

# Preliminary Results

22 March 2010



ZENERGY POWER

Zenergy Power plc

press@zenergypower.com · www.zenergypower.com

Zenergy Power plc ('Zenergy' or the 'Group')

## Preliminary Results for the Year Ended 31 December 2009 (‘the Period’)

### 2009 Highlights:

- Installed first medium-voltage Fault Current Limiter (‘FCL’);
- Secured two Magnetic Billet Heater (‘MBH’) orders from two new customers;
- Succeeded testing new compact FCL design that is substantially smaller and lighter than initial designs;
- Secured agreement with America’s largest grid operator for the installation of the first of its kind high-voltage FCL;
- Delivered full set of electromagnetic coils for world’s first superconductor hydropower generator; and
- Generated revenue of €2.4 million (20% increase on FY 2008).

### 2010 Momentum

- First repeat order for MBH;
- First commercial sale of medium-voltage FCL; and
- Successful equity placing to raise £20.04 million.

### Awards

- 2009 Winner of Europe’s largest environmental prize awarded by German Federal Foundation for the Environment;
- 2010 Winner of Innovation Award for Climate and Environment, awarded jointly by the German Federation of Industry and the German Ministry for Environment; and
- 2010 Winner of Rosenblatt New Energy Awards for Rising Star.

### Analyst Presentation

Zenergy Power will today hold an analyst presentation at 09:00hrs at One America Square, Crosswall, London, EC3N 2SG. Interested parties should email Andrew Tan at [andrew.tan@zenergypower.com](mailto:andrew.tan@zenergypower.com) to confirm attendance

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## Chairman's Statement

It is with great pleasure that I present our report for 2009 during which despite unprecedented financial turmoil we continued to deliver strong progress towards our objective of commercialising superconductor based power applications. This included the first real-world installation of the second of our superconductor products, the FCL; and the first delivery of a full set of electromagnetic coils for the manufacture of the first superconductor hydropower generator. The hydropower generator in question is scheduled to be delivered to E.ON AG who will install the machine into an existing hydropower station where it will produce power for over 3,000 homes.

2009 also saw the Group increase revenue generation from additional MBH sales as well as from further contracts relating to the technical evaluation, development and testing of our products. As a consequence, we grew full year revenues by 20% to €2.4 million and added to our order backlog which currently stands at €4.1 million.

On the technology front, we continue to make significant advances in our patented 'all chemical' 2G wire development and have begun to qualify industrial sources of supply. Low cost 2G wire could significantly reduce the cost our current HTS solutions and could enable many more applications including offshore wind power with HTS turbines.

Throughout the year we maintained our focus on the delivery on our key objectives relating to the building of the technical, corporate and financial foundations of the Group and entered into 2010 better positioned than ever to execute our goal of generating sustained profits through the manufacture and sale of industrial-scale clean energy equipment. Accordingly, 2009 played a key role strengthening our ability to enter into clean energy technology markets with proven energy products based on a core technology with a growing credibility and brand recognition.

## Institutional Fundraising

In January 2010 we completed a further equity placing raising £20.04 million. The funds will finance the completion of the high-voltage FCL development work and enable a continued build up of sales and marketing resources. In addition to this, and in anticipation of increased unit sales, some of the funds will also be allocated for the provision of further working capital.

## Outlook

The second half of 2009 saw an increase in the commercial uptake for our products and this has continued in the early stages of 2010. Although much of this relates to an improving economic environment it is worth noting the positive impact we experience as a result of the increasing number (and duration) of installed units in customers' premises. As we enter in 2010 we have two products operating in real-world installations; the MBH unit installed in July 2008; and the medium-voltage FCL unit installed in March 2009. We believe these landmark installations are beginning to drive the commercial interest in our products. With respect to this, it is with great anticipation that I note the rise in installations scheduled in 2010. We anticipate the installation of the world's first superconductor hydropower generator in Germany, a medium-voltage FCL unit in the United Kingdom, and several

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more MBH units in Germany and Italy. This rise in installation numbers in 2010 is significant and underpins what I anticipate to be watershed year for the Group during which we will work on the deployment of multiple full-scale units across multiple international geographies. In anticipation of this increased level of industrial activity, and in support of the growing number of installation projects being undertaken, we will look to restructure the Group's main Board in 2010 to bolster the depth and breadth of its collective industry experience with the inclusion of Non-Executive Directors with relevant background experience in running and growing industrial operations.

Overall the progress made through the year has been substantial, and it is thanks to determined efforts of all of our employees that this been achieved amid a backdrop of such uncertain economic circumstances. I would like to take this opportunity to thank our shareholders (new and old) for their ongoing support and shared faith in our long-term commercial prospects.

Michael Fitzgerald  
Chairman  
19 March 2010

## Chief Executive's Report 2008

### Introduction

In last year's report I was pleased to note the technical milestones surpassed during 2008 that had validated the substantial advantages of our superconductor-based energy technology.

Achieving these milestones meant we entered 2009 with the first of our products (the MBH) developed, sold and installed into customer's premises, the second (the medium-voltage FCL) developed, tested and contracted for installation, and the third (coils for renewable energy generators) in the final stages of development and construction. In all, Zenergy Power had transitioned from a largely R&D driven organisation to one with a growing industrial base and with this exciting development came new opportunities and challenges. I am delighted to report that throughout 2009 we fully embraced these to build up the Group's overall industrial operations, its internal reporting systems and its commercial presence within our target markets. We secured additional sales of the MBH units, completed the first installation of the medium-voltage FCL and worked to bring about the construction of the first superconductor hydropower generator.

### Transition to Commercialisation

Zenergy Power's primary objective is to develop and bring to market commercial superconductor products. During the first half of 2008 we reached the all-important milestone of a customer installation for our first superconductor product, the MBH. Frustratingly, the end of 2008 was characterised by the financial crisis which continued to dampen our commercial progress with the MBH into the first half of 2009. This resulted in disappointing commercial growth in sales of the MBH as output levels within the metals industry fell by as much as 60%. However, the second half of 2009 showed strong signs of recovery within the metals industry and we were successful in securing 2 further orders and, of further encouragement followed these in the New Year with our first repeat customer order.

Irrespective of the financial crisis we forged ahead during 2009 with the commercialisation of our second superconductor product, the medium-voltage FCL and installed the first unit into the Californian distribution grid in March 2009. Subsequent to this, we were contracted to test a further unit for The Consolidated Edison Company of New York in April and were delighted to go on to achieve our first commercial sale in January of 2010.

### First Half 2009

2009 can be considered to have been a year of two halves. Commercial progress in the first being hindered by delays in US Government spending on stimulus packages and a continued freeze of capital expenditure within the metals industry. Together, these two factors led to a disappointing commercial performance but despite this we did achieve two major milestones:

1. The landmark installation in March of our first FCL unit into the United States electricity grid; and
2. Hydropower contract from RWE Power AG ('RWE') in February 2009 to draft a study evaluating the potential increase in electrical output that could be achieved at existing run-of-river hydropower stations through the adoption of superconductor-based generators.

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## Second Half 2009

I am pleased to report that the second half of 2009 saw a marked improvement in our commercial performance and we finished the year with total revenues of €2.44 million. The majority of our second half revenue relates to newly secured MBH orders and these have also contributed to a growing order backlog that at the time of this report stands at over €4 million – almost double the size of the order book at the end of the first half.

The substantial improvement in commercial performance during the second half of 2009 is particularly encouraging as it not only means that we were able to finish the full year with a 20% increase in full year revenue and a strong order backlog but, most importantly, it indicates the re-emergence of capital expenditure within the metals industry. Shareholders will recall that we installed our first commercial MBH unit into customer premises in July 2008. Since that time the low-energy/high-productivity machine has delivered to that customer, Weseralu GmbH, considerable economic gains through a 50% decrease in energy consumption and a 25% increase in manufacturing productivity. To date, the heater has processed over a quarter of a million billets and demonstrated its reduced maintenance costs as compared to conventional technology. These improvements are compelling and we have no doubt of the commercial competitiveness of the superconducting unit over conventional machines. In spite of this, the macroeconomic turmoil resulting from the banking crisis had brought about a virtual standstill in spending amongst our customer base dampening our sales efforts with respect to our MBH product.

However, there are clear signs that the spending appetite amongst our customer base is returning and in July 2009 we received the first order from the largest aluminium extruder in the world, the Sapa Group AB. This was followed by a further order from a major metals producer from within the copper industry. This second order was won in specific relation to the superior heating performance of the superconductor machine which better enables customers to work with a newly introduced eco-friendly brass alloy ('ECO BRASS®') which contains no lead and accordingly requires more even heating to be processed effectively.

Things continued to progress well for our MBH and in October we were proud to receive the German Environmental Award (Europe's largest environmental prize) in recognition of its energy efficiencies and at the beginning of 2010 received our first repeat order. Received from our first customer Weseralu, the repeat order is a significant industry endorsement for the MBH and will support our sales efforts strongly.

## Revenues

For the full year 2009 we generated revenues of €2.44 million. Putting this number into perspective, it is important to note that each of our MBH or FCL units sells for between €1-2 million, and so currently one unit sale represents a significant proportion of our annual revenue figure. As such, any small delays in individual sales contracts can lead to significant impacts in our reported financial performance in any given financial period. As a result of this, we can expect a certain degree of 'lumpiness' in our periodic reporting until such time that we have grown our annual revenues to a point at which any one particular sale no longer represents such a significant proportion of our overall expected performance. A further contributing factor that will enable us to manage this 'lumpiness' is our growing order backlog that gives us improved visibility over when certain revenues are to be recognised and so aid us in delivering more consistent financial results which we are able to forecast with a greater degree of accuracy and confidence

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## Cash Resources

Following the year end we completed our largest fundraising to date which provided the Group with an additional £20.04 million of cash resources from existing and new institutional shareholders. Specifically we expect the additional cash resources will enable us to:

- Fund the completion of the development of the high-voltage FCL product;
- Fund the continuing expansion of our sales and marketing teams;
- Fund a temporary working capital requirement in anticipation of increased sales of MBH and FCL units; and
- Fund the completion of the development of our 'all-chemical' production techniques for low-cost 2G wire.

With respect to the allocation of funds for the provision of working capital, it is worth noting that our typical sales contracts are structured in a way that ensures that adequate advanced payment is received from customers to fund production costs incurred by Zenergy Power. As such, we do not envisage an ongoing requirement for working capital but are, in the short-term, required to lock advance payments from customers and hence cannot access these advances.

## Low Cost 2G Wire and Renewable Energy

Today our products are already delivering measurable improvements to industrial operations where the superiority of their performance over conventional equipment is unquestionable. This continuing success and industry penetration continues to emphasise the importance of our work on the development of our low-cost production techniques for superconductor wire. Our focus in this area is on the production of second generation ('2G') wire by applying layers of Yttrium–Barium–Copper–Oxide onto textured nickel tape; as opposed to the production of first generation ('1G') wire by the filling of silver tubes with Bismuth–Strontium–Calcium–Copper–Oxide. The production of 2G wire is inherently cheaper than 1G wire as the requirement of silver is eliminated. But of greater significance to the overall production cost of wire is the actual method used to make it; and it is here that our patented 'all-chemical' continuous production process beats any other currently being developed. Our aim is to produce the best price performance wire that can be used for the production of superconductor generators which in turn are set to reduce the cost of offshore wind and hydropower electricity. In recognition of this our 'all-chemical' processes have received third party support by way of direct funding from the German Government, the European Union and the U.S. Department of Energy; through funded development contributions from the world-renowned Sandia National Laboratories; and – most importantly – from long-term cooperation agreements with ThyssenKrupp VDM and Honeywell Speciality Materials ('Honeywell').

The timing of our 2G development is closely tied to the work being carried out on the design and production of superconducting generators and as shareholders will recall, in August of this year we delivered the full set of coils (based on 1G wire) required for the production of the first of these machines. The generator in question will be installed by E.ON AG during the course of 2010 and will produce electricity for over 3,000 homes.

Through 2009 we continued to refine our processes to improve their capability of producing 2G wire that has both the required current capacity and quality consistency. Key to achieving these is the collaborative work that we are doing with ThyssenKrupp and Honeywell briefly mentioned above. In both instances we are working under long-term collaboration agreements to qualify the industrial-scale supply to Zenergy Power of raw materials. In

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the case of ThyssenKrupp, this involves the supply of the textured nickel tape, and in the case of Honeywell this involves the supply of the base chemicals. Together, they represent the entire external supply chain of materials required for the scale-up of our 2G production; and by working with them at this early stage we are ensuring that our processes can be scaled without sacrificing either quality or consistency. Accordingly, we worked throughout 2009 with development teams of ThyssenKrupp and Honeywell and were, shortly after the year end, delighted to announce Honeywell's qualification. Looking to 2010, I expect to qualify ThyssenKrupp and to complete the overall development and refinement of our 2G 'all-chemical' processes. Once at this point we will consider further our investment and partnering options in relation to the future scaling-up of our 2G production capacity. Once built, our 2G capacity will serve our internal wire demands in relation to the production of MBH and FCL units as well as for the production of coils for manufacturing partners building superconducting renewable energy generators.

Dr. Jens Mueller  
Chief Executive Officer  
19 March 2010

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## Preliminary Results for the year to 31 December 2009

### Consolidated income statement for year ended 31 December 2009

	Year ended 31 December 2009 €000	Year ended 31 December 2008 €000
Revenue	2,437	2,028
Cost of sales	(2,038)	(1,580)
Gross profit	399	448
Other operating income	894	842
Sales and marketing expenses	(1,544)	(876)
Administrative expenses	(4,320)	(3,934)
Strategic marketing project	(267)	(691)
Research & development expenses	(3,481)	(3,028)
Loss before strategic marketing project, research & development, depreciation & amortisation & equity settled share based payments	(3,197)	(2,478)
Strategic marketing project	(267)	(691)
Research & development expenses	(3,481)	(3,028)
Depreciation & amortisation	(926)	(699)
Equity settled share-based payment expenses	(448)	(343)
Operating loss	(8,319)	(7,239)
Financial income	103	1,974
Financial expenses	(289)	(47)
Net financing (expense)/income	(186)	1,927
Loss before tax	(8,505)	(5,312)
Taxation	24	40
Loss for the year	(8,481)	(5,272)
Loss per share (Euros)		
Basic and fully diluted loss per share	(0.17)	(0.12)

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## Consolidated Statements of Comprehensive Income for year ended 31 December 2009

	Year ended 31 December 2009 €000	Year ended 31 December 2008 €000
Loss for the year	(8,481)	(5,272)
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	223	(2,407)
Other comprehensive income for the year, net of tax	223	(2,407)
Total comprehensive income for the year	(8,258)	(7,679)

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## Consolidated balance sheet at 31 December

	2009 €000	2008 €000
<b>Non-current assets</b>		
Property, plant and equipment	3,452	2,685
Goodwill	1,321	1,341
Other intangible assets	6,308	5,174
	11,081	9,200
<b>Current assets</b>		
Inventories	1,198	508
Trade and other receivables	2,349	1,902
Cash and cash equivalents	6,900	6,797
	10,447	9,207
<b>Total assets</b>	<b>21,528</b>	<b>18,407</b>
<b>Current liabilities</b>		
Trade and other payables	(2,702)	(1,978)
<b>Non current liabilities</b>		
Deferred tax liabilities	(615)	(660)
<b>Total liabilities</b>	<b>(3,317)</b>	<b>(2,638)</b>
<b>Net assets</b>	<b>18,211</b>	<b>15,769</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	738	649
Share premium	42,213	32,050
Translation reserve	(2,569)	(2,792)
Warrant reserve	200	200
Retained loss	(22,371)	(14,338)
<b>Total equity attributable to shareholders</b>	<b>18,211</b>	<b>15,769</b>

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## Consolidated Statement of Changes in Equity for the year ended 31 December 2009

	Share capital €000	Share premium €000	Translation reserve €000	Warrant reserve €000	Retained loss €000	Total equity €000
Balance at 1 January 2008	645	31,672	(385)	200	(9,409)	22,723
Loss for the period	-	-	-	-	(5,272)	(5,272)
Other comprehensive income						
Foreign exchange differences on translation of foreign operations	-	-	(2,407)	-	-	(2,407)
Total comprehensive income for the period	-	-	(2,407)	-	(5,272)	(7,679)
Transactions with equity holders						
Equity-settled share based payment transactions	-	-	-	-	343	343
Paid in share capital - cash	4	378	-	-	-	382
Balance at 31 December 2008	649	32,050	(2,792)	200	(14,338)	15,769
Loss for the period	-	-	-	-	(8,481)	(8,481)
Other comprehensive income						
Foreign exchange differences on translation of foreign operations	-	-	223	-	-	223
Total comprehensive income for the period	-	-	223	-	(8,481)	(8,258)
Transactions with equity holders						
Equity-settled share based payment transactions	-	-	-	-	448	448
Paid in share capital - cash	89	10,163	-	-	-	10,252
Balance at 31 December 2009	738	42,213	(2,569)	200	(22,371)	18,211

The aggregated current and deferred tax relating to items that are charged or credited to equity is €Nil.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

### Warrant reserve

The warrant reserve comprises the fair value of the equity component of warrants issued by the Company.

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## Consolidated cash flow statement for year ended 31 December 2009

	Year ended 31 December 2009 €000	Year ended 31 December 2008 €000
Cash flows from operating activities		
Loss for the period	(8,481)	(5,272)
Adjustments for:		
Depreciation and amortisation	926	699
Foreign exchange (losses)/gains	(430)	2,128
Loss on disposal of fixed assets	55	70
Financial income	(103)	(1,974)
Financial expenses	289	47
Equity settled share-based payment expenses	448	343
Taxation	(24)	(40)
Operating loss before changes in working capital and provisions	(7,320)	(3,999)
Increase in trade and other receivables	(447)	(392)
(Decrease)/increase in stock	(690)	35
Increase in trade and other payables	724	4
Cash absorbed by operations	(7,733)	(4,352)
Tax received	-	133
Net cash (outflow) from operating activities	(7,733)	(4,219)
Cash flows from investing activities		
Interest received	34	614
Proceeds from the sale of fixed assets	1	-
Acquisition of property, plant and equipment	(1,505)	(1,637)
Development expenditure capitalised and acquisition of other intangible assets	(1,369)	(2,168)
Net cash outflow from investing activities	(2,839)	(3,191)
Cash flows from financing activities		
Proceeds from the issue of share capital	10,252	30
Equity issued for services	-	352
Net cash inflow from financing activities	10,252	382
Net (decrease) in cash and cash equivalents	(320)	(7,028)
Cash and cash equivalents at 1 January	6,797	17,746
Effect of exchange rate fluctuations on cash held	423	(3,921)
Cash and cash equivalents at 31 December	6,900	6,797

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## Notes

### Operating segments

The Group has four operating segments, which are the Group's subsidiary entities. These are described below. The subsidiaries are managed separately and have separate functions within the Group. For each of the subsidiaries the Group CEO, who is considered to be the Group's Chief Operating Decision Maker ('CODM') reviews the management accounts on a monthly basis as well as the annual budgets.

The operating segments are as follows:

- Zenergy Power GmbH ('GmbH') – is responsible for the manufacture of Superconducting Coils and Magnets which are used in all of the Group's products, as well as sales of the Group's products in Europe. Zenergy Power GmbH is also responsible for the Group's intellectual property strategy and management.
- Zenergy Power, Inc. ('Inc') – is responsible, for the engineering of the Fault Current Limiter as well as for the integration and final assembly of the product which incorporates components from both Zenergy Power GmbH as well as third party suppliers. Zenergy Power, Inc. are also responsible for sales of the Group products in America.
- Zenergy Power Pty Ltd ('Pty') – are responsible for the development and design efforts for the Fault Current Limiter including modelling and simulation experiments.
- Zenergy Power plc ('Plc') – is the Group holding company and is responsible for Group finances and Treasury, Investor relations and marketing as well as sales of the Group's products in the UK.

Information regarding each operating segment, which are also our reporting segments, is included below. Segments are assessed based on revenues and loss before tax, as included in the internal management accounts that are reviewed by the Group CEO. Inter-segment pricing is determined on an arm's length basis. Zenergy Power Plc is a segment that engages in business for which it is yet to earn revenues. The company is expected to start making sales in quarter one of 2010.

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## Information about reportable segments

Year ended 31 December 2009	GmbH €000	Inc €000	Pty €000	plc €000	Eliminations €000	Consolidated €000
<b>Revenue</b>						
Sales to external customers	2,178	259	-	-	-	2,437
Sales to other segments	662	-	748	-	(1,410)	-
<b>Total segment revenue</b>	<b>2,840</b>	<b>259</b>	<b>748</b>	<b>-</b>	<b>(1,410)</b>	<b>2,437</b>
<b>Result</b>						
Segment result being loss from operations	(5,071)	(1,700)	(23)	(846)	(679)	(8,319)
Finance income	3	3	1	96	-	103
Finance expense	(2)	-	-	(287)	-	(289)
<b>Loss before tax</b>	<b>(5,070)</b>	<b>(1,697)</b>	<b>(22)</b>	<b>(1,037)</b>	<b>(679)</b>	<b>(8,505)</b>
Tax	-	-	-	-	24	24
<b>Loss for the year</b>	<b>(5,070)</b>	<b>(1,697)</b>	<b>(22)</b>	<b>(1,037)</b>	<b>(655)</b>	<b>(8,481)</b>
<b>Balance sheet</b>						
Segment assets	8,717	4,821	1,027	36,591	(29,628)	21,528
Segment liabilities	(2,128)	(68)	(141)	(364)	(616)	(3,317)
<b>Net assets/(liabilities)</b>	<b>6,589</b>	<b>4,753</b>	<b>886</b>	<b>36,227</b>	<b>(30,244)</b>	<b>18,211</b>
<b>Other information</b>						
Capital additions	(1,906)	(1,525)	(58)	-	615	(2,874)
Depreciation and amortisation	(603)	(206)	(52)	(1)	(64)	(926)
Other non cash expenses (share option charge)	(202)	(72)	(26)	(148)	-	(448)
Research and development	(3,227)	(140)	(114)	-	-	(3,481)
Strategic marketing	(958)	-	-	691	-	(267)

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Year ended 31 December 2008	GmbH €000	Inc €000	Pty €000	plc €000	Eliminations €000	Consolidated €000
<b>Revenue</b>						
Sales to external customers	1,918	79	31	-	-	2,028
Sales to other segments	867	-	-	-	(867)	-
<b>Total segment revenue</b>	<b>2,785</b>	<b>79</b>	<b>31</b>	<b>-</b>	<b>(867)</b>	<b>2,028</b>
<b>Result</b>						
Segment result being loss from operations	(3,369)	(1,447)	(271)	(2,082)	(70)	(7,239)
Finance income	14	4	7	1,950	(1)	1,974
Finance expense	(3)	(30)	-	(14)	-	(47)
<b>Loss before tax</b>	<b>(3,358)</b>	<b>(1,473)</b>	<b>(264)</b>	<b>(146)</b>	<b>(71)</b>	<b>(5,312)</b>
Tax	-	-	16	-	24	40
<b>Loss for the year</b>	<b>(3,358)</b>	<b>(1,473)</b>	<b>(248)</b>	<b>(146)</b>	<b>(47)</b>	<b>(5,272)</b>
<b>Balance sheet</b>						
Segment assets	5,144	2,877	812	25,456	(15,882)	18,407
Segment liabilities	(1,217)	(101)	(101)	(559)	(660)	(2,638)
<b>Net assets/(liabilities)</b>	<b>3,927</b>	<b>2,776</b>	<b>711</b>	<b>24,897</b>	<b>(16,542)</b>	<b>15,769</b>
<b>Other information</b>						
Capital additions	(2,047)	(1,266)	(548)	-	56	(3,805)
Depreciation and amortisation	(426)	(168)	(43)	(1)	(61)	(699)
Other non cash expenses (share option charge)	(147)	(121)	(35)	(40)	-	(343)
Research and development	(2,810)	(121)	(97)	-	-	(3,028)
Strategic marketing	-	-	-	(691)	-	(691)

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## Information about geographical areas

The operating segments identified above, being the Group's subsidiary entities are organised according to geographical locations, Zenergy Power GmbH is located in Germany, Zenergy Power, Inc. is located in USA, Zenergy Power Pty is located in Australia and Zenergy Power Plc is located in the United Kingdom. The disclosures presented above therefore are also geographical disclosures. Additional geographical disclosures are noted below:

## Revenue by location of customer

	Year ended 31 December 2009 €000	Year ended 31 December 2008 €000
Germany	854	1,256
Rest of Europe	1,327	633
Other	256	139
Total revenues	2,437	2,028

The Group does not hold assets in any countries other than those countries where the operating segments of the Group are domiciled. The assets of each operating segment are located solely in the country in which the subsidiary is domiciled.

## Information about products and services

### Revenue by product

	Year ended 31 December 2009 €000	Year ended 31 December 2008 €000
Magnetic Billet Heater	2,032	1,256
Fault Current Limiter	259	79
Renewables	101	633
Other	45	60
Total revenues	2,437	2,028

## Information about major customers

The Group has four customers (2008: three) that each individually account for more than 10% of the Group's revenue. In reporting Segment GmbH, there are three (2008: three) customers each accounting for more than 10% of total revenues as follows: €1,275,000, €476,000 and €274,000 (2008: €785,000, €633,000 and €471,000). In reporting Segment Inc there is one (2008: Nil) customer accounting for more than 10% of total revenue as follows: €259,000.

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## How operating and reporting segments are determined

All reporting to the CODM is prepared at the subsidiary level which is our operating segments and our reportable segments. This is the lowest level of information reviewed by the CODM for the purposes of resource allocation. The Group has three end product areas, namely Magnetic Billet Heater, Fault Current Limiters and Renewables, however for all products Zenergy Power's component is Superconducting Coils and Magnets which are all produced by Zenergy Power GmbH. Revenues and gross margins are reviewed by product but this is not used for resource allocation purposes. All other information is reviewed at a subsidiary level due to the current size of the Group. Over time the Group expects to evolve as a product focused organisation and once volume production is reached separate teams will manufacture the coils and magnets for each of the Group's products, however due to current manufacturing levels the same team manufacture the superconducting components for all products. Due to the high skills level of the Group's sales force, and the current number of customers currently sales are managed by geography rather than by product.

## Earnings per share

### Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 of €0.17 loss (2008:€0.12 loss) was based on the loss attributable to ordinary shareholders of €8,481,000 (Year ended 31 December 2008: €5,272,000) and a weighted average number of Ordinary Shares outstanding during the period of 49,531,000 (Year ended 31 December 2008: 44,042,000), calculated as follows:

Thousands of shares	Year ended 31 December 2009	Year ended 31 December 2008
Issued ordinary shares at start of period	44,325	43,948
Placing – May 2009	5,206	-
Options exercised	-	78
Shares issued in settlement of fees	-	16
Weighted average number of ordinary shares at 31 December	49,531	44,042

On 22 January 2010 16,700,000 new ordinary 1p shares were issued, at a price per share of £1.20, raising £19.2 million (net of fees of £0.8 million), which at the exchange rate prevailing on that date was equivalent to €21.9 million (net of fees of €0.9 million).

### Diluted earnings per share

Share options and warrants have not been included in the calculation of fully diluted earnings per share since these are anti-dilutive. The instruments that could potentially dilute the basic earnings per share in the future, but were not included because they were anti-dilutive for the periods presented are:

Thousand of shares	Year ended 31 December 2009	Year ended 31 December 2008
Warrants	160	160
Share options	2,513	1,858
Total potential dilutive instruments	2,673	2,018

# Preliminary Results

22 March 2010 · Zenergy Power plc

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## **Basis of preparation**

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the registrar of companies, and those for 2009 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for 2008 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2009.

This announcement was approved by a Committee of the Board of Directors on 19 March 2010. Statutory accounts for the year to 31 December 2009 will be delivered to the registrar of companies following the Company's Annual General Meeting.

-Ends-

## **About Zenergy Group plc**

Zenergy Power plc is a superconductor energy technology company, listed on the AIM market of the London Stock Exchange and comprising three operating subsidiaries located in Germany, USA and Australia. By innovating superconductor based technology solutions, the Group provides patented clean energy devices that greatly improve the efficiency with which customers generate, distribute and use electrical energy.

To date, the incredibly energy efficient superconductive components at the heart of Zenergy's products have successfully delivered industrial customers significant reductions in energy consumption and provided utility companies with cutting-edge smart grid solutions. Looking to the near future, the Group is also developing a range of highly-energy efficient superconductor components for electricity generators capable of greatly reducing the cost of producing offshore wind power. All of which leads to the production of fewer carbon emissions in the world and a more sustainable economic growth path. In 2007 Zenergy achieved the world's first sale of an industrial scale commercial application incorporating superconductor technology and has subsequently developed products capable of addressing multi-billion dollar global markets.

## **About superconductivity**

Superconductive materials are capable of conducting electricity without any resistance and were first discovered in 1911 in what was to prove to be one of the most significant scientific breakthroughs of the 20th century.

## **Superconductors enable:**

- a. Induction Heaters to be twice as efficient for the metals industry
- b. Fault Current Limiters to protect power grids from blackouts
- c. Direct-drive wind generators to be significantly reduced in size and weight allowing the operation of wind generators in excess of 8 MW
- d. Existing hydro-power sites to increase energy efficiency and electrical power output.