

Active Energy Group Plc
("Active Energy Group" or the "Group" or the "Company" or "AEG")

Half-Yearly Results

Active Energy Group Plc (AIM: AEG.L), the London Stock Exchange AIM-listed international supplier of Biomass for Energy (BFE) fuel products, industrial wood chip, and forestry management and development services, announces its half yearly results for the six months to 30th June 2014.

Highlights:

- Strong demand from Turkish MDF manufactures for AEG's high quality industrial woodchip is outstripping supply.
- Supply chain improvements being put in place to meet increase in demand.
- Volumes of woodchip shipped increased to 100,814 metric tonnes (H2 2013: 72,304) of which 61,185 metric tonnes (H2 2013: 14,573) were shipped across the Black Sea to Turkish MDF customers, now the Company's primary woodchip market in Europe.
- Successful relocation of port facilities in Southern Ukraine from Mykolaiv to Yuzhny, a modern, secure and efficient port facility with access to all-year shipping lanes and the capacity to expand our core Black Sea business from.
- In May 2014, unveiled a revolutionary Biomass fuel pelleting solution to international partners, industry specialists and potential project development investors in Belfast.
- Established a standalone Pelleting company to focus on the commercialisation of the technology.

Financial Results:

- Revenue increased to £6.4 million (H1 2013: £0.1m) achieved following the acquisition of Nikofeso and despite the political turmoil across the Ukraine.
- Adjusting for the exclusion of non-cash, non-recurring costs and FX movements the Group reported an Adjusted Operating Loss of £0.355 million.
- Restructuring programme initiated in Q2 aimed at reducing level of underlying administration spend.

Post Half-Year End:

- In July 2014, entered into an important new joint venture to exclusively commercialise in excess of 200,000 hectares (c.500,000 acres) of mature forestry assets in Alberta, Western Canada.
- Formed JV company ("KAQUO Forestry and Natural Resources Development Corporation")
- Commissioned a survey of 2% of the total land asset which will form the basis for commercialisation.

Active Energy Group Plc Chief Executive Officer, Richard Spinks, said, "AEG is now a very different company from the one that began this period. The additions of the Canadian JV and our pelleting technology on top of our existing wood chip businesses have significantly expanded the worth and potential of the Company.

I believe we adjusted and responded well to the challenges of the Ukraine's political and economic changes. The switch to Yuzhny together with the demand from Turkey makes us well placed to further expand the Black Sea core business. We are looking to install additional chipping capacity at Yuzhny to meet increasing demand, not only from our current customers, but also from the new business initiatives that we are currently pursuing.

KAQUO, our Canadian JV, is very exciting; we have formed a long term partnership to commercialize an extremely valuable asset and we are looking forward to working closely with the Métis Settlements to develop it on a long term, sustainable basis which, in turn, will attract investment and create employment opportunities for the local communities.”

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About Active Energy Group:

- Company website: www.active-energy.com
- Active Energy Group Plc, a London Stock Exchange AIM-listed company (AIM: AEG.L), is an international supplier of Biomass for Energy (BFE) wood chip for green energy power generation, industrial wood chip for MDF manufacturing, Biomass fuel granules and granulating systems, and forestry/timberland development and management services.
- The Group, headquartered in London, operates from five locations:
 - Ukraine, where it is the largest producer and exporter of MDF-quality wood chip
 - Spain and Montenegro, from where it supplies BFE Biomass wood chip to European power plants
 - The United Kingdom, where it operates an R&D facility for its new Biomass fuel granulating systems
 - Canada, where it has entered into a landmark forestry joint venture – *KAQUO Forestry & Natural Resources Development Corporation* - with three indigenous Métis Settlements to commercialise c.200,000 hectares of mature forestry/timberland assets
- The Group is led by a highly experienced and dedicated management team with a proven track record of working in the industries and regions from which its revenues are generated.
- In June 2013, AEG acquired its major trading partner and raised approximately £3.5 million to facilitate future growth and expansion of its international production and shipping facilities.
- In May 2014, the Group announced the formation of a new subsidiary, AEG Pelleting Limited, to commercialise and market a revolutionary new Biomass for Energy (BFE) fuel granulating process that converts sawdust and other industrial and agricultural co-products into valuable fuel granules for use in large-scale power plants and micro-CHP boilers.
- European Biomass for Energy (BFE) Market:
 - Biomass-fuelled power is expected to account for over 50% of European renewable energy, according to an EU directive on National Renewable Energy Action Plans.
 - EU directives and continued commissioning of new Biomass and CHP power plants in Europe continue to generate additional demand for Biomass fuel, with little visibility on where that fuel will be sourced.
 - The European Renewable Energy Council (EREC) estimates that Biomass-based energy production will grow from 43TWh (Terawatt Hours) in 2005 to 250TWh in 2020.
 - Key NGO bodies such as the European Biomass Association and Eurelectric (the European Union of the Electricity Industry) advocate establishing harmonised, binding sustainability criteria for solid Biomass fuel.
- Turkish MDF Market:
 - Turkey is the leading producer of MDF in Europe, producing an estimated 4.3 million m³ in 2012 in six plants around the country.
 - AEG has developed relationships with all of the major Turkish MDF manufacturers.
 - Currently, circa 69% of the wood chip imported into Turkey comes from across the Atlantic; all of it for production of wood-based panels, primarily MDF.
 - By contrast, wood chip from AEG's port-side production facilities in Ukraine can be transported across the Black Sea in approximately one-tenth of the shipping time from the U.S., Canada and Latin America, which provides manufacturers with substantial cost savings and cashflow advantages, as well as considerably fresher and higher-quality product.