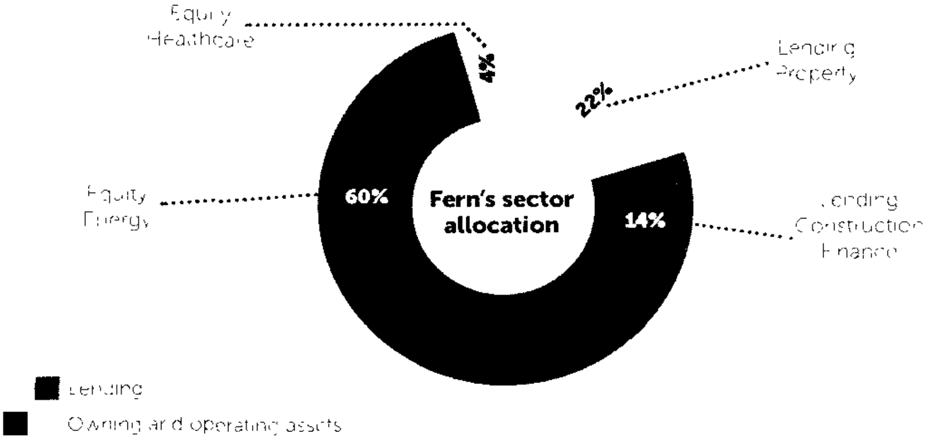
2017	£1.42bn
2016	£1.28bn
2015	£1.16bn

* As at 30 June



1 | OVERVIEW

Fern's business lines



Owning and operating assets

Energy

Fern owns and operates
164 solar energy sites
24 landfill gas sites
5 biomass plants
5 windfarms (2 joint ventures)
3 reserve power plants

Healthcare

Fern owns a retirement village developer and operator called Rangeford which currently has three sites under development.

Lending

Property

Fern has lent more than **£1.1b** across more than **1,300** short-term loans. Fern has over **215** live property loans.

Construction Finance

Fern has provided more than **£900m** of construction finance to build energy sites and has provided more than **£200m** of construction finance to build retirement living communities, care homes and hospitals.

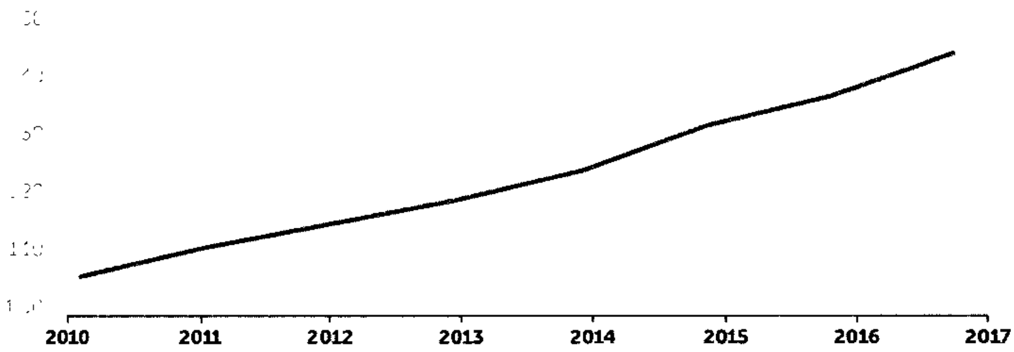
The solar sites owned by Fern generate more than 740 Giga Watt hours (GWh) every year. That's enough energy to power every home in Bristol.

If laid end to end, our solar panels would stretch from London to New York.

1| OVERVIEW

Fern's share price has performed in line with targets

Share price growth since inception – Fern Trading Limited



Performance is calculated based on the sale price for Fern's shares at 2 June each year

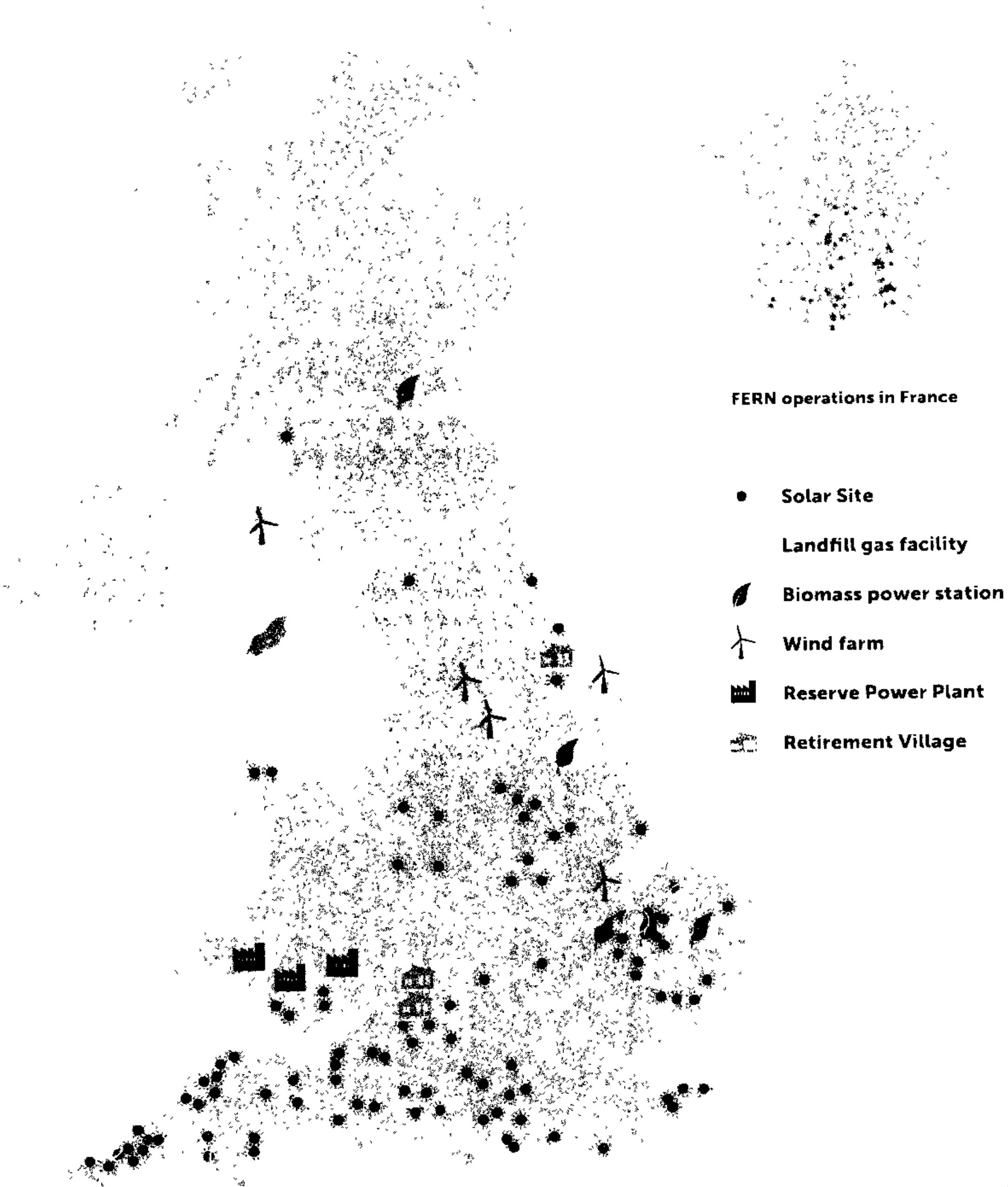
Annual discrete performance

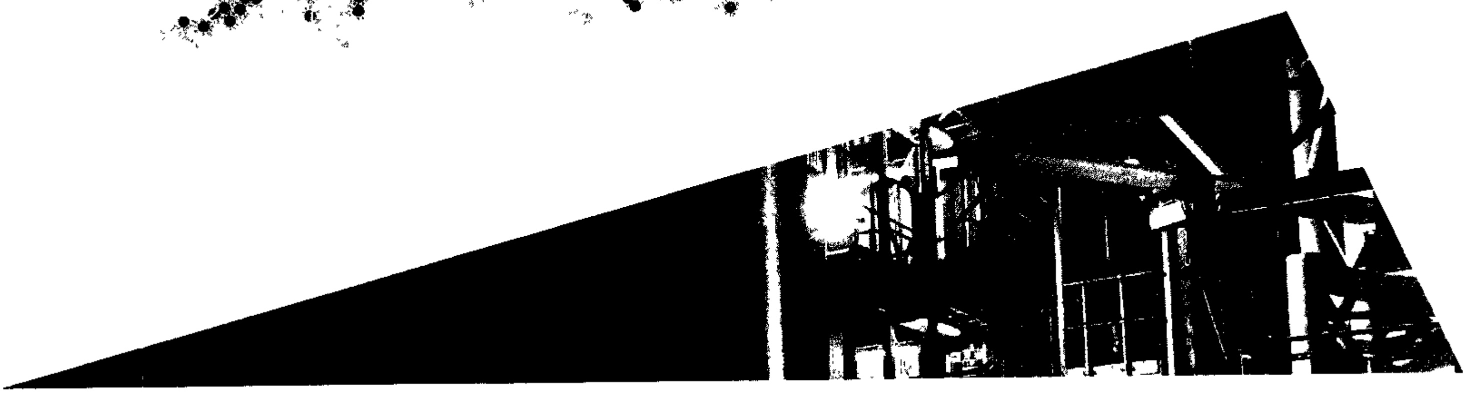
Financial Year	Discrete share price performance
June 2016–17	**5.55%**
June 2015–16	**3.83%**
June 2014–15	**4.00%**
June 2013–14	**3.73%**
June 2012–13	**3.98%**
June 2011–12	**4.10%**
June 2010–11	**4.21%**

Source: Octopus Investments, 2 June 201

1| OVERVIEW

Where Fern operates





2| STRATEGIC REPORT

Chief Executive's Review

Background

The Fern Group (Fern) has grown to over 250 companies in only seven years by focussing on operating in sectors that are making a valuable contribution for the long term. We currently achieve this in three ways:

- Helping the UK to meet its targets for renewable energy production
- Helping to free up the UK housing stock for redevelopment
- Helping address the rising care needs of an ageing population

Our involvement in these areas is driven by our financial objectives of:

- Delivering sustainable growth
- Maintaining high quality assets
- Managing liquidity

Over the last year I am delighted with the good progress we have made against this strategic mandate which has resulted in over 5.5% growth in the Group's share price.

These strategic priorities are in line with those of our shareholders' objectives and I remain committed to ensuring that these straightforward objectives remain at the forefront of the minds of all those associated with Fern.

Progress in the year

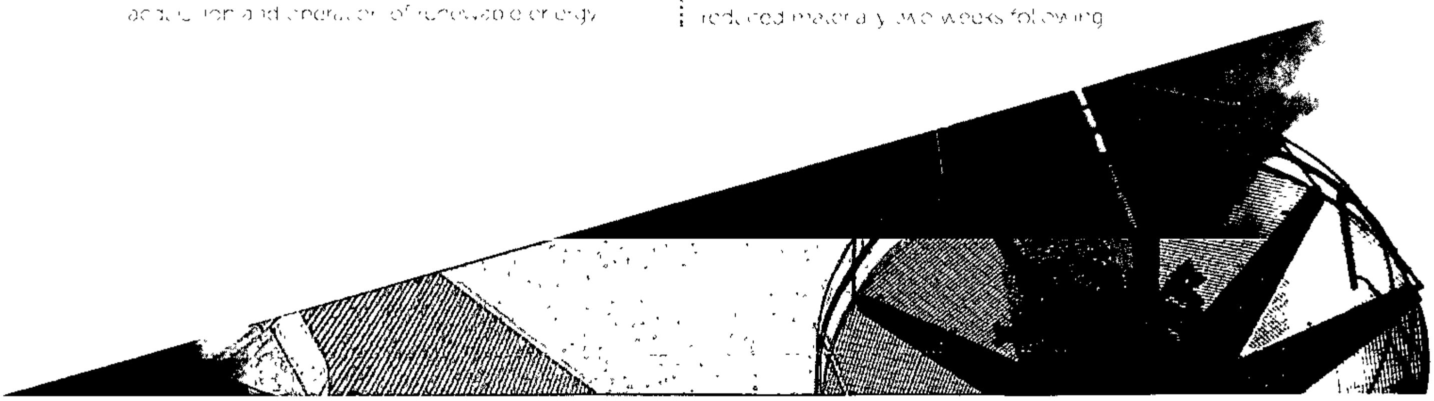
Over the last 3 years, driven by our pursuit of sustainable growth, we have evolved and diversified the operations of Fern from a business with a focus on lending to a position where 65% of its operations now involve the ownership and operation of assets. I believe this better aligns the business to the medium to long term outlook of our shareholders.

During this financial year we have continued to pursue growth in our underlying value per share by maintaining a diversified strategy encompassing the acquisition and operation of renewable energy facilities, the acquisition and management of a retirement village developer and operator and a variety of specialist lending activities. These specialist lending activities include construction loans for healthcare, energy facilities and short and medium term property lending. Acquisitions during the year included institutional grade commercial solar energy production sites, a reserve power plant (to help the national grid balance supply and demand of electricity), an on-shore wind farm and a retirement village development and operator.

Over the last year I am delighted with the good progress we have made against this strategic mandate which has resulted in over **5.5%** growth in the Group's share price

In addition to this, we built and sold a number of solar sites. The process here is to acquire sites when they are 'shovel ready' (i.e. land with a long leasehold and the relevant grid and planning consents) and then undertake the construction of the solar site with the intention of selling once operational. This strategy has been in place for some time, but only now are we seeing those sales occur and the strategy has proved attractive.

The proceeds from these sales were used after the end of the financial year to fund part of the purchase of four established on-shore UK wind farms, all with proven abilities to deliver attractive returns. The unintended consequence of the timing of the sale and purchase was that there was a large amount of cash in the business at the year end that was used to acquire the wind farm assets on 14th July 2017, two weeks after the year end. This explains the unusually high cash position at the year end, which was reduced materially two weeks following.



2| STRATEGIC REPORT

Chief Executive's Review

Fern currently operates in three sectors - renewable energy, property and healthcare. I will briefly outline our strategy in each of these sectors:

Energy

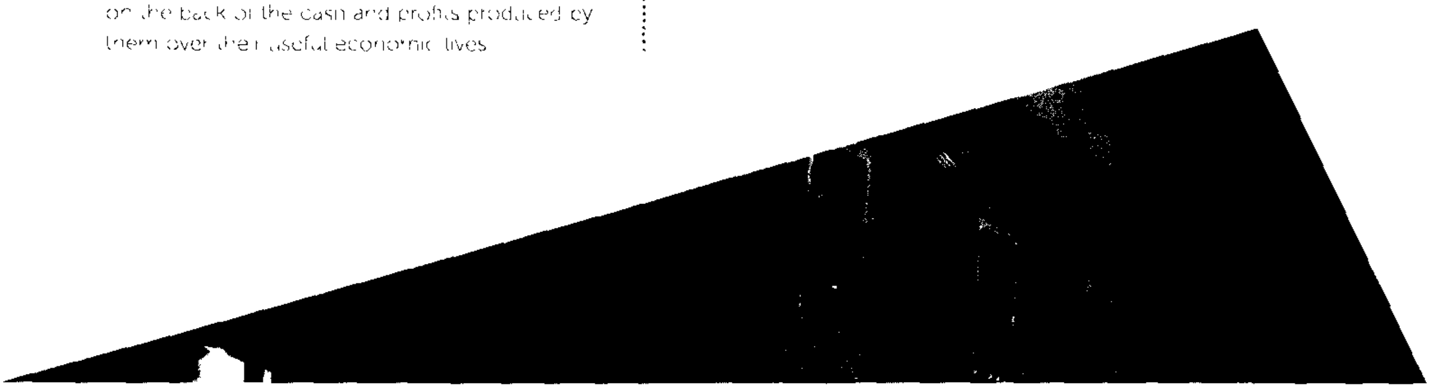
We have been involved in this sector for a number of years initially as a lender into the construction of renewable energy assets such as solar farms but also latterly we have diversified into biomass plants, wind farms, reserve power and landfill gas sites. As we have become more familiar with the sector and as individual projects have moved from early construction to being operational, we have begun to own and operate more of these businesses resulting in renewable energy becoming a very significant part of our business. Consequently, we now have 250 Fern employees operating these sites on the ground as well as many more through the contracts we place to look after them.

The returns are modest but predictable, with around half of revenues coming in the form of long term government backed subsidies, and the maintenance costs are relatively easy to predict. We have huge experience in this sector and own the largest commercial scale portfolio of ground mounted Renewable Obligation Certificate (ROC - the government backed subsidy) solar sites in the UK. This expertise enables us to maintain these assets to optimise their generating performance and manage the commercial aspects of managing an electricity generating plant to optimise profits for Fern.

The other part of the revenue stream is the price at which we sell our generated electricity, and we use industry leading consultants to help us predict and value this long term income stream. Our model takes into account the depreciation charge that comes with owning assets with a fixed life and ensures that we both make a return on the capital and derive the cash to redeploy in future projects. So, while some of these solar sites will be worth nothing in 25 years, Fern will be a bigger business on the back of the cash and profits produced by them over their useful economic lives.

Property

We provide loans at sensible loan to value ratios of up to 70% (the average is significantly lower), and we take security over the property just as a mortgage lender would. These are typically short term (average loan life is < 3 years) buy to let or bridging loans or smaller scale single site development or commercial loans. Our lending business is diversified and we typically have more than 200 loans on our books at any one time. We pitch our loan to value ratio at a level that is consistent with the balance of risk and reward which our shareholders have deemed appropriate.



2 | STRATEGIC REPORT

Chief Executive's Review

Healthcare

We provide construction finance to a number of specialist healthcare developers who are focused on building critical modern health care infrastructure in areas such as care homes, retirement villages, private hospitals and special educational needs schools. We also now own and operate a company that specialises in developing retirement villages that we initially provided construction lending to. This business is Rangeford, which has three sites in England ranging from early stage development to fully operational villages, and has developed a concept for people aged over 60 where they can live long and healthy lives in attractive surroundings with a wide range of leisure activities on their doorstep.

The move here was so easy, thanks to the Wadswick Green team

Jean Raper, resident Wadswick Green, Rangeford

Whilst sustainable growth is at the core of everything we do, without taking some calculated commercial risk we would not be able to make a return for our shareholders. We therefore do lend to businesses that may not have been able to secure financing from traditional sources, either because they lack the requisite track record in the industry or their business model does not fit neatly into one of the well established investment sectors.

It is also worth noting that the current balance of business areas has developed over the years and is likely to develop further as the Group grows. While these areas meet the objectives of our shareholders currently, if that ceases to be the case we could transition to others. This is not to signal any huge departure from these sectors or indeed involvement in any new areas but it is important to make our philosophy very clear as I believe it protects the interests of all our shareholders and avoids the creation of [illegible] secret to us.

The outlook

I think it is helpful to share our view of the potential effect of any changes in the external environment on our businesses.

For our lending business, there is the potential that property prices growth will slow but due to the sensible loan to value ratios we adopt, the short term nature of our loans and our avoidance of the high end London property market, any price drop would have to be dramatic and quick to affect us.

Our view on longer term interest rates is that they will remain broadly flat. Nonetheless, we actively seek protection against such moves through the use of interest rate swaps on our borrowing facilities and issuing loans on fixed rate terms. Our exposure to fluctuations in interest rates is broadly neutral.

In our healthcare business we are regulated from a care perspective but we believe that we are unlikely to see any legislative change that would fundamentally alter the economics of the businesses we lend to, or in the case of Rangeford, operate.

A proportion of the revenues from our renewable energy business come from government subsidies on 20 or 25 year contracts, which we believe are unlikely to be modified. The other income stream is from the sale of electricity on the open market using the wholesale energy prices largely driven by the wholesale gas price in dollars. We use industry standard consultants to produce external forecasts of the price over the coming decades but these forecasts by their sheer nature are never entirely accurate. Dependant on the level of variance between the actual and forecast price, this could have an impact on our revenues and therefore the underlying net asset value.

We do not believe that Brexit will disproportionately affect our businesses.

Overall, due to the sectors we have actively chosen and the risk profile we adopt, there is nothing in the macro economic environment that gives us significant cause for concern.

2| STRATEGIC REPORT

Chief Executive's Review

Making a difference

At Fern, we aspire to and are excited about working in sectors, such as renewable energy and healthcare infrastructure, where we can make a positive difference to the lives of UK residents. Furthermore we have found that our approach has a real resonance for our shareholders, who are proud of being part of the development of the UK economy in these fields.

Our employees

Fern employs more than 350 people across its businesses, and provides employment for many more people indirectly through the contracts it places.

I would like to highlight two groups of people for special mention.

Firstly, the employees of Rangeford who provide unstinting care to our residents in our retirement village near Bath. We receive numerous letters praising our staff from residents and their families alike. The Board and I are extremely grateful to the Rangeford employees for maintaining their dedication and care during a period of growth and development.

> Living here feels like a holiday. A holiday for life.
>
> **Mr & Mrs Watson, resident Wadswick Green, Rangeford**

Secondly, in May 2016, a team led by Melton Renewable Energy PLC (MRE's) Operations Director Glyn Andrew, undertook a year of trials at Eye Power Station (a plant that takes waste and turns it into electricity) to validate and test its ability to significantly change its fuel mix to incorporate 50% waste wood. The test criteria included fuel feed performance, emissions, combustion, health and safety and environmental performance.

The rationale for the change was to reduce fuel costs and thereby improve financial performance whilst improving fuel feed diversity. The trial was a success, and in July 2017 the engineering project was installed and completed. The project achieved all its goals and has delivered an estimated annual EBITDA improvement of £1m with significantly improved fuel flexibility. A fantastic achievement by Glyn and his team.

Current trading

We are pleased with the progress we have made in the first four months of the current financial year with the integration of Rangeford and the four onshore wind farms purchased at the start of the new financial year having progressed well. We remain focussed on the delivery of the strategic objectives through our successful involvement in the three sectors in which we currently operate and are confident that the business will continue to create steady long term value for its shareholders.

The current year will be one predominantly of organic growth within the sectors outlined above while gently testing out one or two new potential areas to become involved in.

Paul Latham
Chief Executive Officer

2 | STRATEGIC REPORT

Our strategy

Delivering sustainable growth + **Maintaining high quality assets** + **Managing liquidity**

Energy	Property lending	Healthcare
We own and operate energy sites as well as providing construction financing to new site developments	We lend against property primarily on a short term basis with loan to value levels up to 70%	We provide construction finance to healthcare providers and own and operate a retirement village business
Helping the UK to meets its targets for renewable energy production	Helping free up the UK housing stock for redevelopment	Helping address the housing and care needs of an ageing population

2 | STRATEGIC REPORT

Operational strategy in action

Rangeford Wadswick Green Retirement Village

Fern owns the Rangeford group which specialises in creating a high quality of living for people aged over 60. It builds contemporary retirement villages in which people can live long and healthy lives in attractive surroundings with a wide range of leisure activities on their doorstep. Once a site is complete Rangeford sells apartments to residents to live in and continues to manage the day-to-day activities of the retirement village. Rangeford currently has three retirement villages in various stages of development. The villages at Wadswick Green near Bath and Pickering in Yorkshire have residents after completing the first phase of construction while the rest of both villages continues to be built. The village at Cirencester in the Cotswolds is in the planning stage. In this section, we focus on Wadswick Green to illustrate how the villages operate.

Location

Wadswick Green Retirement Village is a 25 acre site in Corsham, Wiltshire. It is located in a semi-rural setting and is 7 miles from Bath. Formerly a Royal Navy training college where the Duke of Edinburgh spent time as an instructor, the site had been abandoned since 1995 before it was acquired by Rangeford twenty years later.

Design

The village is designed like a resort with the *majority of the apartments in clusters arranged* around a central facility that forms the hub of the community. These courtyard apartments are a mixture of contemporary designed 1 to 3 bedroom apartments which are separated from the central facility to promote a feeling of independence.

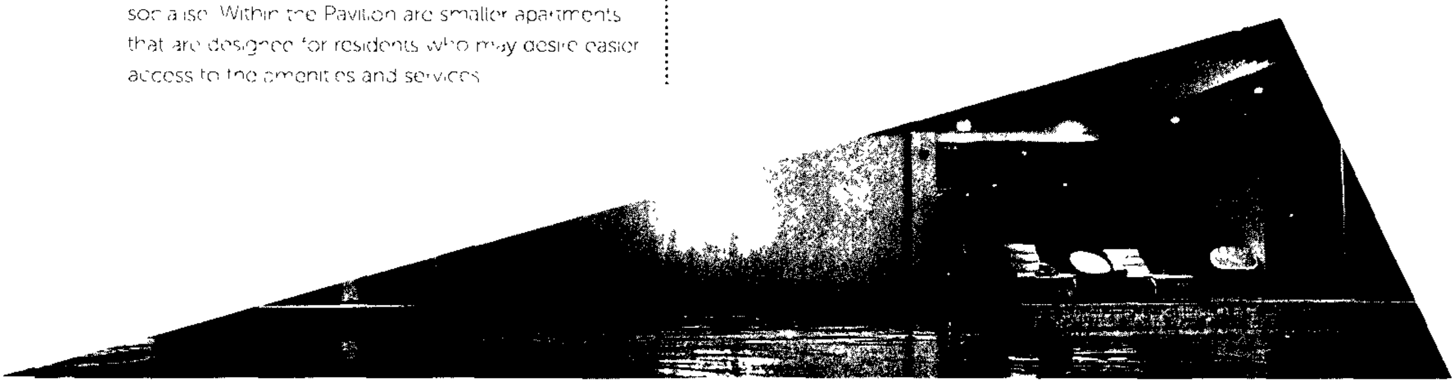
The central building, known as the Pavilion, contains a restaurant and bar/lounge, spa, gym, pool and salon. In addition to this there are gardens and courtyards surrounding the building giving the residents a number of areas where they can relax and socialise. Within the Pavilion are smaller apartments that are designed for residents who may desire easier access to the amenities and services.

Development

The village has been open since April 2015 when the first of the 86 courtyard apartments was released to the public. The Pavilion was completed in November 2015 which is when the restaurant and spa opened and the 26 smaller apartments became available. As at the end of June 2017 all but 4 of the courtyard apartments have been sold and 20 of the Pavilion apartments are available with a total of 127 residents currently living in the village. Rangeford are building 45 more courtyard apartments which are expected to be completed in August 2018 and plan to build a further 90 in the future. They also intend to expand the Pavilion *which would add additional facilities and may* include more Pavilion styled apartments.

People

Wadswick Green currently employs 56 staff who provide the services to the residents, which include a dedicated and highly qualified domiciliary care team, a personal trainer, restaurant and bar staff, spa therapists, chauffeurs, and maintenance and back office personnel. These people take care of the needs of the residents including helping them move in, drive them to local towns (or even around the village) and organising events in the village for the residents to enjoy. The restaurant serves over 800 meals a week and the care staff provide an average of 20 hours of care to the residents a day.



2 | STRATEGIC REPORT

Operational strategy in action

Solar Energy Pitchford Solar Farm

[illegible] is the largest investor in commercial scale solar energy installations in the UK and the installed capacity of our farms is in excess of 740 Giga Watts Hours (GWh). These solar farms produce a similar amount of energy each year as is consumed by a town the size of Bristol. In this section we focus on Pitchford Solar Farm to illustrate how our solar energy investments operate.

Background

The site consists of over [illegible] solar panels. These panels are made up of solar cells containing photovoltaic material able to convert energy from the sun into a flow of electrons and electric power. This power is then sold via a Power Purchase Agreement to an electricity supply company and sold on to consumers.

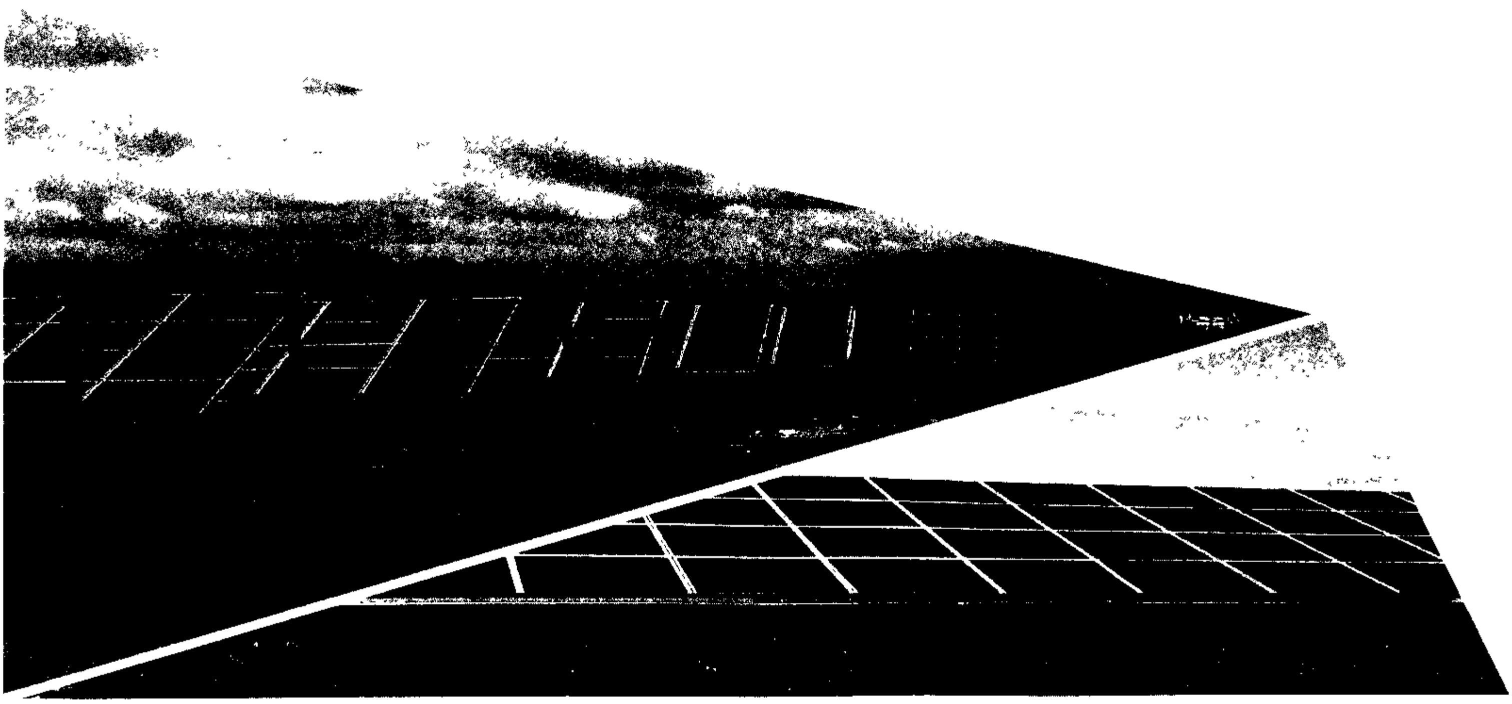
Our return on investment

Through the UK government backed Renewable Obligation Certificates (ROC) mechanism, the solar farm received a 1.4 ROC accreditation meaning guaranteed long term revenue streams (1.4x the ROC price) on top of the normal revenue from electricity sales. This long term revenue predictability coupled with increasing demand for electricity made this an attractive proposition for [illegible].

Pitchford generated £2.2m of revenue for the year with an EBITDA of £1.3m. After interest and depreciation the company made a small profit of £[illegible]k. Over the next five years, revenue is expected to increase by 15% and operating costs by 15% whereas depreciation is expected to stay constant and interest is expected to fall resulting in steadily increasing profits from the site.

Environmental benefit

The amount of electricity generation at Pitchford per annum is enough to power over 5,800 homes and enough to save around 10,000 tonnes of carbon emissions each year.



2| STRATEGIC REPORT

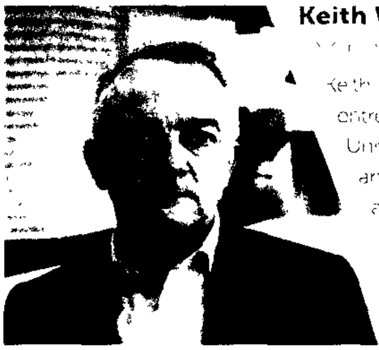
Directors

The experienced Board of Directors of the Fern Group (Fern) are responsible for determining the strategy of the business and for accounting for the company's business activities to shareholders. They have a set of complementary commercial, energy-sector related and strategic skills.

Paul Latham

Paul is chief executive of Fern and is responsible for the day to day running of the business. He is also a managing director of Octopus Investments, where he has worked since 2005. Octopus Investments is a key supplier of resource and expertise to Fern. Paul's dual role ensures that this relationship works effectively and always operates in the best interests of Ferns shareholders.

Paul has had various general management and internal consulting roles across a number of sectors and brings with him a wealth of industry and business experience.

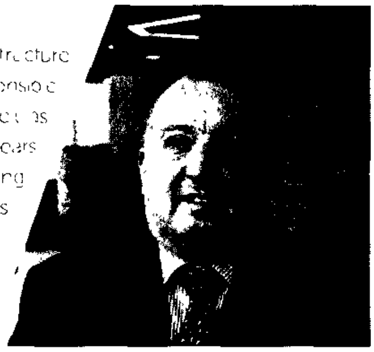


Keith Willey

Keith is an associate professor of strategic and international management and entrepreneurship at London Business School, as well as a senior lecturer at University College London. He also holds various non executive directorships and advisory roles of high growth and more mature companies. In his role as non executive chairman he is responsible for the effective operation of the Board as well as its governance.

He brings independent commercial experience gained from his time in academia, private equity investment, consulting, and various hands on operational roles to the Fern business.

Peter Barlow



Peter has almost 30 years' experience in international financing of infrastructure and energy. As a senior executive for International Power, Peter was responsible for arranging over USD$12bn of project and corporate funding as well as banking relationships and treasury activities. He has spent over 20 years working internationally for HSBC, Bank of America and Nomura, financing acquisitions and greenfield projects in the energy and infrastructure sectors.

This combination of Board level financing and energy experience over numerous energy sub sectors, and his all round knowledge of all the sectors in which Fern operates, adds significant value to the operation of the Board as well as its strategy formation and deployment.

2 | STRATEGIC REPORT

Key performance indicators

EBITDA
Fern's EBITDA has doubled in the last **3 years**

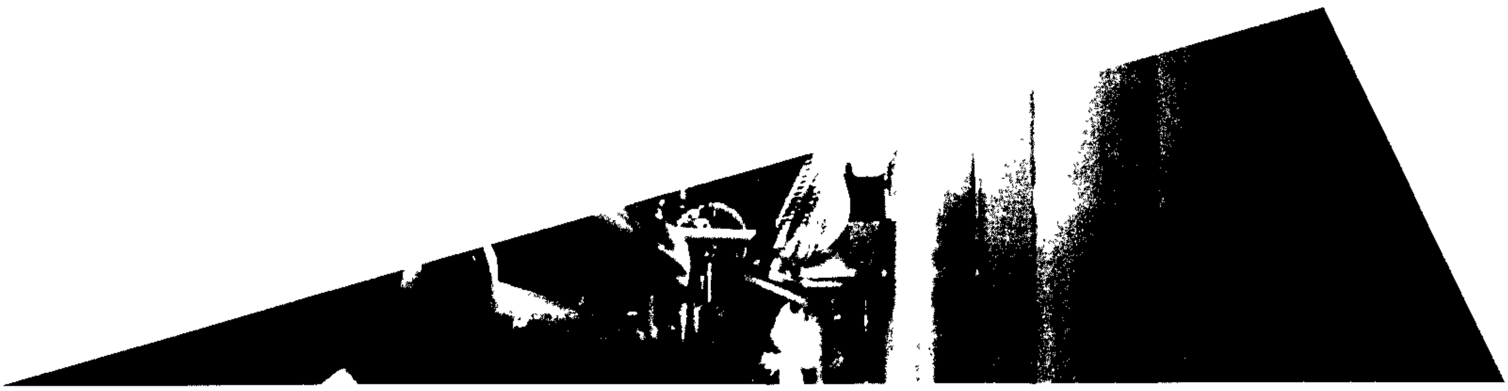
Carbon offsets
Fern's renewable energy sites' carbon saving in the year grew by **8.8%** to over **780,000** carbon tonnes

Energy generation
Fern's renewable energy assets produced enough energy to fuel **560,000** UK homes

Number of loans
Fern provides financing to over **245** borrowers in the UK

Number of employees
Fern's has grown by around **70** employees to a total of **331** during the year

Number of sites
Fern has over **200** renewable energy sites spread predominantly across the UK



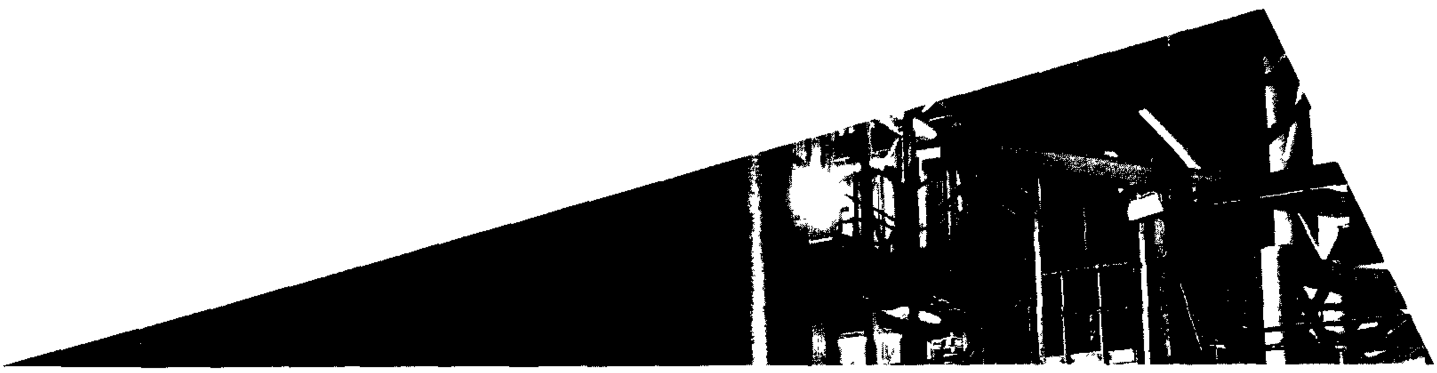
2 | STRATEGIC REPORT

Principal risks and uncertainties

Risk is present in all businesses and arises from the operations and strategic decisions made. The Group manages these risks by carrying out diversified activities, both by type of activity (ownership or lending) and by sector. Key risks that the Group are exposed to relate to energy prices, property prices and counterparty risk of borrowers. These risks are managed by thorough due diligence on acquisition targets, and on the value of the assets being lent against for new loans. The Directors manage cash flows by deploying capital across a combination of long term equity assets which provide predictable cash flows, as well as shorter term loans, which help to manage liquidity.

In the table below we present a description of the risk, the mitigation we undertake to reduce the potential impact of this risk and our assessment of whether the likelihood of the risk has increased, lowered, remained the same or is a new risk in the year.

Risks	Key mitigations	Change
Energy price risk: as an owner and lender to renewable energy assets, there is a risk that, once operational, the energy-generating assets fail to achieve the level of income forecast because of changes in energy prices or levels of inflation.	This is mitigated by government-backed off take agreements, such as the Renewable Obligation Certificate ("ROC") scheme, which underpin the revenue streams, and through thorough market, legal and technical diligence prior to the start of construction or during the acquisition process. The percentage of income covered by ROC subsidies is 59% (2016: 59%).	=
Political risk: because most of our renewable energy sites earn income under government backed off-take agreements, there is also an element of political risk impacting income.	The majority of the energy assets are in the UK which is generally considered to be a stable regulatory regime with no history of retrospective change to government backed incentives.	=
Operational risk: as an owner and lender to renewable energy assets, there is a risk that the operational performance of the sites does not match up with forecast expectations in terms of the production of electricity, whether due to unpredictable weather conditions and/or operational availability.	This risk is monitored on an ongoing basis, with operational strategy optimised to achieve maximum availability.	=
Credit risk (loans): The key risk faced by the Group in lending activities is the credit risk of its borrowers.	This is mitigated through solid underlying security, such as a charge over property or other security, which decreases the potential risk to the Group's capital. Lending at sustainable loan to values also helps to reduce this risk.	=



2 | STRATEGIC REPORT

Principal risks and uncertainties

Risks	Key mitigations	Change
Exposure to the property market (loans): the Group is a short term lender to the residential property market in the UK. To the extent that there is a deterioration in the level of house prices which affects the properties that the loans are secured against, there is a risk that the Group would not recoup its full exposure	This is mitigated by the short term nature of the loans and the conservative level of loan to value that the Group is prepared to lend at	=
Exposure to the property market (development): the Group acquired Rangeford during the year, a group which develops and operates retirement villages in the UK. To the extent that there is a deterioration in the level of house prices there is a risk that the Group would not recoup its full exposure	This is mitigated by good upfront due diligence and careful monitoring throughout the construction and sale process	NEW
Construction risk: the Group provides loans to various borrowers in the healthcare and energy sectors to construct new assets or renovate existing facilities. There is a risk that delays to construction or increased construction costs could impact on the borrowers' ability to repay the loan	This is mitigated by thorough due diligence prior to entering into the facility as well as ongoing monitoring of the construction progress and relevant covenants by the Manager. Provisions have been recognised against one part of the loan book during the year and therefore we have raised the level of risk. Management continue to monitor construction loans carefully	+
Financing risk: the majority of the Group's energy assets have project financing in place from commercial lenders, or in the case of MSF, a fixed rate bond. The external debt is secured at a floating rate, therefore there is a risk that interest rates could increase which would increase the interest payable by the Group	This is mitigated through the use of interest rate swaps at 80% (2016: 76%) of the debt. The Group also receives interest on a floating rate basis on a number of healthcare loans which to some extent offsets the Group's unhedged exposure to fluctuations in interest rates	=

2| STRATEGIC REPORT

Social responsibility

Through its current business mix the Group aims to make a valuable contribution for the long term and provide some benefits to society. We currently achieve this in three ways:

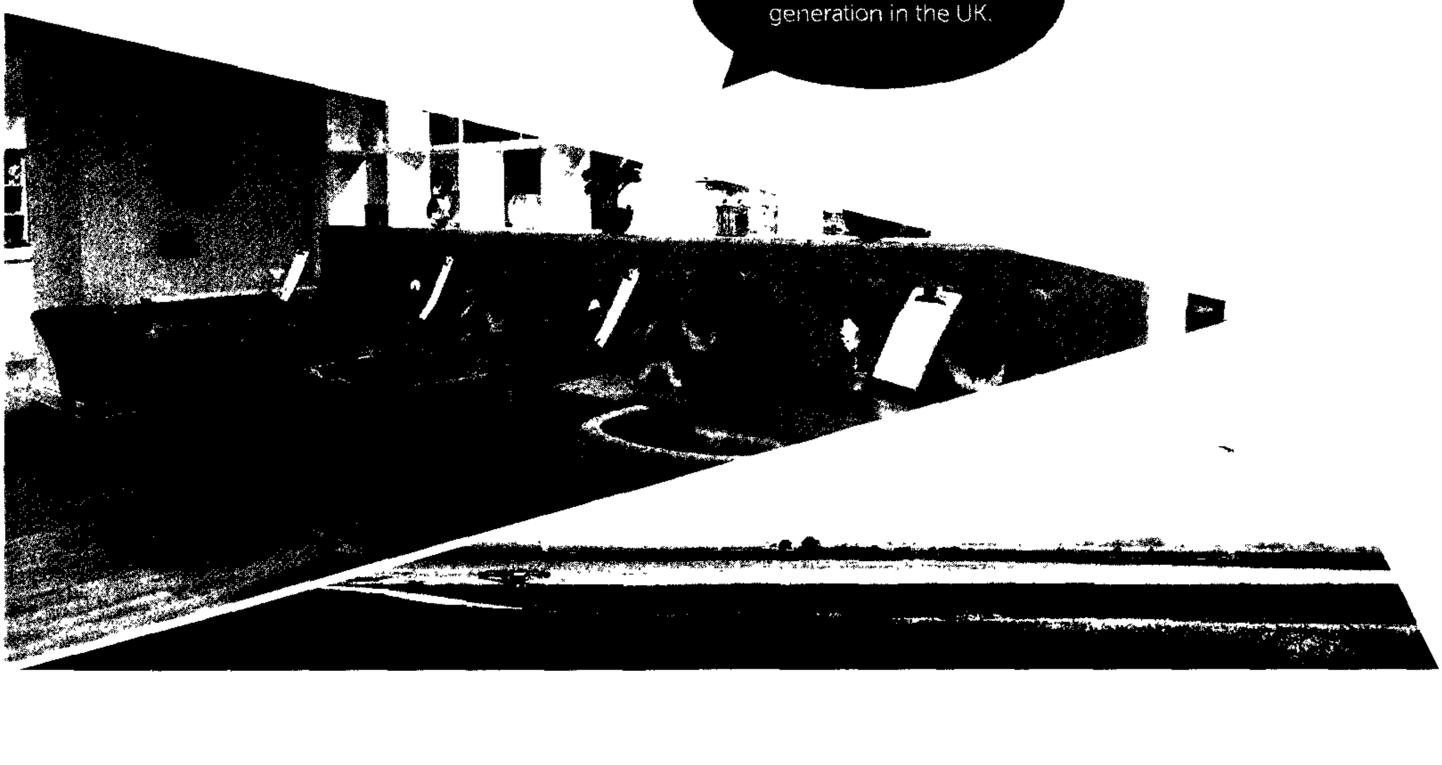
- Helping the UK to meet its targets for renewable energy production
- Helping to free up the UK housing stock for redevelopment
- Helping address the housing and care needs of an ageing population

Our team aspire to and are excited by working in sectors where we can make a positive difference, be it renewable energy, healthcare, infrastructure or lending to small companies that might not be able to find the finance elsewhere. We have found this approach, allied to the straightforward tangible nature of our operations, has a powerful resonance for our investors. It is worth noting however that whilst these areas meet the objectives of our shareholders currently, if this ceases to be the case we could transition to other sectors.

Fern is the UK's largest producer of solar energy from commercial-scale sites. Fern has built on this expertise, and owns additional energy sites such as wind energy, biomass and landfill gas.

The renewable energy sites owned and operated by Fern generate more than **2130 Giga Watt hours** (GWh) every year.

Fern contributes **3.1%** of all renewable energy generation in the UK.



2 | STRATEGIC REPORT

Group Finance review

Annual summary

2017 has been an exciting year for the Group, which has involved continued expansion in the energy and healthcare sectors. In particular EBITDA (explanation and calculation of EBITDA is included at the end of the Group Finance review) increased by 102% to £95.0m driven by increased revenue from energy generation as more assets have become operational and assets acquired during 2016 were held for a full year. A number of acquisitions were made during the year, including 26 solar sites (ten operational and six ready to construct), a wind farm, a reserve power site and a retirement village developer and operator. Shortly after the year end, in July 2017 the Group acquired a portfolio of four wind farms for £147m and therefore had cash built up at the year end in order to fund this acquisition. The Group disposed of six solar sites during the year which had been acquired ready to construct and were not intended to be held in the longer term post construction. The sale helped to fund the acquisition of the four wind farms post year end which are higher yielding assets. The Group continues to provide property and construction loans, with a loan book of £472.2m at the year-end (2016: £499.6m).

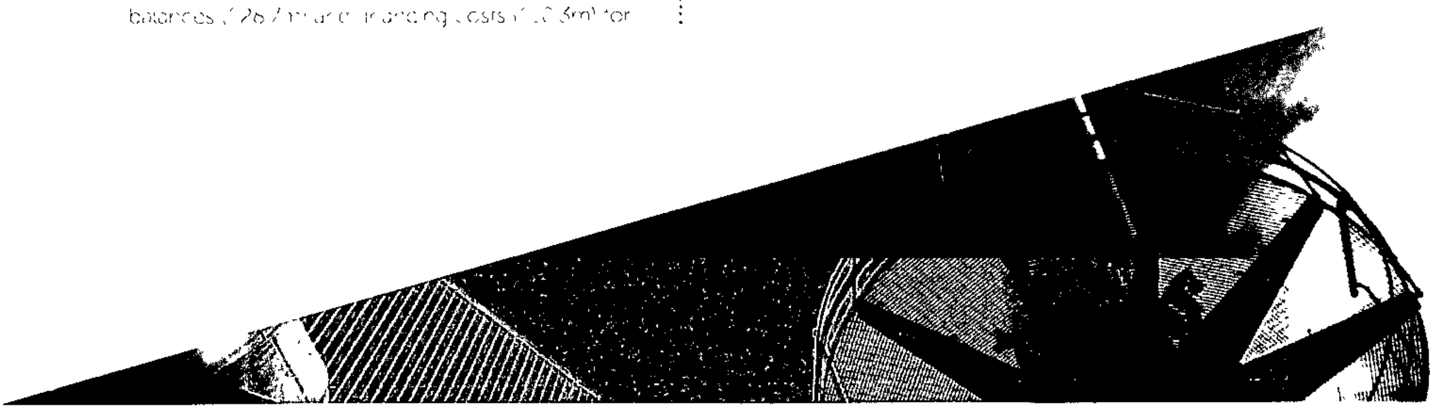
Results

EBITDA for the Group was £95.0m (2016: £47.3m) driven by total revenue of £295.1m (2016: £225.9m). Net cash inflows from the issue of new shares was £159.2m, enabling acquisitions of £97m (net of cash acquired). The Group loss for the year was £28.5m (2016: loss of £43.4m). Revenue of £295.1m was offset by expenses of £326.7m, including site costs of £112.7m, depreciation and amortisation of £83.8m, interest of £37.5m and service fees of £33.1m which reduced by £11.0m compared to the previous year following the reduction in service fee level from 4.8% to 2.5% in May 2016. These expenses were in line with expectations. Non recurring expenses incurred include bad debt provisions against loan balances (£26.7m) and refinancing costs (£10.3m) for the new facilities entered into in line with budget. The financing facilities put in place are for ten years for the solar facilities and three years for the revolving credit facility, therefore these costs are deemed to be one off in nature. £11.5m of the bad debt provisions were recognised against the loan to Rangeford Holdings Limited (a retirement village developer and operator) which was subsequently acquired by Tern. Management are confident that the Rangeford group will be profitable in the long term and are assessing future plans. Group cash balances increased by £81.0m in the year to £214.9m, in preparation for the £147m acquisition of four wind farms which occurred shortly after the year end.

Sectors

Revenue from lending increased by 14% to £62.9m due to an increase in average total loan book throughout the year. Gross profit on the lending book was £31.5m (2016: £37.4m) with the reduction due to provisions recognised against loans during the period of £28.7m (2016: £18.0m). At the end of the year, the lending book was made up of £284m property loans and £188m construction loans (£120m of healthcare construction, £68m for energy construction) with average interest rates of 9.5% and 11.3% respectively.

Revenue from owning and operating solar sites increased from £61.1m to £89.0m due to additional sites being acquired during the year and a full year of operations from the existing sites owned (sites were acquired in August and September in 2016). The solar sites contributed £60.4m EBITDA to the Group and a loss after tax of £9.9m after expenses of £104.2m, including £43.7m depreciation, £22.2m site costs, £21.9m interest expense and £7.5m financing costs in line with expectations at the time of acquisition.



2| STRATEGIC REPORT

Group Finance review

The landfill gas and biomass sites were acquired in September 2015, and therefore 2016 results included approximately nine months of contribution. As the landfill gas and biomass sites were part of the Group for the full financial year in 2017 this resulted in a revenue increase of £[illegible]m to £[illegible]m and an increase in EBITDA of £8.[illegible]m.

The Group acquired a new wind farm in September 2016, contributing to a significant increase in revenues from wind-generated energy during the year. Of the two wind farms owned and operated during the previous year, one became operational in January 2016 contributing six months of generation revenues in that financial year, and the other became operational in July 2016, therefore only contributing to revenue in the 2017 financial year. Revenue increased from £[illegible]m to £[illegible]m and EBITDA increased from a loss of £[illegible]m to £9.2m. The overall loss from wind farms reduced slightly to £[illegible]m. This was slightly behind budget due to particularly low wind speeds during the year.

Post year end, the Group acquired a portfolio of four wind farms, increasing the capacity by [illegible]MWp.

The Group owns three Reserve Power sites, having acquired an additional site in July 2016. Of the two sites owned during the previous financial year, one was operational for the full year, however one was only operational for six months of the 2016 financial year. This resulted in an increase in revenues in 2017 from £[illegible]m to £4.2m, and an increase in EBITDA from £0.[illegible]m to £1.5m. The site acquired in July 2016 became operational in October 2017.

Rangeford, the retirement village developer and operator acquired during the year, contributed £6m revenue to the Group and a net loss of £4.3m. The Group is expected to make a small loss in the short term, however is expected to be profitable in the long term.

The Group successfully completed £400m refinancing of Fern's largest group of solar sites which was acquired during the previous year, following which a two year loan facility was put in place. This is a ten year facility which improves operational flexibility and pricing, resulting in an increase in expected returns from this area of Fern's business. The French solar sites were also refinanced during the year, replacing individual facilities on each site with a £[illegible]m facility across all the French sites. This has improved pricing and efficiencies and is expected to result in increased operating returns from the French sites. The revolving credit facility in Fern Trading was replaced with a three year facility with new lenders, for an initial amount of £100m which was extended to £150m in October 2017. This enables the Group to focus on cash deployment whilst also looking for attractive acquisition opportunities. Group borrowing increased by £[illegible]m to £[illegible]m resulting in an increase in interest costs to £[illegible]m (2016: £30.3m). Our strategy is to leverage our operating assets in order to deliver expected returns across the Group, therefore we expect borrowing to increase as our operating assets grow.

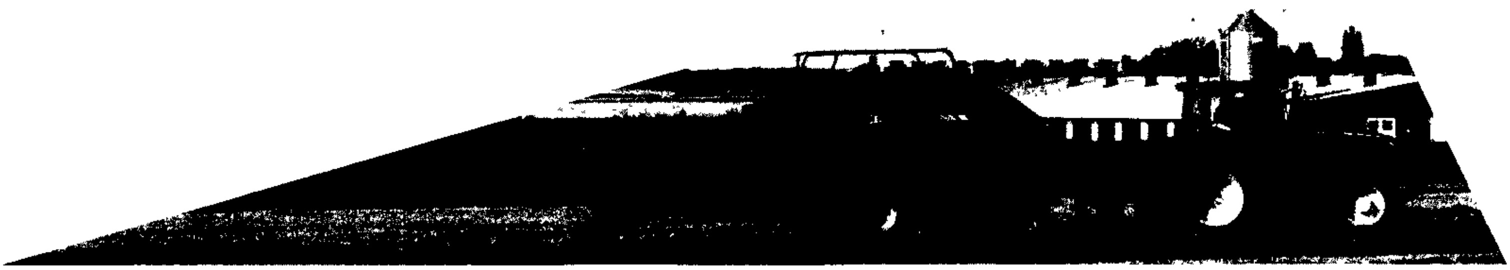
2| STRATEGIC REPORT

Group Finance review

Following a two year transition period, management expect a period of stability and focus on maximising returns from current operations. The majority of the energy sites within the Group are now fully constructed and operational and therefore contributing towards Group revenue. The Group's energy business is expected to be cash generative but will continue contributing an overall loss to the Group in the short term due to amortising loans and depreciation charged at a fixed rate, whilst revenues are index linked and are therefore expected to increase over time. The acquisition of four wind farms in July 2017 is expected to increase revenues from wind generated energy significantly as the wind capacity increases from 81MWp to 229MWp. The lending book continues to be both cash generative and profitable and management intend to continue seeking attractive lending opportunities.

EBITDA is earnings before interest, tax, depreciation and amortisation. The Group uses EBITDA as a key measure of performance as it provides comparable results that are not skewed by non-cash expenses (depreciation and amortisation) or financing arrangements. It helps to show the Group's ability to pay interest on its debt. As the Group owns and operates a large number of energy sites, capital expenditure over the past few years has been high leading to large depreciation costs. Whilst the Group's policy is to depreciate assets on a straight line basis, we expect revenues to increase over time due to sites operating for the full financial year and inflation.

	£'000
Loss for the year	(28,802)
Net interest expense	35,2[illegible]4
Tax	2,6[illegible]0
Depreciation & amortisation	85,848
EBITDA	**94,950**



3 | GOVERNANCE

Directors' report for the year ended 30 June 2017

The directors present their report and the audited consolidated financial statements for the year ended 30 June 2017.

Refer to the Group finance review on page 19.

The directors who served during the year and up to the date of signing the financial statements were:

PS Latham
KJ Wiley
PG Barlow

Refer to note 20 in the Notes to the financial statements.

The Group's business activities, together with the factors likely to affect its financial position and exposures are described in the Strategic Report on pages 7 to 19.

The directors believe that the diversification strategy means the Group is well placed to manage its business risks successfully. Accordingly, they expect to continue to adopt the going concern basis in preparing the annual report and accounts.

Refer to the Strategic report on page 16.

Refer to the Strategic report on page 16.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Should a person become disabled while in the Group's employment, every effort is made to retain them in employment, giving alternative training as necessary.

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem solving affecting their own areas of interest and responsibility. The Group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes monthly team briefings at a local level and the publication of monthly key performance indicators covering output, operating costs and health and safety.

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent Company financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;

3 | GOVERNANCE

Directors' report for the year ended 30 June 2017

- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

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

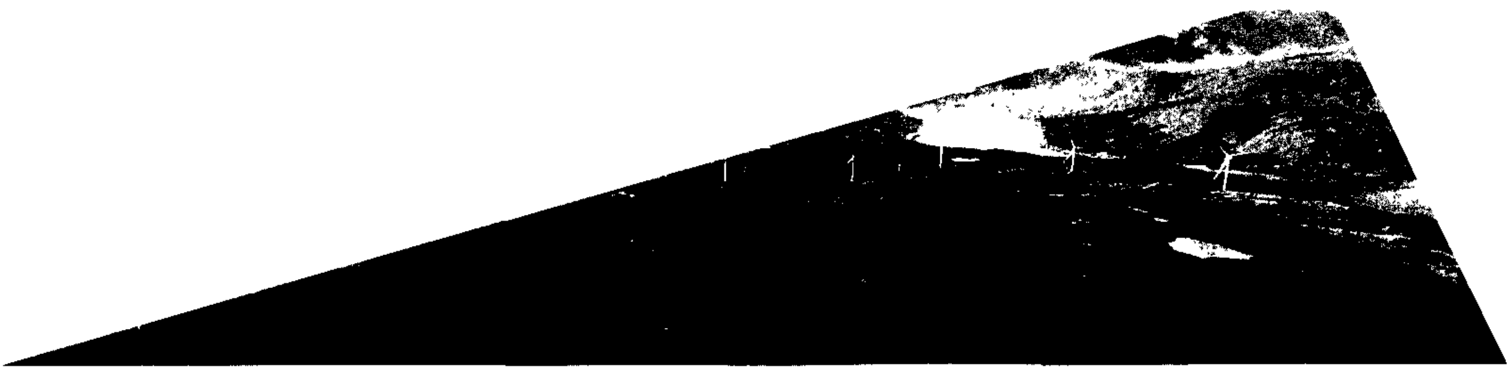
- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

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

On behalf of the board

PS Latham
Director
19 December 2017



3 | GOVERNANCE

Independent auditors' report to the members of Fern Trading Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fern Trading Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

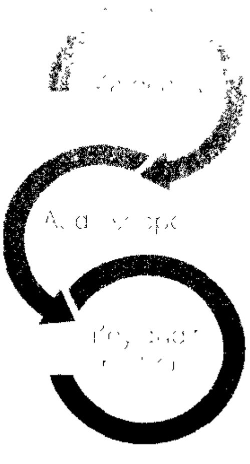
We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the group and company balance sheets as at 30 June 2017; the group profit and loss account and statement of comprehensive income; the group statement of cash flows; and the group and company statements of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach



- Overall group materiality: £2,93[illegible],300 (2016: £2,258,500), based on 1% of Revenue.
- Overall company materiality: £2,000,000 (2016: £2,000,000), based on 10% of PBT (Profit before tax from continuing operations).

- We conducted audits of the complete financial information of Fern Trading Limited and the consolidated components Vivers Energy Limited and Melton Renewable Energy UK PLC.
- The timing of the audits for the statutory accounts for the Group, Company and the subsidiary companies took place at the same point in time and, as such, as at the date of this opinion we have audited all material balances across the Group.
- The Group engagement team performed all audit procedures including the audit of the consolidation other than the Rangeford Holdings Limited group audit which was performed by component auditors.

- Acquisition accounting (Group)
- Recoverability of Accounts receivable (Parent)
- Impairment of goodwill and investments (Group and parent)

Independent auditors' report to the members of Fern Trading Limited

Our audit approach (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Acquisition Accounting The Group has made a number of acquisitions during the financial year. On purchase of these companies, the assets of the companies purchased were recognised at their fair values. The fair values recognised involve judgement from management.	We have understood all acquisition transactions in the year and tested the acquisitions including legal documentation and considerations paid. We have audited the fair value of significant opening balances as well as the calculation and allocation of goodwill.
Recoverability of Accounts Receivable Within Fern Trading Limited there are material balances relating to the specialist lending business. Management's provisions in respect of these amounts are an area of subjectivity with respect to the recoverability of balances.	We have observed the controls and procedures in place around the issuance of loans, and have performed testing to validate this process. We have tested management's receivables provisioning policies and processes. We have also tested the accounts receivable for evidence of additional impairments through investigation where loan to value ratios were breached, ensuring valuations on collateral properties are independent and undertaken using appropriate methodology, assessment of overdue loans and loans with multiple extensions, and, analysis of forecasts and cash flow models to support the recoverability of the loans.
Impairment of Goodwill and Investments As a result of acquisitions in the year and historically, and the capitalisation of inter-company loans in the year, significant assets are held on the balance sheet in relation to goodwill and investments. In addition there are significant inter-company balances throughout the Group which must be assessed for recoverability. Changes in energy prices and the performance of assets mean that the carrying value of these assets may no longer be supported by the valuation model.	We have obtained the valuation models from management and assessed the methodology and functionality of the models. We have engaged experts to assist us in the process and input on the specialist assumptions used in the models. We have also consulted with experts to give us comfort over the consistency of the models used to assess possible impairment.

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Independent auditors' report to the members of Fern Trading Limited

Our audit approach (continued)

[illegible]

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

[illegible]

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£2,951,300 (2016: £2,258,500)	£2,000,000 (2016: £2,000,000)
How we determined it	1% of revenue	10% of profit before tax
Rationale for benchmark applied	Based on our professional judgement and our knowledge of the client, our materiality was based on 1% (2016: 1%) of revenue giving an overall materiality of £2,951,300 (2016: £2,258,500). We used 1% of revenue as the benchmark for our materiality calculations due to the low margin nature of the business and our judgement around what would affect the decisions of the members. This differs from the benchmark used for the company materiality since the company is consistently profitable and has a more consistent margin.	Based on our professional judgement and our knowledge of the client, our materiality was based on 10% (2016: 10%) of profit before tax giving an overall materiality of £2,000,000 (2016: £2,000,000). We used 10% of profit before tax as the benchmark for our materiality calculations due to our judgement around what would affect the decisions of the members.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £829,000 and £2,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £140,570 (Group audit) (2016: £112,000) and £100,000 (Company audit) (2016: £100,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Fern Trading Limited

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

[illegible]

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of Fern Trading Limited

Responsibilities for the financial statements and the audit

[illegible]

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

[illegible]

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

[illegible]

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
19 December 2017

4| FINANCIAL STATEMENTS 30 JUNE 2017

Group profit and loss account for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Turnover		**293,126**	[illegible]
Cost of sales		**(141,452)**	[illegible]
Gross profit		**151,674**	[illegible]
Administrative expenses		**(147,695)**	[illegible]
Other income		**106**	[illegible]
Operating profit/(loss)	2	**4,085**	[illegible]
Income from other fixed asset investments		**1,594**	[illegible]
Share of operating loss in joint venture		**-**	[illegible]
Profit on disposal of subsidiaries		**3,423**	
Interest receivable and similar income	5	**2,318**	[illegible]
Interest payable and similar charges	5	**(37,532)**	[illegible]
Loss on ordinary activities before taxation		**(26,112)**	[illegible]
Tax on loss profit on ordinary activities	6	**(2,690)**	[illegible]
Loss profit for the financial year		**(28,802)**	[illegible]

All results relate to continuing activities

Group statement of comprehensive income for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Loss for the financial year		**(28,802)**	[illegible]
Other comprehensive income/(expense)			
Movements in market value of cash flow hedges		**7,570**	[illegible]
Foreign exchange gain/loss on retranslation of investments		**(100)**	[illegible]
Other comprehensive income/(expense) for the year		**7,470**	[illegible]
Total comprehensive expense for the year		**(21,332)**	[illegible]

4| FINANCIAL STATEMENTS 30 JUNE 2017

Group balance sheet as at 30 June 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Goodwill	7	**460,206**	406,545
Tangible assets	8	**965,832**	908,603
Investments	9	**4,260**	39,405
		1,430,298	1,354,553
Current assets			
Stocks	10	**61,889**	15,215
Debtors including £187,735,000 (2016: £277,49[illegible],000) due after more than one year)	11	**596,178**	608,[illegible]
Cash at bank and in hand		**214,779**	[illegible]
		872,846	757,903
Creditors: amounts falling due within one year	12	**(77,887)**	(119,541)
Net current assets		**794,959**	638,362
Total assets less current liabilities		**2,225,257**	1,992,915
Creditors: amounts falling due after more than one year	13	**(791,570)**	(699,144)
Provisions for liabilities	14	**(18,647)**	(16,642)
Net assets		**1,415,040**	[illegible]
Capital and reserves			
Called up share capital	15	**115,487**	107,091
Share premium account		**1,318,193**	1,1[illegible],446
Cash flow hedge reserve		**(25,701)**	[illegible]
Profit and loss account		**7,061**	55,965
Total shareholders' funds		**1,415,040**	[illegible]

These consolidated financial statements on pages 29 to 72 were approved by the board of directors on 19 December 2017 and are signed on their behalf by

PS Latham
Director
Registered number 0644[illegible]318

Company balance sheet as at 30 June 2017

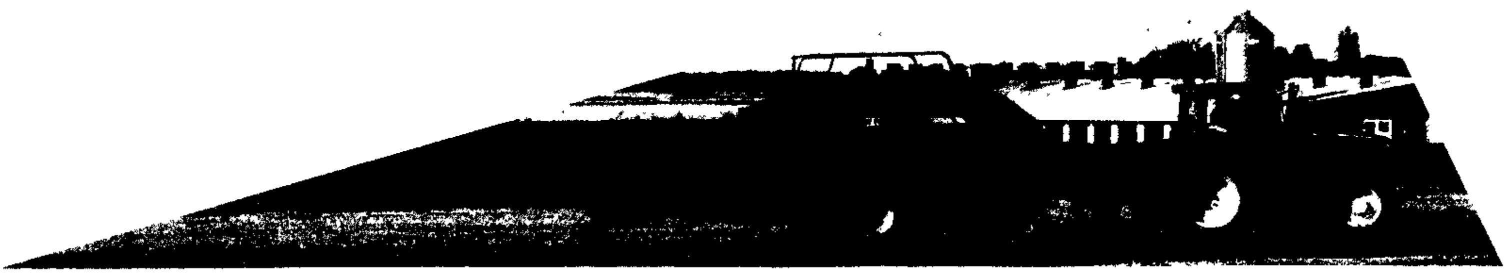
	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	9	**843,606**	[illegible]
		843,606	[illegible]
Current assets			
Debtors (including £187,73[illegible],000 (2016: £277,49[illegible],000) due after more than one year)	11	**527,918**	1,219,20[illegible]
Cash at bank and in hand		**126,828**	39,358
		654,746	1,258,558
Creditors: amounts falling due within one year	12	**(9,870)**	[illegible]
Net current assets		**644,876**	[illegible]
Net assets		**1,488,482**	[illegible]
Capital and reserves			
Called up share capital		**115,487**	[illegible]3,991
Share premium account	15	**1,318,193**	[illegible]
Profit and loss account		**54,802**	[illegible]
Total shareholders' funds		**1,488,482**	[illegible]

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company's profit and loss account. The profit for the financial year dealt with in the financial statements of the Company was £6[illegible],943,000 (2016: loss of £97,584,000).

These financial statements on pages 29 to 7[illegible] were approved by the board of directors on 19 December 2017 and are signed on their behalf by:

PS Latham

Director



4| FINANCIAL STATEMENTS 30 JUNE 2017

Group statement of changes in equity for the year ended 30 June 2017

	Called up share capital	Share premium account	Cash flow hedge reserve	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 July 2015	88,836	987,803	549	80,440	1,153,628
Loss for the financial year	-		-	(43,352)	(43,352)
Changes in market value of cash flow hedges		-	(33,820)	-	(33,820)
Foreign exchange loss on retranslation of investments	-	-		(1,125)	(1,125)
Other comprehensive expense for the year		-	(33,820)	(1,125)	(34,945)
Total comprehensive expense for the year		-	(33,820)	(44,477)	(78,297)
Shares issued during the year	15,155	186,643	-		201,798
Balance as at 30 June 2016	103,991	1,170,446	(33,271)	35,963	1,277,129
Balance as at 1 July 2016	**103,991**	**1,170,446**	**(33,271)**	**35,963**	**1,277,129**
Loss for the financial year	**-**	**-**	**-**	**(28,802)**	**(28,802)**
Changes in market value of cash flow hedges	**-**	**-**	**5,630**	**-**	**5,630**
Foreign exchange loss on retranslation of investments	**-**	**-**	**-**	**(100)**	**(100)**
Other	**-**	**-**	**1,940**	**-**	**1,940**
Other comprehensive expense for the year	**-**	**-**	**7,570**	**(100)**	**7,470**
Total comprehensive income/(expense) for the year	**-**	**-**	**7,570**	**(28,902)**	**(21,332)**
Shares issued during the year	**11,496**	**147,747**	**-**	**-**	**159,243**
Balance as at 30 June 2017	**115,487**	**1,318,193**	**(25,701)**	**7,061**	**1,415,040**

4| FINANCIAL STATEMENTS 30 JUNE 2017

Company statement of changes in equity for the year ended 30 June 2017

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	**£'000**
Balance as at 1 July 2015	88,836	983,803	85,243	1,157,882
Loss for the financial year and total comprehensive income	-		(97,384)	(97,384)
Shares issued during the year	15,155	186,643		201,798
Balance as at 30 June 2016	103,991	1,170,446	(12,141)	1,262,296
Balance as at 1 July 2016	**103,991**	**1,170,446**	**(12,141)**	**1,262,296**
Profit for the financial year and total comprehensive income	**-**	**-**	**66,943**	**66,943**
Shares issued during the year	**11,496**	**147,747**	**-**	**159,243**
Balance as at 30 June 2017	**115,487**	**1,318,193**	**54,802**	**1,488,482**

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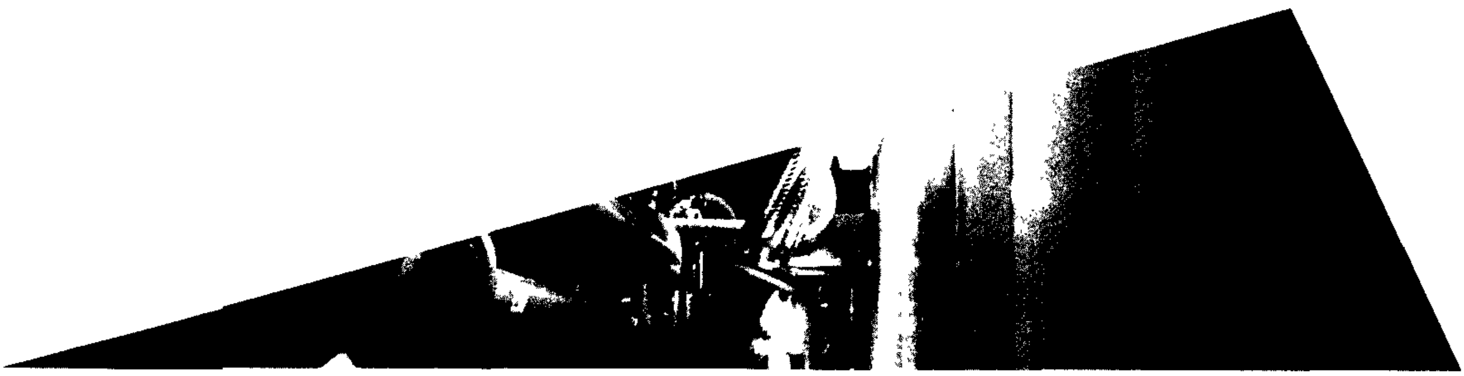
Group statement of cash flows for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Net cash from operating activities	19	**(5,715)**	465,529
Taxation received/(paid)		**2,545**	(5,406)
Net cash (used in)/generated from operating activities		**(3,170)**	460,123
Cash flow from investing activities			
Purchase of subsidiary undertakings (net of cash acquired)		**(97,132)**	(256,161)
Sale of subsidiary undertakings		**29,098**	
Purchase of tangible fixed assets		**(48,982)**	(90,571)
Sale of intangible fixed assets		**19,278**	
Purchase of unlisted and other investments		**(92,153)**	(125,352)
Sale of unlisted and other investments		**105,263**	40,818
Interest received		**134**	526
Income from investments		**1,706**	176
Net cash used in investing activities		**(82,788)**	[illegible]
Cash flow from financing activities			
Proceeds from financing		**41,403**	(405,252)
Interest paid		**(33,875)**	(25,874)
Proceeds from share issue		**159,242**	20,558
Net cash generated from/(used in) financing activities		**166,770**	[illegible]
Net increase/(decrease) in cash and cash equivalents		**80,812**	[illegible]
Cash and cash equivalents at the beginning of the year		**133,737**	156,189
Exchange gains on cash and cash equivalents		**230**	23
Cash and cash equivalents at the end of the year		**214,779**	[illegible]



4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies

Company information

The Company is a private company limited by shares, incorporated and domiciled in England, the United Kingdom and registered under company number 06447318. The address of the registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

Statement of compliance

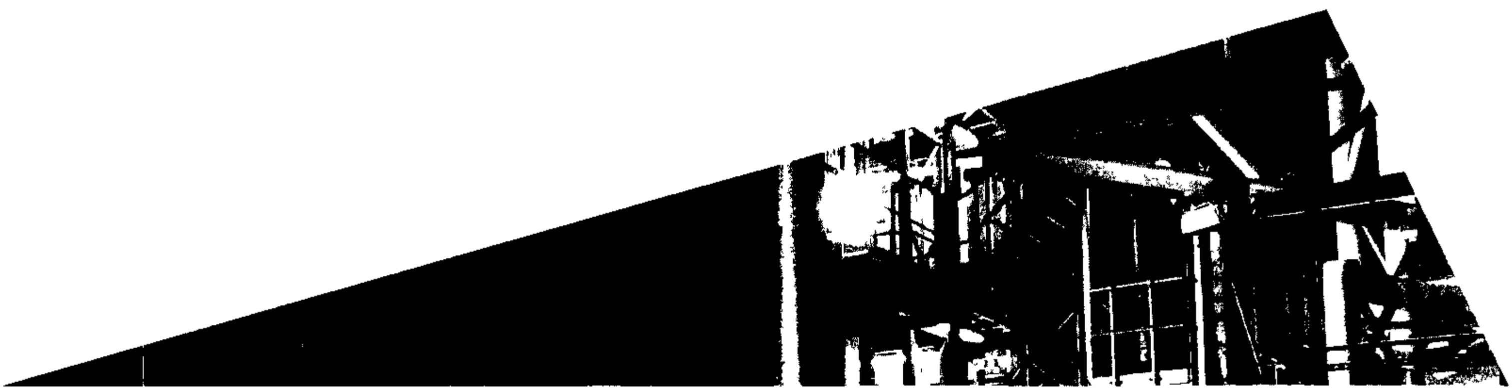
The Group and individual financial statements of Fern Trading Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. The Company's functional and presentation currency of these financial statements is sterling.

The consolidated financial statements include the results of all subsidiaries owned by Fern Trading Limited as listed in note 9 of the annual financial statements. Certain of these subsidiaries, which are listed below, have taken the exemption from an audit for the year ended 30 June 2017 by virtue of s479A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company, Fern Trading Limited, has given a statutory guarantee in line with s479C of Companies Act 2006 of all the outstanding liabilities as at 30 June 2017 of the subsidiaries listed below. Further details of this are provided in note 16. The subsidiaries which have taken an exemption from an audit for the year ended 30 June 2017 by virtue of s479A Companies Act 2006 are:

The Fern Power Company
Fern Energy Holdings Limited
Fern Energy Limited
Sirius Energy Holdings Limited
Sirius Energy Limited
Elios Energy Holdings Limited
Elios Energy Holdings 3 Limited
Elios Energy DS3 Holdings 1 Limited
Elios Energy DS3 Holdings 2 Limited
Elios Energy DS4 Holdings 3 Limited
Elios Renewable Energy Limited
Eucalyptus Energy Holdings Limited
Eucalyptus Energy Limited
Boomerang Energy Limited
Fern Trading Development Company Limited
Balsamo Energy Limited
Porthos Solar Holdings Limited
Porthos Solar Limited
Fern Healthcare Holdings Limited
Rangeford Retirement Living Holdings Limited
Rangeford Properties Limited
Elios Energy Holdings 2 Limited
Elios Energy 2 Limited



4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies (continued)

Basis of consolidation

The financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings (subsidiaries). The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

(iii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Fern Trading Limited operates four main classes of business. Revenue is derived from Fern Trading Limited's subsidiaries (of which it is the sole shareholder) by the following:

- solar farms, wind generating assets and reserve power plants that generate turnover from the sale of electricity that they generate. Any uninvoiced income is accrued in the period in which it is generated.
- biomass and landfill sites that generate turnover when electricity generated is exported to third party customers. Income from recycled renewable obligation certificates ("Recycled ROC") is recognised when the amount is known with reasonable certainty. Turnover generated from the sale of fertiliser is recognised on physical dispatch.
- a retirement village development group which generates turnover from the sale of retirement village property. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer (usually on exchange of contract), the amount of revenue can be recognised reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Fern's fourth class of business is a money lending business in the United Kingdom. Turnover represents arrangement fees and loan interest, net of any value added tax and is recognised upon delivery of the relevant services. Arrangement fees are spread over the life of the loan to which they relate.

4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

Buildings	-	2% straight line
Leasehold property	-	4% straight line
Power stations	-	4% and 5% straight line
Plant and machinery	-	4% to 25% straight line

The directors annually review their decommissioning assessment to confirm that there are not any material liabilities or contingencies arising from the commitment to decommission the biomass power stations.

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Cash

Cash includes cash in hand and deposits repayable on demand.

Leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Spare parts are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

Fuel stocks (MBM and litter) are valued on an average cost basis over 1 to 2 months and provision for unusable litter is reviewed monthly and applied to off site stock.

Fuel stock of straw has been valued at the historical cost per tonne of straw. A provision for unusable straw is identified on an individual stock basis and is reviewed monthly. Stocks are currently used on a first in, first out (FIFO) basis by age of straw.

Stocks of ash at Fibrophos are valued at the lower of cost and net realisable value to the Group.

Stocks of property development WIP are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present locations and condition.

At each reporting date an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss through the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies (continued)

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and the equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated as goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash generating units ('CGUs') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Accrued income

Accrued income on loans is calculated at the rate of interest set out in the loan contracts. Un-invoiced energy income is accrued over the period it has been generated.

Deferred income

Deferred income is recognised in accordance with the terms set out in the contract, and is recognised in revenue.

4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account and statement of comprehensive income.

Debt issue costs

Issue costs associated with senior secured notes are capitalised and netted off against the principal amounts. The costs are amortised over the five year term of the notes in proportion to amounts outstanding.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

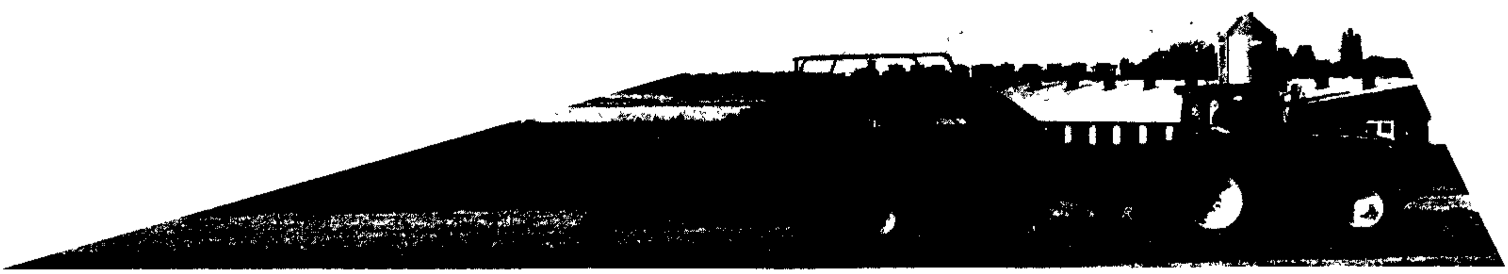
Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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



4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies (continued)

Financial instruments (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hedging

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement in accordance with the cash flows of the hedged item. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Taxation

Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

4| FINANCIAL STATEMENTS 30 JUNE 2017

Statement of accounting policies (continued)

Taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Transactions within the Group need not be disclosed under FRS 102 33.1A. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Transaction costs

Transaction costs relating to debt financing are spread over the life of the debt using the effective interest method, with the balance shown net in the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical judgements in applying the entity's accounting policies.

(i) Impairment of goodwill and investments

The Group considers whether goodwill is impaired. The Company considers whether investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units ('CGUs'). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(ii) Fair values on acquisition

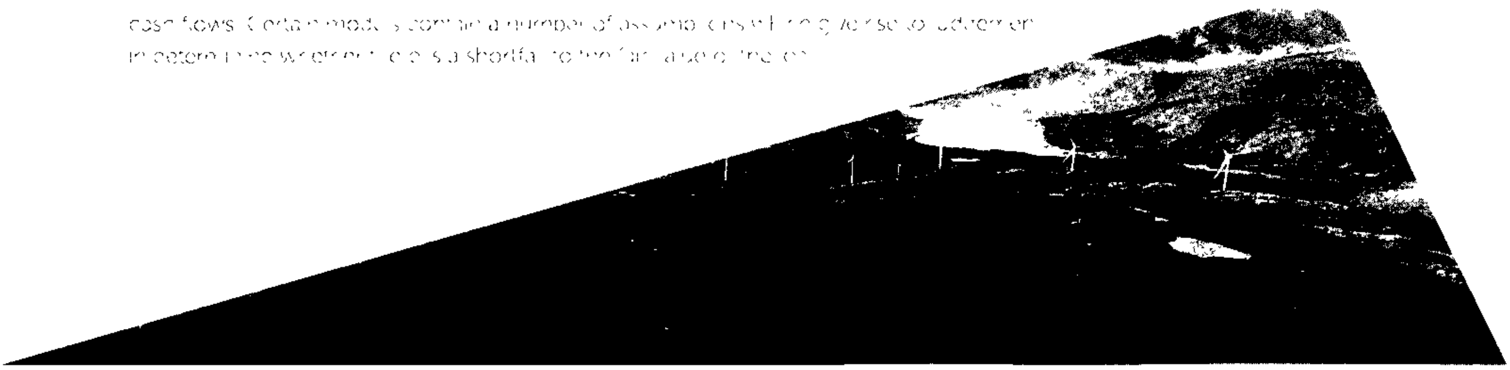
The fair value of assets and liabilities acquired in the acquisitions detailed in note 24 are considered to be a key accounting estimate.

(iii) Cash flow hedges

Cash flow hedges are considered for ineffectiveness by comparing the cumulative change in the fair value of the hedged instrument to the cumulative change in the fair value of hedged item.

(iv) Loan impairment (note 11)

The Group considers whether loans are impaired on a regular basis throughout the year. Where an indication of impairment is identified the estimation of recoverable value is modelled based on best estimates of future cash flows. Certain models contain a number of assumptions which give rise to judgement in determining whether there is a shortfall to the fair value of the loan.



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Notes to the financial statements for the year ended 30 June 2017

1 [illegible]

	2017	2016
	£'000	£'000
Lending activities	62,923	[illegible]
Solar reserve and wind power energy income	107,024	64,783
Sale of solar farms	-	26,001
Biomass and landfill gas energy income	117,178	[illegible]
Retirement village income	6,001	-
	293,126	[illegible]

The geographical analysis of turnover by destination is as follows.

	2017	2016
	£'000	£'000
United Kingdom	283,301	220,009
Rest of Europe	9,825	5,848
	293,126	225,857

2 [illegible]

This is stated after charging/(crediting):

	2017	2016
	£'000	£'000
Amortisation of intangible fixed assets (note 7)	23,957	[illegible]
Depreciation of tangible fixed assets (note 8)	61,891	[illegible]
Stock recognised as an expense (note 10)	42,403	43,591
Auditors' remuneration – Company and the Group's consolidated financial statements	136	124
Auditors' remuneration – audit of Company's subsidiaries	530	[illegible]
Auditors' remuneration – non audit services	94	253
Auditors' remuneration – taxation compliance services	173	169
Difference on foreign exchange	(577)	1,908
Operating lease rentals	17,494	[illegible]

4 | FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

3

	2017	2016
	£'000	£'000
Wages and salaries	**11,923**	7,924
Social security costs	**1,263**	859
Other pension costs	**387**	242
	13,573	9,025

The average monthly number of persons employed by the Group and Company during the year was

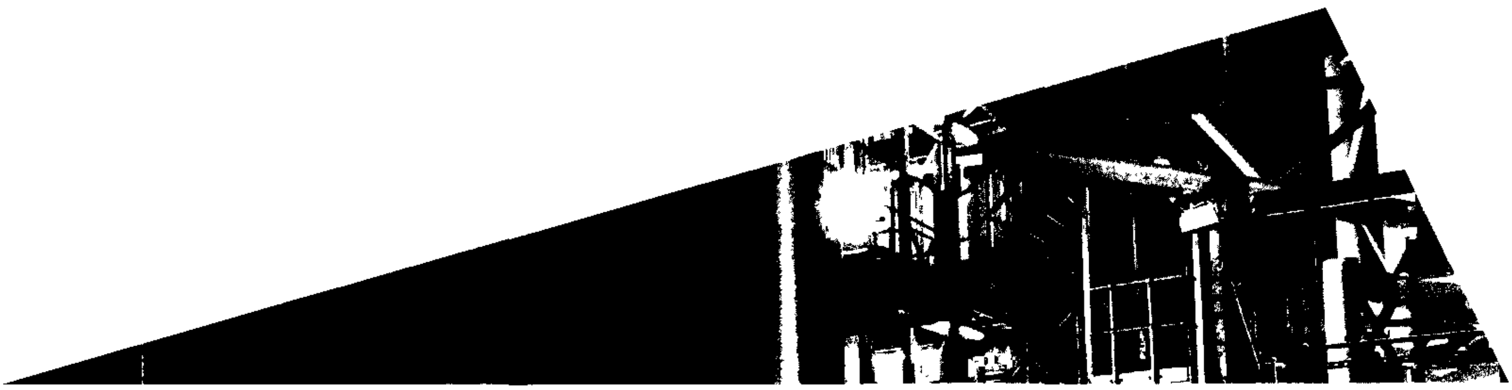
	2017	2016
	Number	Number
Production	**258**	199
Administration	**70**	62
Directors	**3**	[illegible]
	331	264

4

	2017	2016
	£'000	£'000
Emoluments	**93**	[illegible]

During the year no pension contributions were made in respect of the directors (2016. none)
Key management personnel compensation paid by the Group during the year was

	2017	2016
	£'000	£'000
Salaries and short-term employee benefits	**352**	464
Post-employment benefits	**9**	[illegible]
	361	47[illegible]



4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

5 [illegible]

Interest receivable and similar income	2017	2016
	£'000	£'000
On bank balances	134	526
Gains on derivative financial instruments	2,184	
	2,318	526

Interest receivable and similar income	2017	2016
	£'000	£'000
Interest on bank borrowings	23,619	[illegible]
Interest on senior secured notes	10,256	[illegible]
Amortisation of issue costs on bank borrowings	2,268	[illegible]
Amortisation of issue costs on senior secured notes	1,045	861
Losses on derivative financial instruments	344	[illegible]
	37,532	[illegible]

6 [illegible]

(a) Analysis of charge in year

	2017	2016
	£'000	£'000
Current taxation:		
UK corporation tax charge on loss for the year	210	2,259
Foreign corporate income tax	103	51
Adjustments in respect of prior periods	130	309
Total current taxation	443	2,619
Deferred taxation:		
Origination and reversal of timing differences	1,835	(1,779)
Adjustment in respect of prior periods	1,822	(534)
Effect of change in tax rates	(1,410)	21
Total deferred taxation	2,247	(2,292)
Tax charge on loss on ordinary activities	2,690	327

4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

6 [illegible]

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation taxation in the UK of 19.75% (2016: 20.00%). The differences are explained below:

	2017	2016
	£'000	£'000
Loss on ordinary activities before taxation	**(26,112)**	[illegible]
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	**(5,113)**	[illegible]
Effects of:		
Expenses not deductible for tax purposes	**14,899**	8,317
[illegible]	**962**	[illegible]
[illegible]	**(9,489)**	[illegible]
[illegible]	**-**	24
[illegible]	**-**	21
Adjustments in respect of prior periods	**1,952**	[illegible]
Effects of change in tax rates	**(521)**	21
Total tax charge for the year	**2,690**	[illegible]

(c) Factors that may affect future tax charge

The main rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly the tax rate applicable for this accounting year is 19.75%. A reduction in the main rate of corporation tax to 17% from 1 April 2020 was enacted during the period. Consequently deferred tax has been calculated at the period end using a tax rate of 17%.

Notes to the financial statements for the year ended 30 June 2017
(continued)

7 [illegible]

Group	Goodwill £'000
Cost	
At 1 July 2016	426,057
Additions	82,125
Disposals	(6,100)
Gain on translation	1,335
At 30 June 2017	**503,417**
Accumulated amortisation	
At 1 July 2016	19,542
Disposals	[illegible]
Charge for the year	[illegible]
At 30 June 2017	**43,211**
Net book value	
At 30 June 2017	**460,206**
At 30 June 2016	406,515

[illegible]

Notes to the financial statements for the year ended 30 June 2017
(continued)

8 [illegible]

	Land and buildings	Power stations	Plant and machinery	Assets under construction	Total
Group	£'000	£'000	£'000	£'000	**£'000**
Cost					
At 1 July 2016	[illegible]	[illegible]	[illegible]	[illegible]	975,353
Additions	[illegible]	[illegible]	[illegible]	9,541	48,982
Acquisitions		-	101,602	-	101,602
Transfers	-	[illegible]	[illegible]	[illegible]	-
Disposals	-	-	[illegible]		(25,934)
At 30 June 2017	**4,892**	**158,603**	**926,967**	**9,541**	**1,100,003**
Accumulated depreciation					
At 1 July 2016	[illegible]	[illegible]	[illegible]	-	[illegible]
Charge for the year	[illegible]	[illegible]	[illegible]		61,891
Acquisition	-		[illegible]		[illegible]
Disposals		-	[illegible]	-	[illegible]
At 30 June 2017	**174**	**42,882**	**91,115**	**-**	**134,171**
Net book value					
At 30 June 2017	**4,718**	**115,721**	**835,852**	**9,541**	**965,832**
At 30 June 2016	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Group	Unlisted investments £'000	Other investments £'000	Total £'000
Cost and net book value			
At 1 July 2016	16,500	22,905	39,405
Additions	92,153	-	92,153
Disposals	(105,263)	(21,565)	(126,828)
Impairment		(470)	(470)
At 30 June 2017	**3,390**	**870**	**4,260**

Other investments represent the Group's holdings of deferred shares in a number of companies. An impairment was recognised during the year, predominantly due to reductions in energy prices, which have impacted the valuation of the deferred shares.

Group	Subsidiary undertakings £'000	Unlisted investments £'000	Total £'000
Cost and net book value			
At 1 July 2016		16,500	16,500
Additions	184,530	92,153	276,683
Disposals		(105,263)	(105,263)
Shareholder loan conversion to equity	858,760		858,760
Reversal of impairments	8,818	-	8,818
Impairments	(211,892)		(211,892)
At 30 June 2017	**840,216**	**3,390**	**843,606**

Unlisted investments comprise the Company's and the Group's holding of the members' capital of Fendo LLP, a money lending business. Fern co-founded Fendo LLP in October 2012 with the intention of conducting a proportion of its future trade through the partnership. Fendo LLP has not been treated as a subsidiary undertaking and its results have not been consolidated as in the opinion of the directors Fern Trading Limited is unable to exert significant influence over its activities.

The Company has historically financed its subsidiaries with shareholder loans. Following a review of financing in the Group during the year, the shareholder loans between the Company and the intermediate holding companies within the Group have been repaid. The funding of these companies has been replaced with equity via the allotment of shares from the subsidiaries to the parent companies.

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
[illegible]	UK	Ordinary	100%	Holding company
Dafen Reserve Power Limited	UK	Ordinary	100%	Energy generation
Cynon Power Limited	UK	Ordinary	100%	Energy generation
Nevern Power Limited	UK	Ordinary	100%	Energy generation
[illegible] Renewable Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Holding Limited	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Energy Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Solar Energy Limited	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Holding company
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Solar [illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar [illegible]	UK	Ordinary	100%	Energy generation
SCS [illegible] Limited	UK	Ordinary	100%	Energy generation
SCP [illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
Fern Energy Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Holdings 2 Limited	UK	Ordinary	100%	Holding company
[illegible] Energy 2 Limited	UK	Ordinary	100%	Holding company
[illegible] Energy Holdings 3 Limited	UK	Ordinary	100%	Holding company

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
[illegible] Energy DSS Holdings 1 Limited	UK	Ordinary	100%	Holding company
[illegible] Solar SPV Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy DSS Holdings 2 Limited	UK	Ordinary	100%	Holding company
[illegible] Solar SPV 1 Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy DSS Holdings 3 Limited	UK	Ordinary	100%	Holding company
[illegible] SPV 1 Limited	UK	Ordinary	100%	Energy generation
[illegible] Renewable Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy Limited	UK	Ordinary	100%	Holding company
[illegible] Limited	UK	Ordinary	100%	Holding company
Chisbon Solar Farm Holdings Limited	UK	Ordinary	100%	Energy generation
Chisbon Solar Farm Limited	UK	Ordinary	100%	Holding company
Bryn Y[illegible] Solar Developments Holdings Limited	UK	Ordinary	100%	Energy generation
Bryn [illegible] Solar Developments Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Farm Limited	UK	Ordinary	100%	Holding company
[illegible] Solar Holdings Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	100%	Holding company
Haymaker (Oaklands) Holdings Limited	UK	Ordinary	100%	Holding company
Haymaker (Oaklands) Limited	UK	Ordinary	100%	Energy generation
Park [illegible] Holdings Limited	UK	Ordinary	100%	Holding company
Park [illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Limited	UK	Ordinary	100%	Energy generation
Thoresby Estate (Budby) Limited	UK	Ordinary	100%	Energy generation
Waterloo Solar Park Holdings Limited	UK	Ordinary	100%	Holding company
Waterloo Solar Park Limited	UK	Ordinary	100%	Energy generation
Westerfield Solar Limited	UK	Ordinary	100%	Energy generation
WSF [illegible] Holdings Limited	UK	Ordinary	100%	Holding company

Notes to the financial statements for the year ended 30 June 2017
(continued)

9 Investments (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Solar Limited	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Farm Limited	UK	Ordinary	100%	Energy generation
MSP [illegible] Limited	UK	Ordinary	100%	Energy generation
MSP [illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar [illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 Investments (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
New Ender Solar Limited	UK	Ordinary	100%	Energy generation
Chittering Solar Two Limited	UK	Ordinary	100%	Energy generation
TGC Solar 10 Limited	UK	Ordinary	100%	Energy generation
Steadfast Shinton Grange Solar Limited	UK	Ordinary	100%	Energy generation
Little T Solar Limited	UK	Ordinary	100%	Energy generation
North Perrott Fruit Farm Limited	UK	Ordinary	100%	Energy generation
MSP Hatchlands Solar Limited	UK	Ordinary	100%	Energy generation
Chilton Solar Park Limited	UK	Ordinary	100%	Energy generation
Steadfast Park House Solar Limited	UK	Ordinary	100%	Energy generation
Stoneygate Limited	UK	Ordinary	100%	Energy generation
Parley's Barton Limited	UK	Ordinary	100%	Energy generation
MSP Tregassow Limited	UK	Ordinary	100%	Energy generation
Crayfish Limited	UK	Ordinary	100%	Holding company
Steadfast Radar Solar Limited	UK	Ordinary	100%	Energy generation
Lovedean Limited	UK	Ordinary	100%	Energy generation
Stellar Power Limited	UK	Ordinary	100%	Energy generation
Higher Knapp Farm Limited	UK	Ordinary	100%	Energy generation
MSP Bradford Limited	UK	Ordinary	100%	Energy generation
Marley Thirton Solar Limited	UK	Ordinary	100%	Energy generation
TGC Solar 102 Limited	UK	Ordinary	100%	Energy generation
Meadows Farm Limited	UK	Ordinary	100%	Energy generation
Sun Green Energy Limited	UK	Ordinary	100%	Energy generation
MSP Parkwall Limited	UK	Ordinary	100%	Energy generation
TGC Solar 68 Limited	UK	Ordinary	100%	Energy generation
Tredown Farm Limited	UK	Ordinary	100%	Energy generation
Hill End Farm Limited	UK	Ordinary	100%	Energy generation
Causilgey Limited	UK	Ordinary	100%	Energy generation
Dyms Lane Solar Limited	UK	Ordinary	100%	Energy generation
Suns Energy Holdings Limited	UK	Ordinary	100%	Holding company
Suns Energy Limited*	UK	Ordinary	100%	Holding company
Haymaker Mount Mill Limited	UK	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
[illegible]	UK	Ordinary	[illegible]	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	100%	Energy generation
[illegible]	France	Ordinary	[illegible]	Energy generation
[illegible]	France	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
[illegible] Wind Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Wind Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Holdings Limited	UK	Ordinary	100%	Energy generation
[illegible] Wind Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Solar Limited	UK	Ordinary	100%	Holding company
[illegible] Solar Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Farm Limited	UK	Ordinary	100%	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
Regional Solar 2 Limited	UK	Ordinary	100%	Energy generation
[illegible] Solar Limited	UK	Ordinary	[illegible]	Energy generation
[illegible] Limited	UK	Ordinary	100%	Energy generation
[illegible] Healthcare Holdings Limited	UK	Ordinary	100%	Holding company
[illegible] Holdings Limited	UK	Ordinary	100%	Holding company
Rangeford [illegible] Limited	UK	Ordinary	100%	Holding company
Rangeford [illegible] Limited	UK	Ordinary	100%	Retirement village development
Rangeford Properties Limited	UK	Ordinary	100%	Retirement village development
Rangeford RAP Limited	UK	Ordinary	100%	Retirement village development
Rangeford Cirencester Limited	UK	Ordinary	100%	Retirement village development
Rangeford Care Limited	UK	Ordinary	100%	Retirement village development
Wadswick Green Property Services Limited	UK	Ordinary	100%	Retirement village development
Wadswick Green Limited	UK	Ordinary	100%	Retirement village development
Rangeford Capital Limited	UK	Ordinary	100%	Retirement village development
Eucalyptus Energy Holdings Limited	UK	Ordinary	100%	Holding company
Eucalyptus Energy Limited	UK	Ordinary	100%	Holding company

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
[illegible]	UK	Ordinary	100%	Holding Company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Asset leasing company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Operating and maintenance services
[illegible]	UK	Ordinary	100%	Dormant company
[illegible]	UK	Ordinary	100%	Dormant company
[illegible]	UK	Ordinary	100%	Dormant company
[illegible]	UK	Ordinary	100%	Dormant company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Holding company
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation
[illegible]	UK	Ordinary	100%	Energy generation

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Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
Ske[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
[illegible]kerdon Energy Limited	UK	Ordinary	100%	Energy generation
Auche[illegible]och Energy Limited	UK	Ordinary	100%	Energy generation
Boa[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Brae Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
Gar[illegible] Energy Limited	UK	Ordinary	100%	Dormant company
Jar[illegible] Road Energy Limited	UK	Ordinary	100%	Energy generation
K[illegible]gar[illegible] Energy Limited	UK	Ordinary	100%	Dormant company
[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
W[illegible] Hill Energy 2 Limited	UK	Ordinary	100%	Dormant company
Beet[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy Limited	UK	Ordinary	100%	Energy generation
[illegible] Energy Limited	UK	Ordinary	100%	Dormant company
St[illegible] Energy Limited	UK	Ordinary	100%	Dormant company
Se[illegible] Energy Limited	UK	Ordinary	100%	Dormant company
[illegible] ENERGY 2A Limited	UK	Ordinary	100%	Dormant company
[illegible] ENERGY 3A Limited	UK	Ordinary	100%	Energy generation
[illegible] ENERGY 4A Limited	UK	Ordinary	100%	Energy generation
M[illegible] Renewable Energy [illegible] Limited	UK	Ordinary	100%	Holding company
EPR Renewable Energy Limited	UK	Ordinary	100%	Holding company
Energy Power Resources Limited	UK	Ordinary	100%	Energy project development and management services
EPR Scotland Limited	UK	Ordinary	100%	Energy generation
EPR Ely Limited	UK	Ordinary	100%	Energy generation
EPR Eye Limited	UK	Ordinary	100%	Energy generation

4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

9 [illegible]

Name	Country of incorporation	Class of shares	Holding	Principal activity
EPR Glanford Limited	UK	Ordinary	100%	Energy generation
EPR Thetford Limited	UK	Ordinary	100%	Energy generation
Fibrophos Limited	UK	Ordinary	100%	Supply of fertiliser
Anglian Straw Limited	UK	Ordinary	100%	Dormant company
Best [illegible] Limited	UK	Ordinary	100%	Dormant company
Energy Power Resources [illegible] Limited	UK	Ordinary	100%	Dormant company
EPR [illegible] Limited	UK	Ordinary	100%	Dormant company
Fibrowatt Limited	UK	Ordinary	100%	Dormant company
Fibrowatt Group Limited	UK	Ordinary	100%	Dormant company
First Renewables Limited	UK	Ordinary	100%	Dormant company
Yorkshire Windpower Limited	UK	Ordinary	50%	Energy generation

[illegible]

a [illegible]

b [illegible]

c [illegible]

d [illegible]

e [illegible]

[illegible]

[illegible]

[illegible]

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Notes to the financial statements for the year ended 30 June 2017
(continued)

10 Stocks

	Group		Company	
	2017	**2016**	**2017**	**2016**
	£'000	£'000	**£'000**	£'000
Ash stock	**3,522**	5,540	**-**	
Property development WIP	**46,795**		**-**	-
Fuel, spare parts and consumables	**11,572**	9,715	**-**	
	61,889	15,255	**-**	-

The amount of stocks recognised as an expense during the year was £72,403,000 (2016: £49,591,000).

Included in the fuel, spare parts and consumables stock value is a provision of £216,000 for unusable fuel stock (2016: £149,000). Included in the ash stock value is a provision of £450,000 for slow moving stock (2016: £450,000).

On acquisition of the Rangeford Holdings Limited group (note 24) a fair value exercise was performed, and an impairment of £22,739,000 was recognised on the carrying value of property development WIP.

11 Debtors

	Group		Company	
	2017	**2016**	**2017**	**2016**
	£'000	£'000	**£'000**	£'000
Amounts falling due after one year				
Loans and advances to customers	**187,735**	[illegible]	**187,735**	[illegible]
Amounts falling due within one year				
Loans and advances to customers	**284,435**	[illegible]	**284,435**	[illegible]
Amounts owed by group undertakings	**-**		**-**	[illegible]
Trade debtors	**24,245**	28,570	**512**	219
Other debtors	**580**	167	**12,907**	22
Corporation tax	**-**	2,006	**2,725**	2,680
Deferred tax asset	**-**	-	**-**	435
Prepayments and accrued income	**99,183**	78,530	**39,604**	49,184
	596,178	608,711	**527,918**	1,219,200

Loans and advances to customers are stated net of provision of £1,432,000 (2016: £7,500,000).

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Notes to the financial statements for the year ended 30 June 2017
(continued)

11 [illegible]

Amounts owed by group undertakings previously included the following loans from [illegible] Trading Limited to subsidiary companies. Provisions of £nil (2016: £126,[illegible]89,000) have been recognised against these loans which were unsecured and repayable on demand. The loans have been fully repaid in the year.

	Interest rate	2017	2016
		£'000	£'000
[illegible] Power Company Limited	10.00%	-	12,509
Eucalyptus Energy Holdings Limited	9.00%	-	140,856
[illegible] Energy Holdings Limited	8.00%	-	49,231
[illegible] Energy Holdings Limited	[illegible]	-	[illegible]
[illegible] Energy Holdings Limited	6.00%	-	[illegible]
[illegible] Energy Holdings Limited	[illegible]	-	321,682
[illegible] Energy Holdings Limited	5.00%	-	34,024
		-	[illegible]

12 [illegible]

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	27,533	17,741	3,518	2,872
Bank loans and overdrafts	19,194	14,788	-	-
Corporation tax	1,036	-	-	
Other taxation and social security	2,275	1,155	978	922
Other creditors	5,137	[illegible]	625	999
Derivative financial instruments (note 17)	-	4,429	-	
Accruals and deferred income	22,712	41,808	4,749	7,962
	77,887	119,341	9,870	12,762

Notes to the financial statements for the year ended 30 June 2017
(continued)

13 [illegible]

	Group		Company	
	2017	**2016**	**2017**	**2016**
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**613,929**	515,695	**-**	-
Senior secured notes	**148,886**	147,841	**-**	-
Derivative financial instruments (note 14)	**28,755**	35,608	**-**	-
	791,570	699,144	**-**	

	Group		Company	
	2017	**2016**	**2017**	**2016**
Bank loans	**£'000**	£'000	**£'000**	£'000
Due in 1 year	**19,194**	14,788	**-**	-
Due between 1 and 5 years	**171,195**	470,330	**-**	-
Due in more than 5 years	**442,734**	45,365	**-**	
	633,123	530,483	**-**	

The bank loans are secured against certain assets of the Group with each loan as held by the subsidiary shown below

	Interest rate	2017	2016
		£'000	£'000
[illegible]	6 month LIBOR plus 2.00%	**-**	404,512
Vineis Energy Limited	6 month LIBOR plus 2.15%	**391,551**	
Fern Renewable Energy Limited	6 month LIBOR plus 1.90%	**58,010**	60,294
Wryde Croft Wind Farm Limited	6 month LIBOR plus 2.10%	**-**	21,558
Wryde Croft Wind Farm Limited	6 month LIBOR plus 1.90%	**24,830**	1,013
Glenchamber Wind Energy Limited	6 month LIBOR plus 1.80%	**46,385**	7,256
Frasthorpe Wind Farm Limited	6 month LIBOR plus 1.60%	**42,235**	1,276
Claramond Solar SPV 1 Limited	6 month LIBOR plus 4.25%	**4,607**	
Adalinda Solar SPV 1 Limited	6 month LIBOR plus 4.25%	**7,542**	-
Hursit SPV 1 Limited	6 month LIBOR plus 4.25%	**6,950**	-
Elios Energy 2 Limited	Average rate of 4.63%	**-**	34,474
Elios Energy 2 Limited	6 month LIBOR plus 1.58%	**51,013**	
		633,123	530,483

The senior secured notes are repayable on 1 February 2020, bear interest at 6.75% and are guaranteed by the subsidiary group companies of Melton Renewable Energy UK PLC

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Notes to the financial statements for the year ended 30 June 2017
(continued)

14 [illegible]

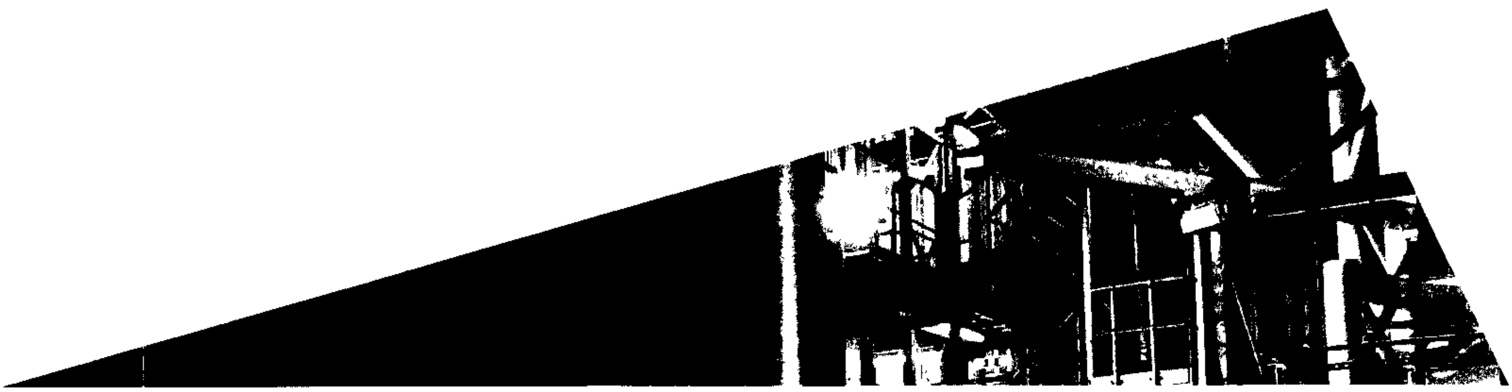
	Decommissioning provision	Deferred taxation	Total
	£'000	£'000	£'000
At 1 July 2016	1,085	15,557	**16,642**
Adjustment in respect of prior periods		1,822	**1,822**
Additions	483	425	**908**
Utilisation		(725)	**(725)**
At 30 June 2017	**1,568**	**17,079**	**18,647**

The decommissioning provision is held in the subsidiary companies Wryde Croft Wind Farm Limited and Glenchamber Wind Energy Limited. It is to cover future obligations to return land on which the companies operate to its original condition. The amounts are not expected to be utilised for in excess of 25 years.

15 [illegible]

Group and Company	2017	2016
Allotted, called-up and fully paid	**£'000**	£'000
1,154,8[illegible] (2016: [illegible]) Ordinary shares of 10p each	**115,487**	[illegible]

During the year the Group and Company issued 149,95[illegible] (2016: 151,552,824) Ordinary shares of £0.10 each for a consideration of £159,243,000 (2016: £201,498,000) giving rise to a premium of £147,74[illegible] (2016: £186,842,718).



4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

16 [illegible]

Contingent liabilities

Under section 479C of the Companies Act 2006 the parent company Fern Trading Limited has guaranteed all outstanding liabilities to which the subsidiaries taking the audit exemption listed in note 9 were subject at the end of 30 June 2017 until they are satisfied in full. These liabilities total £1,330,136,000, including intercompany loans of £276,382,000. Such guarantees are enforceable against Fern Trading Limited by any person to whom any such liability is due. A breakdown of the amounts for each of these companies is shown below.

Company	Total Liabilities £'000	Intercompany £'000
The Fern Power Company	124	
Fern Energy Holdings Limited	2	
Suas Energy Holdings Limited	1	1
Solis Energy Limited	2,400	-
Elios Energy Holdings Limited	506,280	1,89[illegible]
Elios Energy DS3 Holdings 1 Limited DS1	12,293	7,[illegible]19
Elios Energy DS2 Holdings 1 Limited DS2	18,992	10,299
Elios Energy DS7 Holdings 1 Limited DS7	17,838	10,292
Elios Energy Holdings Limited 2	54,368	-
Elios Energy Holdings Limited 3	451,4[illegible]6	10,71[illegible]
Fortios Solar Holdings Ltd	2,191	
Virtus Solar Limited	17,812	-
Fern Healthcare Holdings Limited	-	
Rangeford Retirement Living Holdings Limited	410	-
Rangeford Properties Ltd	-	
[illegible] Energy Limited	6,429	
Fern Energy Limited	3	-
Eucalyptus Energy Holdings Limited	5	
Eucalyptus Energy Limited	2,934	-
Elios Renewable Energy Limited	236,578	225,457
Fern Trading Development Company Limited	-	
[illegible] Energy Limited	-	
Total	**1,330,136**	**276,382**

Notes to the financial statements for the year ended 30 June 2017
(continued)

17 [illegible]

The Group has the following financial instruments

	Group		Company	
	2017	**2016**	**2017**	**2016**
	£'000	£'000	**£'000**	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	**496,995**	[illegible]	**485,589**	[illegible]
Carrying amount of financial assets				
Measured at amortised cost	**795,485**	[illegible]	**4,143**	[illegible]
Measured at fair value through profit and loss account	**-**	[illegible]	**-**	
Measured at fair value through other comprehensive income	**28,755**	[illegible]	**-**	-

Derivative financial instruments

The Group enters into interest rate swaps to mitigate interest rate risk on its bank loans. These are designated as cash flow hedges with the effective element of the hedge measured through other comprehensive income. At 30 June 2017 the outstanding contracts have a maturity in excess of one year. The Group is committed to receive LIBOR and pay a fixed rate amount.

18 [illegible]

At 30 June the Group had total future minimum lease payments under non-cancellable operating leases as follows.

	2017		2016	
	Land and Buildings	**Other**	**Land and Buildings**	**Other**
	£'000	**£'000**	£'000	£'000
Payments due:				
Not later than one year	**4,664**	**234**	[illegible]	273
Later than one year and not later than five years	**18,889**	**224**	[illegible]	328
Later than five years	**117,246**	**-**	[illegible]	
	140,799	**458**	[illegible]	[illegible]

Notes to the financial statements for the year ended 30 June 2017
(continued)

19 [illegible]

	2017	2016
	£'000	£'000
Loss for the financial year	**(28,802)**	(43,352)
Adjustments for		
Tax on profit on ordinary activities	**2,690**	327
Interest receivable and similar income	**(2,318)**	(526)
Interest payable and other similar charges	**37,532**	30,520
Profit on disposal of subsidiaries	**(3,423)**	-
Income from fixed asset investments	**(1,594)**	(1,767)
Operating profit / loss	**4,085**	(14,998)
Amortisation of intangible fixed assets	**23,957**	17,882
Depreciation of tangible fixed assets	**61,891**	42,629
Impairment of deferred shares	**470**	9,578
Non cash movements on derivatives and foreign exchange	**(3,058)**	4,332
Decrease in stock	**294**	2,757
(Increase)/decrease in debtors	**(36,186)**	416,228
Decrease in creditors	**(57,168)**	(6,379)
Net cash from operating activities	**(5,715)**	465,529

20 [illegible]

On 14th July 2017 Boomerang Energy Limited, a subsidiary of Fern Trading Limited acquired Blue Energy Partnerships Holdings Limited including the following SPV's:

- Achmhire Land Company Limited
- Cour Wind Farm (Scotland) Limited
- Grange Wind Farm Limited
- Beinneun Wind Farm Limited

In addition the following holding and dormant companies were acquired:

- Blue Energy Jupiter Acquisitions Limited
- Blue Energy RidgeWind Holdings Limited
- Blue Energy Wind Holdings Limited
- Blue Energy Whiteside Holdings Limited
- Blue Energy RidgeWind Acquisitions Limited
- Blue Energy RidgeWind Acquisitions Number 2 Limited
- Blue Energy Cour Holdings Limited
- RidgeWind Acquisitions Limited
- Cour Wind Farm Holdings Limited
- Beinneun Holdings Limited
- Blue Energy (Grange) Limited
- Beinneun Wind Farm Extension Limited

4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

21 [illegible]

Under FRS 102 33.1A disclosures need not be given of transactions entered into between two or more members of a Group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Other than the transactions disclosed below, the Company's other related party transactions were with its wholly owned subsidiary members of the Group.

As at 30 June 2017 £12,219,000 (2016: £10,226,000) was due from Yorkshire Windpower Limited ("YWP"), a 50% joint venture shareholding, in relation to the Group's 50% share of the shareholder loan facility made available to YWP in relation to the repowering of Ovenden Moor. The loan has a fixed interest rate of 6.91% and is due for repayment in October 2017.

During the period the Group received in the normal course of business from YWP £25,000 (2016: £62,000) for management and accountancy services. At the year end £nil (2016: £62,000) was outstanding.

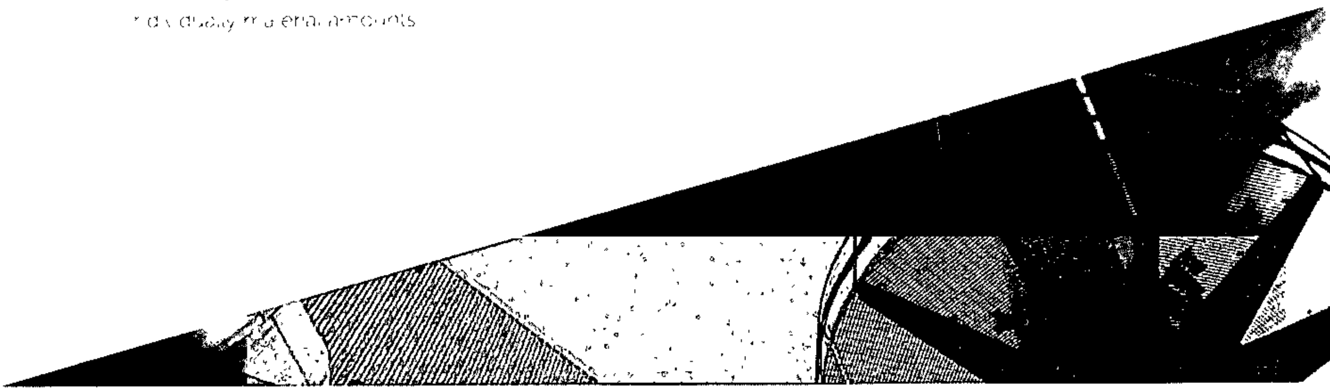
During the year fees of £55,568,000 (2016: £44,155,000) were charged to the Group by Octopus Investments Limited, a related party due to its significant influence over the entity. Octopus Investments Limited also recharged legal and professional fees totalling £62,000 (2016: £829,000) to the Group. At the year end an amount of £4,657,000 (2016: £2,875,000) was outstanding which is included in the trade creditors.

The Company is entitled to a profit share as a result of its investment in [illegible], a related party due to key management personnel in common. In 2017 a share of profit equal to £1,594,000 (2016: £1,822,000) has been recognised by the Company. At the year end the Company has an interest in the members' capital of £13,300,000 (2016: £15,500,000) and accrued income due of £334,000 (2016: £472,000).

The Company previously provided a wholesaling arrangement for purchases of inventory. During the year income of £nil (2016: £5,584,951) was received from related parties that have key management personnel in common. This includes the below individually material entities:

	Amounts included in debtors in the year ended 30 June 2017	Amounts included in debtors in the year ended 30 June 2016
	£'000	£'000
[illegible] Limited	-	2,735
Staunting Wood Solar Limited (formerly Highsource SPV 155 Limited)	-	2,003

The Company engages in lending activities which include balances provided to related parties. Regarding entities with key management personnel in common, loans of £199,159,000 (2016: £186,799,000), accrued income of £6,758,000 (2016: £4,313,000), and deferred income of £11,699 (2016: £1,763,000) were outstanding at year end. During the year interest income of £27,583,000 (2016: £19,384,000) and fees of £1,861,000 (2016: £1,460,000) was recognised in relation to these loans. Within the loan balances at each year end there were the following individually material amounts:



4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

21 [illegible]

	Amounts included in debtors in the year ended 30 June 2017	Interest receivable in the year ended 30 June 2017	Amounts included in debtors in the year ended 30 June 2016	Interest receivable in the year ended 30 June 2016
	£'000	£'000	£'000	£'000
Abeba Energy Limited	1,577	122	1,675	112
Ashbrook Care Limited	17,620	2,076	17,620	1,938
Aurora Care and Education Midco Limited	21,775	2,003	14,583	244
[illegible] Reserve Power Limited	-	466	4,231	363
Court House Care Investments Limited	25,098	9,159	10,223	683
[illegible] Power Limited	5,081	438	1,989	106
Decoy Farm Power Limited	9,620	920	1,140	655
Grange Farm Renewable Energy Limited	1,930	176	1,880	108
[illegible] Power Limited	9,400	918	[illegible]	[illegible]
[illegible] Energy Limited	2,587	193	2,361	150
[illegible] Energy Limited	2,048	155	2,075	132
[illegible] Power Limited	3,179	70	-	
[illegible] Midco Limited	4,077	138	-	
[illegible] Power Limited	2,595	92		
[illegible] Power Limited	4,303	125	-	-
[illegible] Solar Limited	-	-	2,274	
[illegible] Power Limited	-	403	1,900	[illegible]
One Healthcare Partners Limited	42,354	3,278	23,239	1,780
[illegible] Energia srl	-	711	4,220	15
[illegible] Energia Srl	-	818	6,255	146
Quantum Christchurch Care LLP	6,592	522	3,850	341
Redlake Power Limited	-	341	1,880	29
[illegible] Energia srl	-	677	4,402	53
St Asaph Power Limited	5,966	156	-	-
[illegible] Energia srl	8,952	788	4,787	58
Vivaldi Energia srl	5,355	491	2,702	47
[illegible] Power Limited	4,774	296	1,379	44

4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

22 [illegible]

At the year end the Group had capital commitments as follows

	2017	2016
	£'000	£'000
Contracted for but not provided in these financial statements	763	[illegible]

23 [illegible]

There is no ultimate controlling party

24 [illegible]

a) Rangeford Holdings Limited acquisition

On 20 February 2017 the Group acquired control of Rangeford Holdings Limited and its subsidiaries (Rangeford, the entities listed as subsidiaries in note 9). In August 2013 the Group began lending to Rangeford, however, following the breach of various undertakings from Rangeford under its lending facilities, the debt and equity of the Rangeford group was restructured during 2017. This resulted in the Group acquiring 100% of the share capital of Rangeford Holdings Limited.

Goodwill resulting from the business combination was £5 229 000 and has an estimated useful life of [illegible] years reflecting the lifespan of the assets acquired.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £6 045 70[illegible] and a loss of £4 540 305 was contributed over the same year.

b) Nevern Power Limited acquisition

On 8 July 2016 the Group acquired control of the company. The acquired site is planned to be used for reserve power.

Consideration for Nevern Power Limited was £1 and the fair value of assets acquired was £1. Goodwill resulting from the business combination was nil.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £nil and a loss of £720 546 was contributed over the same year.

Notes to the financial statements for the year ended 30 June 2017
(continued)

24 Business combinations (continued)

c) Belisama Energy Limited acquisition

During the year the Group acquired control of the subsidiaries listed in note 9 through the acquisition of 100% of the share capital. The acquisition dates are as follows

- On 28 November 2016 the Group acquired SRC Lochcraigs Limited
- On 30 November 2016 the Group acquired SSR Stormy West Limited
- On 5 December 2016, the Group acquired Fullerton Solarfield Limited
- On 7 December 2016, the Group acquired Penyrheolas Solarfield Limited and SSR Seaton Limited
- On 14 December 2016 the Group acquired SSR Corntown Limited

The acquired entities are involved in the generation of solar energy. The following tables summarise the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non controlling interest at the acquisition date

Consideration

	2017 £'000
Cash	5,898
Directly attributable costs	81
Total consideration	**5,979**

Details of the fair value of the net assets acquired and goodwill arising are as follows

	Book values	Adjustments	Fair value
	£'000	£'000	£'000
Property, plant and equipment	1,537		1,537
Trade and other receivables	258		258
Trade and other payables	(1,852)		(1,852)
Net assets acquired	**(57)**	**-**	**(57)**
Goodwill			6,036
Total consideration			**5,979**

Goodwill resulting from the business combination was £6,036,489 and has an estimated useful life of 25 years, reflecting the lifespan of the assets acquired

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £1,223,414 and a profit of £20,963 was contributed over the same year

Notes to the financial statements for the year ended 30 June 2017
(continued)

24 [illegible]

d) Porthos Solar Limited acquisition

During the year the Group acquired control of the subsidiaries listed in note 9 through the acquisition of 100% of the share capital. The acquisition dates are as follows:

- On 13 March 2017 the Group acquired NC[illegible] Limited
- On 17 March 2017 the Group acquired Caswell Solar Farm Limited
- On 31 March 2017 the Group acquired [illegible] Solar Farm Limited and Crossing Solar Farm Limited
- On [illegible] April 2017 the Group acquired [illegible] Farm Solar Limited and [illegible] Solar 2 Limited
- On 19 May 2017 the Group acquired UKS[illegible] 15 Solar Limited

The acquired entities each own a single operational solar farm. The following tables summarise the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration

	2017
	£'000
[illegible]	9,336
[illegible]	422
Total consideration	**9,758**

Details of the fair value of the net assets acquired and goodwill arising are as follows.

	Book values	Adjustments	Fair value
	£'000	£'000	£'000
Property, plant and equipment	52,5[illegible]		52,5[illegible]
Trade and other receivables	46		46
Cash and cash equivalents	59		59
Prepayments and accrued income	259	-	259
Trade and other payables	(450)		(450)
Loans and other non-current liabilities	(52,18[illegible])	-	(52,[illegible])
Net assets acquired	**366**	**-**	**366**
Goodwill			9,392
Total consideration			**9,758**

Goodwill resulting from the business combination was £9,392,492 and has an estimated useful life of 25 years reflecting the lifespan of the assets acquired.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £1,234,206 and a profit of £15[illegible] was contributed over the same year.

4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

24 [illegible]

e) Caicias Energy Limited acquisition

On 30 September 2016 the Group acquired control of the subsidiaries listed in note 9 through the acquisition of 100% of the share capital. The acquired entity's subsidiary owns a single wind farm. The following tables summarise the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration

	2017
	£'000
[illegible]	15,134
[illegible]	337
Total consideration	**15,471**

Details of the fair value of the net assets acquired and goodwill arising are as follows

	Book values	Adjustments	Fair value
	£'000	£'000	£'000
[illegible]	[illegible]		50,624
Property, plant and equipment	33,497	-	33,497
Trade and other receivables	7,541		7,541
Cash and cash equivalents	2,523	-	2,523
Prepayments and accrued income	1,493	-	1,493
Trade and other payables	(33,120)		(33,120)
Loans and other non current liabilities	(42,765)		(42,765)
Net assets acquired	**(207)**	-	**(207)**
Goodwill			15,678
Total consideration			**15,471**

Goodwill resulting from the business combination was £15,678,000 and has an estimated useful life of 25 years, reflecting the lifespan of the assets acquired.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £5,047,094 and a loss of £487,015 was contributed over the same year.

4| FINANCIAL STATEMENTS 30 JUNE 2017

Notes to the financial statements for the year ended 30 June 2017
(continued)

24 [illegible]

f) DS3 Acquisition

On 7 October 2016 the Group acquired control of the subsidiaries listed in note 9 through the acquisition of 100% of the share capital. The acquired entities subsidiaries each own a single solar farm. The following tables summarise the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration

	2017 £'000
[illegible]	-
[illegible]	-
Total consideration	**-**

Details of the fair value of the net assets acquired and goodwill arising are as follows

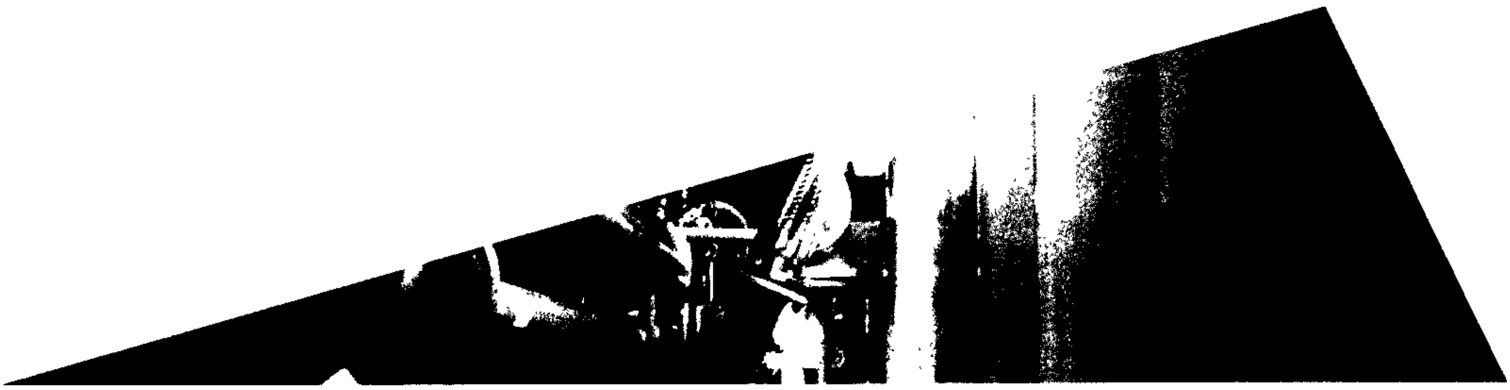
	Book values	Adjustments	Fair value
	£'000	£'000	£'000
Net assets acquired	**(9,853)**	**-**	**(9,853)**
Goodwill			9,853
Total consideration			**-**

Goodwill resulting from the business combination was £9,853,284 and has an estimated useful life of 25 years reflecting the lifespan of the assets acquired.

The revenue from the acquired businesses included in the consolidated statement of comprehensive income for the year was £3,010,45[illegible] and a loss of £1,989,728 was contributed over the same year.

g) Disposal of subsidiaries

During the year as part of the group's strategy a restructure was executed, as part of this restructure Elios Energy Limited was sold on 5 May 201[illegible]. During the year Elios Energy Limited contributed post tax profits of [illegible]44,280,[illegible]. The Group received cash consideration of £18,3[illegible]9,214. The net assets at the date of disposal were £[illegible] and a profit on disposal of £3,423,000 was recognised in the profit and loss account.



5| COMPANY INFORMATION

Directors and Advisors

Directors

PS Latham
KG Wiley
PC Barlow

Company secretary

Shona Ludlow
Kamalika Banerjee (appointed 7 November 2014)

Company number

06447318

Registered office

6th Floor, 33 Holborn, London EC1N 2HT

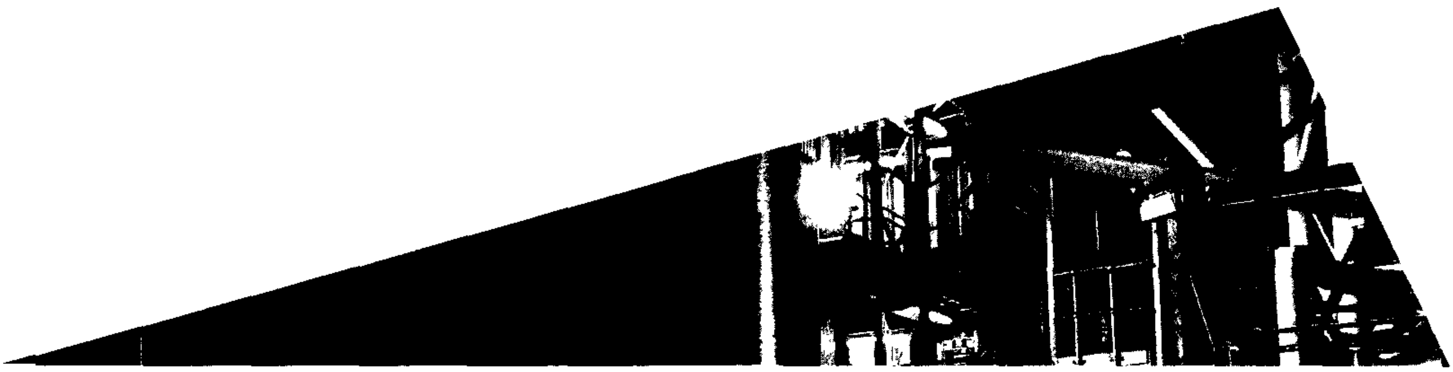
Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Central Square South, Orchard Street
Newcastle upon Tyne NE1 3AZ

Forward-looking statements

This Annual Report contains certain forward-looking statements related to the Company's future business and financial performance and future events or developments. These statements are based on the current knowledge and expectations of management and are subject to assumptions, risks and uncertainties, some of which are related to factors that are beyond the control of the Company. Accordingly, no assurance can be given that any particular expectation will be met and forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Past performance cannot be relied on as a guide to future performance. Nothing in this Annual Report should be construed as a profit forecast.



Fern Trading

Fern Trading Ltd
6th Floor, 33 Holborn
London
EC1N 2HT

Registrar of Companies
Companies House
4 Abbey Orchard Street
Westminster
London
SW1P 2HT

COMPANIES HOUSE

28 February 2018

Dear Sirs

Fern Trading Limited (06447318)
Supplementary Information to filed Annual Group Accounts made up to 30 June 2017

Please accept this letter as notification of certain supplementary information to be included with the notes to the financial statements of Fern Trading Limited ("Fern") to 30 June 2017, as filed with Companies House on 29 December 2017.

This supplementary information relates to:

a) 47 *additional subsidiaries of Fern (appendix 1 to this letter) which took an audit exemption* under s479 of the companies Act 2006. Fern provided a statutory guarantee in respect of these subsidiaries and they should therefore have been included in with the subsidiaries listed on page 35 of Fern's Annual Report and Accounts to 30 June 2017; and

b) The revised classification of the principal activity of three subsidiaries of Fern as listed within note 9 of Fern's Annual Report and Accounts, pages 49-57 (appendix 2 to this letter).

The Directors consider that the accounts have met all relevant requirements of the Companies Act 2006.

I would be grateful if you would file this letter on the company record for Fern to ensure full and accurate disclosure.

Your faithfully,

Paul Latham
Director

Appendix 1 – additional audit exempt subsidiaries (page 35)

Auchencarroch Energy Limited	SC195539
Beetley Energy Limited	04939140
Beighton Energy Limited	03754260
Bellhouse Energy Limited	03466081
Bolam Energy Limited	03754338
Cathkin Energy Limited	SC264324
Chelson Meadow Energy Limited	03363593
CLP Developments Limited	04502342
CLP Envirogas Limited	03720203
CLP Services Limited	04502345
CLPE 1999 Limited	03966436
CLPE Holdings Limited	03720212
CLPE Projects 1 Limited	03465468
CLPE Projects 2 Limited	03966429
CLPE Projects 3 Limited	04939137
CLPE ROC - 1 Limited	04694272
CLPE ROC - 2 Limited	05040534
CLPE ROC - 3 Limited	05040753
CLPE ROC - 3A Limited	05188257
CLPE ROC - 4 Limited	05188255
CLPE ROC - 4A Limited	05188258
Colsterworth Energy Limited	03680645
Connon Bridge Energy Limited	03754257
Cotesbach Energy Limited	03754267
Energy Power Resources Limited	03302734
EPR Ely Limited	03401618
EPR Eye Limited	02234141
EPR Glanford Limited	02547498
EPR Renewable Energy Limited	05377478
EPR Scotland Limited	SC147994
EPR Thetford Limited	03057688
Feltwell Energy Limited	03754307
Fibrophos Limited	02655315
Jameson Road Energy Limited	03754365
March Energy Limited	03754295
Melton LG Energy Limited	06048951
Melton LG Holding Limited	06049510
Melton LG ROC Limited	06049025
Melton Renewable Energy (Holdings) Limited	05375886
Melton Renewable Energy Newco Limited	06394318
Queens Park Road Energy Limited	03757614
Skelbrooke Energy Limited	03680648
Summerston Energy Limited	SC180874
Todhills Energy Limited	03928367
United Mines Energy Limited	03267862
Wetherden Energy Limited	03680643
Whinney Hill Energy Limited	03466084

Appendix 2 – revised principal activities (pages 49-57)

CLPE 1999 Limited – Holding Company
CLP Services Limited – Non- trading
CLP Developments Limited – Non- trading