RNS Number : 1884L
Coro Energy PLC
09 September 2021

9 September 2021

Coro Energy plc
("Coro", the "Company" or the "Group")

Interim Results

Coro Energy plc, the South East Asian energy company focused on leading the regional transition to a low carbon economy, announces its unaudited interim results for the six month period ended 30 June 2021.

Highlights

Operational

- Acquired Global Energy Partnership Ltd, an originator and developer of renewable energy projects in South East Asia with a portfolio of early stage, utility scale projects and an initial focus on the Philippines
- Operating infrastructure established in the Philippines; planning and permitting activities for priority 100 MW solar and 100 MW onshore wind projects underway
- Continued progress toward commercialising the Mako gas field (Duyung PSC, Coro 15% interest), with the operator focused on key commercial workstreams including preparation of an updated Plan of Development and continuing Gas Sales Agreement negotiations

Corporate

- Appointed Mark Hood, an experienced clean energy executive and co-founder of GEPL, as Coro's Chief Executive Officer
- Announced execution of binding, conditional Sale and Purchase Agreement with Dubai Energy Partners Inc to dispose of the Group's Italian portfolio for cash consideration of €0.3 million
- Raised net proceeds of approximately $5.5m through a placing and open offer to fund the Group's low carbon energy investments

Post Balance Sheet Events

- Announced a new partnership in Vietnam to develop a 150 MW pipeline of rooftop solar projects together with a local partner, Vinh Phuc Energy ("VPE"), commencing with 5 MW pilot project

Certain information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Twelve months ago we announced that the Company was embarking on a strategic pivot, which transitioned the Company from a hydrocarbon-led strategy to one centred on low carbon energy investments. The Board is pleased to report that we have made strong progress in the first half of 2021 towards building a leading regional low carbon energy company.

As an initial step on that transition, the Company made its maiden clean energy investment in ion Ventures Holdings Ltd ("ion" or "ion Ventures") in November 2020, acquiring 20.3% of ion Ventures, a developer of energy storage and flexible energy assets, for £500k. Only six months later this investment was validated when ion announced a new partnership with GLIL Infrastructure Fund LLP ("GLIL") which could see GLIL commit up to £150m of capital to develop ion's portfolio of grid scale energy storage assets in the UK, which have now been vended in to a newly formed entity, Flexion Energy Holdings UK Limited, in which ion currently holds a carried 5% interest. GLIL is an infrastructure investment fund with £2.5bn funds under management, backed by Local Pensions Partnership and Northern LGPS. We also expect significant value to be added through the continuing development of ion's South East Asian pipeline, which is still wholly owned by ion and where Coro retains a right of first refusal to invest.

Following our strategic investment in ion Ventures, in March 2021 we completed the acquisition of Global Energy Partnership Limited ("GEPL"), a South East Asia centric developer of clean energy projects. With this acquisition, we secured a pipeline of operated renewable energy projects across the region, with an initial focus on the Philippines. We also welcomed Mark Hood, co-founder of GEPL and an experienced clean energy executive, to the Board of Directors as the Group's new Chief Executive Officer.

Post-acquisition of GEPL, our focus has been on establishing the Group's operating infrastructure in the Philippines and progressing two priority projects, a 100 MW solar project and 100 MW onshore wind project, both located in the Visayas region of the Philippines.

We added to our clean energy portfolio, post-period, entering into a new partnership in Vietnam to develop rooftop solar projects together with a local partner, Vinh Phuc Energy ("VPE"). VPE are a leading Vietnamese solar asset owner and Engineering, Procurement and Construction contractor, with an experienced team of over 90 operational staff and extensive experience deploying solar photovoltaic ("PV") systems in Vietnam. The parties entered into binding Heads of Terms to jointly develop VPE's existing 150 MW portfolio of commercial and industrial rooftop solar PV installations. Upon completion Coro will own 85% of the new venture in exchange for providing up to $4.0m of funding for the first 5MW pilot project. The deal represents a low-cost entry for Coro into the fast-growing Vietnamese energy sector. Both parties are working toward signature of binding, definitive agreements in the coming weeks and we expect to reach financial close on the 5 MW pilot project by the end of the year.

These transactions represent Coro's strategy at work: identifying opportunities for low-cost entry into countries with fast growing economies and forecasted strong energy demand growth. In this geography, value accretion occurs during the early planning and permitting stages of projects and by providing the early-stage capital for these projects, we will create opportunities to deliver outsized returns relative to initial development risk. Risk can be mitigated through adopting a portfolio approach with disciplined allocation of capital and strong local knowledge.

Alongside the GEPL acquisition, the Company successfully raised net proceeds of $5.5m through a placing and open offer with new and existing investors. These funds will be utilised for investment in the Philippines and Vietnam clean energy portfolios, as well as to fund the Group's share of expenditures from its high value gas asset, the Mako gas field.

The Mako gas field, contained within the Duyung PSC area (operated by Conrad Petroleum Ltd), remains a high value asset in our portfolio, with focus during the period on the strategic commercial workstreams. This included preparation by the operator of an updated Plan of Development for submission to the Indonesian authorities and gas sales agreement negotiations with various counterparties. Achievement of these commercial milestones will be key to upgrading contingent resources at Duyung to reserves, and ultimately to enabling the partners to take a Final Investment Decision ("FID").

Finally, we were pleased to execute a binding, conditional agreement with Dubai Energy Partners, Inc ("DEPI") during the period to dispose of the Company's non-core Italian gas portfolio in exchange for cash consideration of €300k (c.$350k). Completion of the disposal of the Italian gas portfolio is conditional on, inter alia, approval by the Italian Ministry of Economic Development. Both parties are working toward securing this approval in Q4 2021. In the meantime, DEPI is responsible for funding any operational costs relating to the Italian portfolio until completion.

Outlook
Having secured an exciting portfolio of clean energy projects across the South East Asian region, the Company is well placed to continue this momentum through the remainder of 2021 and into next year. Planning and permitting activities will continue for our priority projects in the Philippines, with the first major milestone being awarded by the Department of Energy.

We also look forward to completing our transaction with VPE in Vietnam in the coming weeks and focusing on our 5 MW pilot project, with the intention of reaching financial close by the end of 2021.

Positive progress is also expected on key commercial milestones for Mako, along with completion of our disposal of the Italian portfolio, which will ensure our footprint and focus are solely on the South East Asian market.

Our Eurobond obligations remain at the forefront of our mind and we intend to seek a restructuring of those obligations to enable the Company to continue to pursue its clean energy growth led strategy.

We thank our shareholders for their support and look forward to updating them on our progress in the coming months.

James Parsons	**Mark Hood**
Chairman	Chief Executive Officer

FINANCIAL REVIEW

Results from continuing operations
The Group made a loss after tax from continuing operations of $2.8m (H1 2020: $4.9m). The overall reduction in loss after tax compared to the first half of 2020 was primarily due to a large, unrealised foreign exchange gain recorded on the Group's Eurobond, due to the appreciation of the British Pound Sterling ("GBP") during the period compared to the Euro. This resulted in an unrealised foreign exchange gain in the parent company, which uses GBP as its functional currency. This compared to a large foreign exchange loss in the comparative period when the GBP

devalued against the Euro.

General and administrative expenses were $217k lower than the comparative period. Within G&A expenses, and as shown in more detail in note 4 below, we achieved cost reductions in most expense categories compared to the first half of 2020, with the exception of business development costs and other G&A. Business development costs were higher in the first half of 2021 as a result of transactional activity during the period, including the acquisition of GEPL and the divestment of Coro Europe. We expect these costs to moderate in the second half of the year, though they will remain activity driven. Other G&A increased due to higher prevailing insurance costs in 2021.

Results from discontinued operations
As noted in the Chairman and CEO's Statement, we have agreed to dispose of our Italian operations to DEPI. Completion of the disposal is conditional on, inter alia, receipt of required regulatory approvals from the Italian authorities. The disposal has an economic effective date of 26 May 2021, being the date the SPA was signed. However, until all conditions precedent for the disposal have been met, principally the receipt of all regulatory approvals, Coro continues to control Coro Europe Ltd ("CEL") and its Italian subsidiary, Apennine Energy SpA ("AES"), which holds all Italian gas licences. As a result, we have continued to consolidate the results of CEL and AES for the full 6-month period, in line with the requirements of IFRS.

Activity remained subdued in our Italian operations during the period, following suspension of production from three fields in the first half of 2020 due to a significant fall in gas prices. Our focus has remained on cost control which saw the net cash outflow from operations reduced to $142k for the period, compared to $278k in the comparative period. This was despite a 58% drop in revenues compared to H1 2020, with only Rapagnano on production for the first half of this year.

The accounting loss after tax from discontinued operations for the period was $456k, significantly lower than $1.8m reported in the comparative period. This was primarily due to a large deferred tax asset write-off in H1 2020 ($848k) which did not recur this year, along with lower impairment charges ($379k lower than H1 2020).

Going concern
The interim financial statements have been prepared under the going concern assumption, which presumes that the Group will be able to meet its obligations as they fall due for the foreseeable future.

The Group ended the period with cash of $4.7m (excluding cash recorded within assets of the Italian disposal group held for sale). However, the Group balance sheet records net current liabilities of $20.9m due to the classification of the Group's Eurobond within current liabilities. The bonds are scheduled to mature on 12 April 2022 when the outstanding principal of €22.5m (undiscounted, $26.7m at period end exchange rates) and accrued, unpaid interest of €2.3m ($2.7m) will fall due.

The Directors have a reasonable expectation that the Group can restructure its balance sheet to enable the Group to remain in operation for at least 12 months from the date of publication of these interim financial statements. This may include a restructuring of its bond obligations in part or in full and/or a sale of assets, where the Directors' believe that the value of the Group's assets exceeds its debt exposure.

However, the ability of the Group to successfully manage its capital structure over the next 12 months is not guaranteed and represents a material uncertainty concerning the appropriate use of the going concern assumption in these interim financial statements. Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities that might arise and to classify fixed assets as current.

Peter Christie
Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Six Months Ended 30 June 2021

	Notes	**30 June 2021 $'000**	30 June 2020 $'000
Continuing operations			
General and administrative expenses	4	**(1,686)**	(1,903)
Depreciation expense		**(9)**	(73)
Share of loss of associates		**(65)**	-
Loss from operating activities		**(1,760)**	(1,976)
Finance income		**1,223**	25
Finance expense		**(2,218)**	(2,966)
Net finance expense	4	**(995)**	(2,941)
Loss before income tax expense		**(2,755)**	(4,917)
Income tax benefit/(expense)		**-**	-
Loss for the period from continuing operations		**(2,755)**	(4,917)
Discontinued operations			
Loss for the period from discontinued operations	11	**(456)**	(1,795)
Total loss for the period		**(3,211)**	(6,712)
Other comprehensive income/loss			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		**(412)**	1,042
Total comprehensive loss for the period		**(3,623**	(5,670)
Loss attributable to:			
Owners of the company		**(3,211)**	(6,712)
Total comprehensive loss attributable to:			
Owners of the company		**(412)**	(5,670)
Basic loss per share from continuing operations ($)	5	**(0.0018)**	(0.006)
Diluted loss per share from continuing operations ($)	5	**(0.0018)**	(0.006)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2021

	Notes	**30 June 2021 $'000**	31 December 2020 $'000
Non-current assets			
Property, plant and equipment		**14**	16
Intangible assets	6	**18,114**	17,274
Investment in associates		**610**	666
Total non-current assets		**18,738**	17,956
Current assets			
Cash and cash equivalents		**4,712**	1,706
Trade and other receivables		**293**	118
Inventory		**37**	37
Derivative financial instruments		**-**	10
Total current assets		**5,042**	1,871
Assets of disposal group held for sale	11	**10,432**	11,417
Total assets		**34,212**	31,244
Liabilities and equity			
Current liabilities			
Trade and other payables		**245**	209
Borrowings	7	**25,728**	689
Total current liabilities		**25,973**	898
Non-current liabilities			
Borrowings	7	**-**	24,360
Total non-current liabilities		**-**	24,360
Liabilities of disposal group held for sale	11	**10,017**	10,921
Total liabilities		**35,990**	36,179
Equity			
Share capital	8	**2,927**	1,103
Share premium	8	**50,430**	45,786
Merger reserve		**9,708**	9,708
Other reserves	9	**3,205**	3,305
Accumulated losses		**(68,048)**	(64,837)
Total equity		**(1,778)**	(4,935)
Total equity and liabilities		**34,212**	31,244

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six Months Ended 30 June 2020

	Share capital $'000	Share premium $'000	Merger Reserve $'000	Other Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 1 January 2020	1,080	45,679	9,708	3,978	(55,263)	5,182
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(6,712)	(6,712)
Other comprehensive income	-	-	-	1,042	-	1,042
Total comprehensive loss for the period	-	-	-	1,042	(6,712)	(5,670)
Transactions with owners recorded directly in equity:						
Issue of share capital	5	76	-	-	-	81
Share based payments for services rendered	-	-	-	530	-	530
Lapsed share options	-	-	-	(593)	593	-
Balance at 30 June 2020	1,085	45,755	9,708	4,957	(61,382)	123

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six Months Ended 30 June 2021

	Share capital $'000	**Share premium $'000**	**Merger Reserve $'000**	**Other Reserves $'000**	**Accumulated Losses $'000**	**Total $'000**
Balance at 1 January 2021	**1,103**	**45,786**	**9,708**	**3,305**	**(64,837)**	**(4,935)**
Total comprehensive loss for the period:						
Loss for the period	**-**	**-**	**-**	**-**	**(3,211)**	**(3,211)**
Other comprehensive loss	**-**	**-**	**-**	**(412)**	**-**	**(412)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(412)**	**(3,211)**	**(3,623)**
Transactions with owners recorded directly in equity:						
Issue of share capital	**1,504**	**4,513**	**-**	**-**	**-**	**6,017**
Share issue costs	**-**	**(826)**	**-**	**-**	**-**	**(826)**
Shares issued for business combination	**198**	**590**	**-**	**-**	**-**	**788**
Share based payments for services rendered	**122**	**367**	**-**	**171**	**-**	**660**
Issue of warrants	**-**	**-**	**-**	**141**	**-**	**141**
Balance at 30 June 2021	**2,927**	**50,430**	**9,708**	**3,205**	**(68,048)**	**(1,778)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Six Months Ended 30 June 2021

	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities		
Receipts from customers	**410**	756
Payments to suppliers and employees	**(2,157)**	(3,265)
Interest received	**-**	28
Interest paid	**(661)**	(622)
Net cash used in operating activities	**(2,408)**	(3,103)
Cash flow from investing activities		
Receipts for property, plant & equipment	**3**	-
Payments for exploration & evaluation assets	**(71)**	(16)
Net receipts from / (payments for) rehabilitation activities	**102**	(43)
Net cash provided by / (used in) investing activities	**34**	(59)
Cash flows from financing activities		
Proceeds from issue of shares	**6,017**	-
Share issue costs paid in cash	**(528)**	-
Principal element of lease payments	**(36)**	(120)
Net cash provided by / (used in) financing activities	**5,453**	(120)
Net increase / (decrease) in cash and cash equivalents	**3,079**	(3,282)
Cash and cash equivalents brought forward	**1,761**	6,526
Effects of exchange rate changes on cash and cash equivalents	**(22)**	195
Cash and cash equivalents carried forward	**4,818**	3,439

Cash and cash equivalents carried forward at 30 June 2021 in the condensed consolidated statement of cash flows includes $106k relating to discontinued operations (30 June 2020: $190k). Refer to note 11.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended 30 June 2021

Note 1: Basis of preparation of the interim financial statements

The condensed consolidated interim financial statements of Coro Energy plc (the "Group") for the six month period ended 30 June 2021 have been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020, which was prepared under International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006, and any public announcements made by Coro Energy plc during the interim reporting period.

These condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2020 prepared under IFRS have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. These condensed consolidated interim financial statements have not been audited.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of preparation - going concern

The interim financial statements have been prepared under the going concern assumption, which presumes that the Group will be able to meet its obligations as they fall due for the foreseeable future.

The Group ended the period with cash of $4.7m (excluding cash recorded within assets of the Italian disposal group held for sale). However, the Group balance sheet records net current liabilities of $20.9m due to the classification of the Group's Eurobond within current liabilities. The bonds are scheduled to mature on 12 April 2022 when outstanding principal of €22.5m (undiscounted, $26.7m at period end exchange rates) and accrued, unpaid interest of €2.3m ($2.7m) will fall due.

The Directors have a reasonable expectation that the Group can restructure its balance sheet to enable the Group to remain in operation for at least 12 months from the date of publication of these interim financial statements. This may include a restructuring of its bond obligations in part or in full and/or a sale of assets, where the Directors' believe that the value of the Group's assets exceeds its debt exposure.

However, the ability of the Group to successfully manage its capital structure over the next 12 months is not guaranteed and represents a material uncertainty concerning the appropriate use of the going concern assumption in these interim financial statements. Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities that might arise and to classify fixed assets as current.

a) New and amended standards adopted by the Group

New and amended standards which became applicable on 1 January 2021 do not have a material impact on the Group, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards/amendments.

b) New accounting policies adopted by the Group

There were no new accounting policies adopted by the Group during the period, nor any amendments to existing accounting policies.

Note 2: Significant changes

The financial position and performance of the Group was particularly affected by the following events and transactions during the six months to 30 June 2021:

- Acquisition of Global Energy Partnership Limited, an originator and developer of renewable energy projects in South East Asia, with an initial focus on the Philippines, for share consideration of $788k. The acquisition has been treated as a business combination, with goodwill recognised on the Group balance sheet representing the excess of consideration paid over the fair value of net assets acquired. Refer to note 10;

- Issue of shares to new and existing investors to raise gross proceeds of $6.0m (net proceeds $5.5m) following a placing and open offer. Proceeds from the fund raise will be used for development of the Group's renewable energy projects, fund the Group's share of Duyung PSC expenditures, as well as general working capital purposes.

For further discussion of the Group's performance and financial position refer to the Chairman and CEO's Statement.

The Group's results are not materially impacted by seasonality.

Note 3: Segment information

The Group's reportable segments as described below are based on the Group's geographic business units. This includes the Group's upstream gas operations in Italy and South East Asia, along with the corporate head office in the United Kingdom. This reflects the way information is presented to the Group's Chief Operating Decision Maker, which is the Chief Executive Officer. Results from the Group's Italian business are classified as a discontinued operation in the income statement, and reflected as such in the table below. Refer to further disclosure in note 11.

	Italy		**Asia**		**UK**		**Total**	
	30 June 2021 $'000	30 June 2020 $'000	**30 June 2021 $'000**	30 June 2020 $'000	**30 June 2021 $'000**	30 June 2020 $'000	**30 June 2021 $'000**	30 June 2020 $'000
Depreciation and amortisation	**-**	-	**-**	-	**(9)**	(73)	**(9)**	(73)
Interest expense	**-**	-	**-**	-	**(2,218)**	(1,798)	**(2,218)**	(1,798)
Share of loss of associates	**-**		**-**		**(65)**	-	**(65)**	-
Segment loss before tax from continuing operations	**-**	-	**(80)**	(169)	**(2,675)**	(4,748)	**(2,755)**	(4,917)
Segment loss before tax from discontinued operations	**(456)**	(947)	**-**	-	**-**	-	**(456)**	(947)

	Italy		**Asia**		**UK**		**Total**	
	30 June 2021 $'000	31 Dec 2020 $'000	**30 June 2021 $'000**	31 Dec 2020 $'000	**30 June 2021 $'000**	31 Dec 2020 $'000	**30 June 2021 $'000**	31 Dec 2020 $'000
Segment assets	**10,432**	11,417	**18,227**	17,511	**5,553**	2,316	**34,212**	31,244
Segment liabilities	**(10,017)**	(10,921)	**(10)**	(9)	**(25,963)**	(25,249)	**(35,9910)**	(36,179)

Assets and liabilities of the Italian segment are classified as a disposal group held for sale in the Group balance sheet

Note 4: Profit and loss information

a) General and administrative expenses

General and administrative expenses in the income statement includes the following significant items of expenditure:

	30 June 2021 $'000	30 June 2020 $'000
Employee benefits expense	**409**	577
Business development	**530**	182
Corporate and compliance costs	**217**	303
Investor and public relations	**128**	169
Other G&A	**153**	96
G&A - non-operated joint operations	**79**	92
Share based payments (note 9)	**170**	484
	1,686	1,903

b) Finance income / expense

	30 June 2021 $'000	30 June 2020 $'000
Finance income		
Foreign exchange gains	**1,223**	-
Interest income	**-**	25
Finance expense		
Interest on borrowings	**(2,218)**	(1,798)
Finance charge on lease liabilities	**-**	(5)
Foreign exchange losses	**-**	(1,139)
Unrealised loss on foreign exchange forward contracts	**-**	(24)
Net finance income / (expense)	**(995)**	(2,941)

Note 5: Loss per share

	30 June 2021	30 June 2020
Basic loss per share from continuing operations ($)	**(0.0018)**	(0.006)
Diluted loss per share from continuing operations ($)	**(0.0018)**	(0.006)
Basic loss per share from discontinued operations ($)	**(0.0003)**	(0.002)
Diluted loss per share from discontinued operations ($)	**(0.0003)**	(0.002)

The calculation of basic loss per share from continuing operations was based on the loss attributable to shareholders of $2.8m (30 June 2020: $4.9m) and a weighted average number of ordinary shares outstanding during the half year of 1,567,991,076 (30 June 2020: 792,641,298).

Basic loss per share from discontinued operations was based on the loss attributable to shareholders from discontinued operations of $456k (30 June 2020: $1.8m).

Diluted loss per share from continuing and discontinued operations for the current and comparative periods is equivalent to basic loss per share since the effect of all dilutive potential ordinary shares is anti-dilutive.

Note 6: Intangible assets

	30 June 2021 $'000	31 December 2020 $'000
Exploration and evaluation assets	**17,307**	17,251
Software	**19**	23
Goodwill	**788**	-
	18,114	17,274

Reconciliation of the carrying amounts for each material class of intangible assets are set out below:

Exploration and evaluation assets:		
Carrying amount at beginning of period	**17,251**	17,247
Additions	**56**	4
Carrying amount at end of period	**17,307**	17,251

Exploration and evaluation assets relates to the Group's 15% interest in the Duyung PSC, which contains the Mako gas field. There were no indicators of impairment noted at 30 June 2021.

As explained further in note 10, goodwill was recognised following the acquisition of GEPL. No impairment of goodwill was noted following testing performed at 30 June 2021.

Note 7: Borrowings

	30 June 2021 $'000	31 December 2020 $'000
Current		
Eurobond	**25,728**	689
	25,728	689
Non-current		
Eurobond	**-**	24,360
	-	24,360

Borrowings relates to €22.5m three year Eurobonds with attached warrants which were issued to institutional investors. The bonds were issued in two equal tranches A and B, ranking *pari passu*, with Tranche A paying an annual 5% cash coupon and Tranche B accruing interest at 5% payable on redemption. The bonds are scheduled to mature on 12 April 2022 at 100% of par value plus any accrued and unpaid coupon.

Note 8: Share capital and share premium

	30 June 2021 Number 000's	**Nominal value $'000**	**Share Premium $'000**	**30 June 2021 Total $'000**
As at 1 January 2021	**806,908**	**1,103**	**45,786**	**46,889**
Shares issued during the period:				
Fund raise	**1,074,715**	**1,504**	**3,687**	**5,191**
Consideration for business combination	**142,500**	**198**	**590**	**788**
Services rendered	**87,500**	**122**	**367**	**489**
Closing balance - 30 June 2021	**2,111,623**	**2,927**	**50,430**	**53,357**

	31 December 2020 Number 000's	Nominal value $'000	Share Premium $'000	31 December 2020 Total $'000
As at 1 January 2020	789,586	1,080	45,679	46,759
Shares issued during the period:				
Issued for services rendered	17,322	23	107	130
Closing balance - 31 December 2020	806,908	1,103	45,786	46,889

Note 9: Reserves

a) Other reserves

Share based payments reserve

The Company implemented a new Long Term Incentive Plan ("LTIP") during the period. Under the Plan, 22.5m options were issued on 22 February 2021 and 57.2m on 17 March 2021 to directors and management. The options vest on 22 February 2024 provided the awardees remain employed by the Company and the mid-market closing price per Coro ordinary share on the last day of the vesting period is equal to or higher than 0.46 pence per ordinary share. Assuming those conditions are met, the number of options which ultimately vest depends on the Company's Total Shareholder Return ("TSR") over the vesting period compared to a peer group of 20 companies. Vested options will be exerciseable at 0.1p per ordinary share.

The options have been valued on their respective grant dates using a Monte Carlo simulation model, resulting in a valuation of £0.0044 per award for the 22 February grants and £0.0026 for the 17 March awards. The total value of the awards will be expensed over the vesting period in line with the requirements of IFRS 2.

Functional currency translation reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial position and performance of the parent company and certain subsidiaries which have a functional currency different to the Group's presentation currency of USD. The total loss on foreign exchange recorded in other reserves for the period was $412k (30 June 2020: $1.0m gain).

Note 10: Business combination

Summary of acquisition

On 17 March 2021, the Company completed the acquisition of 100% of the issued capital of Global Energy Partnership Limited ("GEPL") in exchange for 142.5 million new ordinary shares in the Company. GEPL is incorporated in the United Kingdom and involved in the origination and development of renewable energy projects in South East Asia. On the same date, GEPL co-founders Mark Hood and Michael Carrington joined the Company in the roles of CEO and COO respectively, with Mark Hood also appointed as a director of the Company.

Background to the acquisition

Since inception, GEPL has screened over 25GW of renewable energy projects and has identified a short list of priority pipeline projects for investment across the Philippines, Vietnam and Indonesia, with an initial focus on the Philippines.

For the financial period ended 31 January 2021, GEPL generated no revenues, incurred a trivial net loss and had net liabilities of £3k (approx. $4k).

The acquisition met a number of key strategic objectives for the Group, including:

- Acquiring GEPL's pipeline of early-stage renewable energy projects in South East Asia, with an initial focus on the Philippines;
- Securing an experienced executive team with a proven record of originating and executing energy projects; and
- Building on the Company's investment in ion Ventures in 2020, acquiring a complementary business with opportunities for project co-development in future.

Consideration for the acquisition

In exchange for acquiring 100% of the issued capital of GEPL, the Company issued 142.5 million new ordinary shares to the former GEPL shareholders at 0.4p per share, being the same price as the fundraise completed concurrently with the acquisition, resulting in a total value of consideration of £570k ($788k).

Transaction costs totalling $383k have been expensed within General and Administrative expenses as business development costs.

Fair value of assets and liabilities acquired

At acquisition, GEPL's projects were at an early stage, with the initial focus being on two high graded opportunities in the Philippines: a 100 MW solar project and 100 MW onshore wind project. Work done on the projects prior to acquisition date mainly comprised GEPL management's time including pre-feasibility studies, understanding of relevant laws/regulations, site visits, community engagement, liaising with potential engineering contractors and financiers, and building networks and partnerships locally. The Directors believe there is significant latent value which can be unlocked by investing in these Filipino opportunities however, at the date of acquisition, there were no contractual rights associated with the projects and accordingly, we have assessed that there were no identifiable assets under IFRS. Similarly, GEPL had no liabilities, with all creditors extinguished prior to acquisition completion.

Accordingly, the full purchase consideration of $788k has been allocated to goodwill. While GEPL has identified opportunities in Vietnam and Indonesia, we view the principal value in the company as being its Philippines project pipeline and associated intellectual property and the goodwill has been allocated accordingly. No impairment of goodwill was identified in the short period from acquisition to 30 June 2021.

Revenue and profit contribution

The acquired business contributed nil revenues and a net loss of $23k to the Group in the period from 17 March 2021 to 30 June 2021. If the business were acquired on 1 January 2021 the Group's loss before tax would have increased by $2k.

Note 11: Discontinued operations

The Group classifies the assets and liabilities of its Italian business as a disposal group held for sale following a decision by the Board of Directors to prioritise full divestment of the Group's Italian operations in the first half of 2019. Given the Italian business represents a separate geographical area of operation for the Group, the Italian results have also been treated as a discontinued operation. In May 2021, the Group announced it had entered into a conditional Sale and Purchase Agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI") to dispose of the Company's interest in Coro Europe Limited ("CEL"), which in turn owns Apennine Energy SpA ("AES"), for cash consideration of €300,000 (the "Disposal"). AES owns all the Group's gas properties in Italy. Completion of the Disposal is conditional on, inter alia, receipt of required regulatory approvals from the Italian authorities. The disposal has an economic effective date of 26 May 2021, being the date the SPA was signed. However, until all conditions precedent for the disposal have been met, principally the receipt of all regulatory approvals, Coro continues to control Coro Europe and AES. As a result, we have continued to consolidate the results of CEL and AES in line with the requirements of IFRS 10.

The results of the Italian operations for the period are presented below:

	30 June 2021 $'000	30 June 2020 $'000
Revenue	**263**	623
Operating costs	**(399)**	(597)
Gross profit/(loss)	**(136)**	26
Other income	**143**	79
General and administrative expenses	**(233)**	(505)
Depreciation expense	**-**	-
Change in rehabilitation provisions	**(67)**	27
Impairment losses	**(138)**	(517)
Loss from operating activities	**(431)**	(890)
Finance income	**-**	21
Finance expense	**(25)**	(78)
Loss before tax	**(456)**	(947)
Income tax benefit/(expense)	**-**	(848)
Loss for the period after tax	**(456)**	(1,795)

The major classes of assets and liabilities of the Italian operations classified as held for sale as at 30 June 2021 are as follows:

	30 June 2021 $'000	31 December 2020 $'000
Assets		
Property, plant and equipment	**4,390**	4,622
Exploration and evaluation assets	**1,939**	1,992
Right of use assets	**32**	108

Land	**1,561**	1,927
Deferred tax assets	**1,406**	1,455
Inventories	**209**	300
Trade and other receivables	**789**	958
Cash	**106**	55
Total assets	**10,432**	11,417
Liabilities		
Trade and other payables	**1,033**	1,702
Lease liabilities	**32**	62
Provisions	**8,952**	9,157
Total liabilities	**10,017**	10,921
Net assets	**415**	496

Under IFRS 5, non-current assets are not depreciated once they are designated as held for sale. As a result, impairments of $138k were recorded on other PPE (office furniture and equipment) and Right-of-Use assets, representing the amount that would have otherwise been depreciated if IFRS 5 accounting was not applied.

The entire Italian business has been fair valued at the balance sheet date to determine if any further writedowns are required in addition to the impairments discussed above. Management determined the fair value of the disposal group with reference to the disposal price agreed with DEPI which is €300k ($355k). In addition, under the terms of the SPA, DEPI is required to reimburse Coro for any working capital surplus within CEL/AES calculated on the date of signing the SPA, which is estimated at €150k ($177k). This results in a small amount of headroom so no further impairment has been recorded.

The net cash flows of the Italian operations were as follows:

	30 June 2021 $'000	30 June 2020 $'000
Net cash flow from operating activities	**(142)**	(278)
Net cash flow from investing activities	**91**	(59)
Net cash flow from financing activities	**102**	374
Net cash inflow/(outflow)	**51**	37

Note 12: Interests in other entities

Asia

The Group's wholly owned subsidiary, Coro Energy Duyung (Singapore) Pte Ltd, is the owner of a 15% interest in the Duyung Production Sharing Contract ("PSC"), which contains the Mako gas field. The operator of the Duyung venture is West Natuna Exploration Ltd ("WNEL"). WNEL is a subsidiary of Conrad Petroleum Ltd, and is incorporated in the British Virgin Islands with its principal place of business in Indonesia.

The Duyung PSC partners have entered into a Joint Operating Agreement ("JOA") which governs the arrangement. The Group accounts for its share of assets, liabilities and expenses of the venture in accordance with the IFRSs applicable to the particular assets, liabilities and expenses.

Italy

In April 2021, the Group's Italian subsidiary, Apennine Energy SpA, completed the acquisition of a 10% interest in the Cascina Castello production licence from Petrorep Italiana SpA. This licence, which contains the Bezzecca gas field and West Vitalba exploration prospect, is now 100% owned by AES. In exchange for the acquisition, AES received €130k ($156k) from Petrorep, paid in cash.

ion Ventures

In 2020, the Company acquired a 20.3% interest in ion Ventures Holdings Limited which is treated as an associate and accounted for under the equity method.

The Group's share of loss of associates for the 6 month period ended 30 June 2021 was $65k. There were no dividends declared or paid by associates during the period.

Note 13: Contingencies and commitments

Commitments

The remaining 2021 work program for the Duyung PSC is estimated at $164k net to the Group, of which approximately $24k is capital in nature. The Group has no other capital commitments.

Contingencies

The Group has no contingent assets or liabilities.

Note 14: Subsequent events

On 12 July 2021 the Company entered into a Heads of Terms to acquire rights over a portfolio of 150 MW rooftop solar projects in Vietnam from Vinh Phuc Electrical Mechanical Installation Co Ltd, trading as Vinh Phuc Energy JSC ("VPE"). Upon execution of definitive transaction documents, Coro will acquire 85% of a newly formed joint venture company in Vietnam, which will be used as a vehicle for development of the rooftop solar projects currently within the VPE portfolio. In exchange for its 85% interest, Coro will provide initial funding up to $500k to develop a 5 MW pilot rooftop solar project through to Ready to Build status. Subject to meeting satisfactory technical and commercial specifications, Coro will provide up to a further $3.5m for construction of the pilot project. VPE will retain a 15% share of the new vehicle. VPE are a leading Vietnamese Solar asset owner and Engineering, Procurement and Construction contractor, with an experienced team of over 90 operations staff and extensive experience deploying solar PV systems in Vietnam.

There are no other material subsequent events requiring disclosure.

END

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