

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

H1:2015 Interim Report and Results

Active Energy Group Plc (AIM: AEG.L), the London Stock Exchange AIM-quoted international supplier of wood fibre products for MDF manufacturing, global forestry and natural resources development services, and Biomass for Energy (BFE) coal replacement fuel solutions and processing systems, announces its interim report and results for the six months to 30 June 2015.

Highlights:

- Another strong performance from the Group's Ukrainian wood fibre processing division, which recorded a 70% rise in volumes shipped during the period to 103,733 tonnes (H1:2014: 61,185 tonnes).
- Demand for the Group's wood chip products remains higher than it is currently able to satisfy, with further large orders received since the start of the year.
- Delays in the major upgrading and expansion of the Group's Ukrainian wood fibre processing facilities, which are now proceeding on schedule and expected to significantly increase volumes and revenues from Q4:2015.
- Successful conclusion of research into coal replacement Biomass for Energy fuel solutions, leading to the announcement of the establishment of the *AEG CoalSwitch Limited* joint venture in September 2015.
- Completion of the majority of the financier due diligence for investment into the Group's Canadian *KAQUO Forestry & Natural Resources Development Corporation* joint venture.
- Announcement of proposed Public-Private Partnership 'Forestry to Fuel' initiative with Ukrainian government.
- Private placing of 20 million New Ordinary Shares with Ruffer LLP, a long-standing institutional investor, raising an additional £1.0 million working capital.

Financial Results:

- Revenues increased by over 11% to \$12.046 million (H1:2014: \$10.83 million)
- Gross profit increased by over 98% to \$1.227 million (H1: 2014: \$0.618 million)
- Loss before tax, including significantly higher finance costs of \$0.518 million due to the Group taking on more debt to increase its production capabilities, totalled \$2.050 million (H1:2014: \$1.826 million)
- Adjusted operating loss (after excluding share-based payments and non-cash items) fell to \$0.209 million (H1:2014: \$0.550 million)

Post Half-Year End:

- Installation and commissioning of new high-volume handling and processing equipment at Yuzhny Port, which will facilitate a four-fold increase in the Group's wood chip production capacity, proceeding as per revised schedule.
- Announcement of *AEG CoalSwitch Limited* joint venture, in which the Group holds a 51% equity interest, to exclusively commercialise a revolutionary clean energy Biomass coal replacement fuel manufacturing system.
- Conclusion of the Alberta government investigation into the Métis partners handling of their role in the Group's *KAQUO Forestry & Natural Resources Development Corporation* joint venture; which should enable forestry operations to commence in January 2016.
- Further strengthening of the Board with the appointment of Michael Rowan as new Non-Executive Director.

Richard Spinks, CEO of Active Energy Group, commented: "Overall, the first half of the year demonstrated that the Group is making excellent progress towards achieving the strategic vision that I outlined when I assumed the role of CEO in 2012; and my co-Directors and I are confident that AEG is in an even stronger position to create additional shareholder value as an international operation across several vertically-integrated and complementary industry sectors."

"Although equipment issues at our wood fibre division impacted upon its performance, they prove the wisdom of the Board's decision to invest significant funds in upgrading and expanding our production facilities. The successful conclusion of our search for a Biomass for Energy coal replacement fuel will not only open important new markets, but also complement and increase the profitability of our other trading activities. And, despite the delays caused by the Alberta government investigation, we are close to securing the funding to enable us to commence forestry operations in the Group's Canadian joint venture in January 2016."

NOTES TO EDITORS & CONTACT INFORMATION

ABOUT ACTIVE ENERGY GROUP PLC:

Active Energy Group Plc is a London Stock Exchange AIM-quoted company (AIM: AEG.L). Headquartered in the UK, it is a fast-expanding international business that has experienced exceptionally strong growth and diversification into complementary industry sectors since the current management team assumed responsibility in mid-2012.

The Group has considerable expertise across the entire timber industry supply chain - from forest to finished product.

Its three specialist business divisions, which reflect its knowledge and experience and which work together to maximise commercial opportunities, are focussed on providing products and services to specific global market sectors:

- Forestry & Natural Resources Development and Management
- Wood Fibre Products for Medium-Density Fibreboard (MDF) Manufacturing
- Advanced Biomass for Energy (BFE) Fuel Solutions and Processing Systems

Active Energy Group Plc operates from four international locations:

- Ukraine, where it is the largest producer and exporter of wood fibre for the Turkish MDF manufacturing sector.
- Canada, where it has entered into a landmark joint venture - *KAQUO Forestry & Natural Resources Development Corporation* - with several indigenous Métis Settlements to commercialise in excess of 250,000 hectares of their lands, which contain valuable forests and natural resources, including oil and gas reserves.
- The United Kingdom and United States of America, where it develops advanced Biomass for Energy fuels and fuel processing systems that convert waste wood and industrial/agricultural residues into coal replacement feedstock for clean energy power generation in a joint venture - *AEG CoalSwitch Limited* - with Biomass Energy Enhancements LLC.

Ukraine and Canada, with their large forestry reserves and comprehensive road, rail and sea transport links, are ideal locations from which to source raw Biomass material for conversion into wood fibre for MDF manufacturing and enhanced sustainable fuels for electricity generating power plants.

A highly experienced and dedicated management team leads Active Energy Group Plc, each of whom possesses a proven track record in the industries and regions in which it operates and from which its revenues are generated.

The Company has grown significantly in recent years, and has established a firm foundation, excellent reputation and international customer base upon which to build for the future.

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ACTIVE ENERGY GROUP PLC
INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2015

**CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

I am pleased to present the Company's Interim Report for the six months ended 30 June 2015.

RESULTS

The detailed results are set out in full in the accompanying Financial Statements.

Group revenues increased by over 11% to \$12.046M (H1: 2014: \$10.843M) while gross profit increased by over 98% to \$1.227M (H1: 2014: \$0.618M) as a result of the ongoing focus on sales of high-margin wood fibre to the Turkish MDF manufacturing sector.

This continues the strong trend demonstrated in H2: 2014, and reflects the high demand for AEG's core wood fibre product, allied to improved production efficiencies and the strength of the US Dollar relative to the Ukrainian Hryvnia.

Finance costs rose significantly to \$0.518M (H1: 2014: \$0.169M), largely as a result of the Group's continued reliance on high-cost debt for working capital introduced in 2014.

The Group reported a loss from its share of the associated Canadian joint venture of \$0.369M (H1: 2014: Nil), which is expected to reverse on the successful commencement of operations.

The loss before tax reported was thus \$2.050M (H1 2014: \$1.826M), which reflects all the factors above and the increase in non-cash share based payments attributable to incentive awards of share options to the management team of \$0.594M (H1: 2014: \$0.121M).

In order to reflect these non-cash and other items that may impact upon a clear understanding of the financial results for the period under review, a short reconciliation of the Group's adjusted operating profit is included below:

	30 June 2015	
	\$'000	\$'000
OPERATING LOSS (Excluding share-based payments)		(569)
Add Non-Cash Items		
Depreciation and amortisation	269	
Unrealised foreign exchange losses	78	
Loss on disposal of equipment	13	
		360
ADJUSTED OPERATING LOSS		<u>(209)</u>

BUSINESS REVIEW

To facilitate a proper understanding of Active Energy Group Plc's trading activities in the first six months of 2015, I briefly detail below key developments during the period in each of the Company's operating divisions:

Wood Fibre for Medium-Density Fibreboard (MDF) Manufacturing:

The Group's well-established Ukrainian operation, which supplies processed wood fibre to Turkish MDF manufacturers, delivered another strong performance. Shipping volumes of 103,733 tonnes in H1: 2015 showed a rise of 70% over the same period in 2014 (61,185 tonnes).

Q1: 2015 operating margins were broadly in line with those achieved in H2: 2014. Although Q2: 2015 began in a similar vein, margins were subsequently impacted by market pressures, which led to a short-term rise in raw material prices, which have now returned to previous levels.

Demand for the Group's products remains higher than the Group is currently able to supply, with further large orders received since the start of the year for both hardwood and softwood material, including from Yildiz Entegre, a long-standing customer and one of the leading MDF manufacturers in Turkey.

Production and shipping volumes to fulfil these orders were constrained by equipment failures in Q2: 2015, and by delays in commissioning the new stationary hardwood and softwood processing equipment at the Group's Yuzhny Port facility. Although these issues have since been resolved and the Board still expects overall volumes to be significantly more than the 154,103 tonnes achieved in 2014 (2013: 68,293 tonnes) they will, as detailed in the RNS dated 12 August 2015, inevitably impact volumes and results for the full year.

BUSINESS REVIEW (CONTINUED)**Wood Fibre for Biomass for Energy (BFE) Power Generation:**

Due to the low margins and pressure on cash reserves caused by its previous efforts to supply wood fibre for Biomass for Energy (BFE) industrial power generation, the Board decided - as detailed in the 2014 Annual Report - to limit its future activities to supplying this market sector on an ad hoc opportunistic basis when raw material quality and profit margins justify the investment.

No such opportunities arose in the first six months of the year while the Group focussed on its Second Generation Biomass for Energy fuel activities, which led to it announcing on 12 May 2015 that it had assigned the balance of its sole remaining supply contract for raw wood fibre, with Biomasse Italia SpA, to an unrelated third party.

Biomass for Energy (BFE) Fuel Solutions & Systems:

During the period, the AEG management team continued to actively explore different options for a coal replacement Biomass for Energy fuel solution, and after extensive evaluation and testing, on 14 September 2015 the Group announced that it had formed a new joint venture - *AEG CoalSwitch Limited* (AEG CoalSwitch) - with Biomass Energy Enhancements LLC (BEE) of Utah, USA.

BEE has devoted seven years to developing a unique clean energy Biomass fuel manufacturing process, for which sixteen 'greenfield' patent applications have already been filed. For the first time, the process enables any plant- or wood-based matter, including forestry waste and industrial residues, to be converted into valuable high-energy fuel that can be utilised within coal-fired power stations without requiring plant owners to invest in costly retrofitting or reconstruction.

The AEG CoalSwitch joint venture, in which AEG has been granted a 51% equity interest, will hold the global intellectual property (IP) rights for the process, and intends to commercialise it via an innovative 'build-own-operate-toll' business model, which will complement the Group's other business activities.

Forestry & Natural Resources Development and Management:

Commencement of initial forestry operations at AEG's Canadian joint venture with three Métis Settlements of Alberta - *KAQUO Forestry & Natural Resources Development Corporation* (KAQUO) - has unfortunately been delayed by the Alberta government inquiry into the Métis partners handling of their participation in the joint venture, more of which follows below.

Despite the delay, the Board remains confident in the validity of and potential for the KAQUO joint venture, which has a broad remit to commercialise some 256,000 hectares of valuable forestry and agricultural land owned by the Métis Settlements in an environmentally sensitive and sustainable manner.

During H1: 2015, the AEG management team succeeded in completing the majority of the proposed financier's due diligence process for investing in the estimated 35 million cubic metres of mature standing timber within the land area, while continuing to research other natural resources opportunities and refine its overall business strategy.

There has now been, as detailed below and announced on 17 September 2015, a Ministerial Order which requires the Métis Partners to carry out certain administrative procedures which, once complete, the Company expects will enable the first drawdown of funds.

CURRENT TRADING AND FUTURE PROSPECTS**Wood Fibre for Medium-Density Fibreboard (MDF) Manufacturing:**

At the time of writing, installation and commissioning of new stationary high-volume handling and processing equipment at the Group's Yuzhny Port facility, which will facilitate a four-fold increase in its wood chip production capacity, has been proceeding according to a slightly delayed timeline and is expected to lead to production beginning in October 2015.

After some unavoidable delays, the new softwood wood chip production line, which will enable AEG to expand its product offering and enter a new market sector to meet the significant demand from both its existing and prospective Turkish MDF manufacturing customers, is now scheduled to be operational in Q1: 2016.

Although the full impact of this large-scale capital investment in its Ukrainian operations will only be evident in the Group's trading results from 2016 onwards, they represent a long-term commitment by the Board to expand this profitable and well-established area of AEG's business, which is now the largest exporter of processed wood from Ukraine, and the Group has gained an excellent reputation for quality and reliability within this market.

CURRENT TRADING AND FUTURE PROSPECTS (CONTINUED)**Wood Fibre for Biomass for Energy (BFE) Power Generation:**

Given its strategic focus on higher-value Biomass for Energy fuel solutions and systems, AEG currently has no plans to actively seek new contracts to supply wood chip as fuel feedstock to the power generation industry, but will continue to maintain a watching brief for profitable commercial opportunities as and when they arise.

From late-2016 the Group plans to exploit these opportunities by providing higher-margin second generation CoalSwitch fuel to local power plants, thus saving on logistics, port and shipping costs.

Biomass for Energy (BFE) Fuel Solutions & Systems:

The AEG CoalSwitch team has already commenced negotiations with leading international investment funds to raise the capital required to implement its business strategy; to secure the global intellectual property (IP) rights for the process, which will be held by the new company; and to finalise development of the first industrial-scale fuel manufacturing plant.

It is intending to have a market-ready product - a de-mountable system capable of high volume production of clean energy 'coal switch' Biomass fuel - by mid-2016.

This major expansion of AEG's future activities - the conclusion of five years' effort and investment to source a sustainable Biomass-based fuel solution to directly replace highly-polluting coal in power stations and industrial plants - is intended to propel the Group to the forefront of the international renewable energy industry, whilst simultaneously complementing and increasing the profitability of its wood fibre processing and forestry development business divisions.

Forestry & Natural Resources Development and Management:

Initial forestry operations at the Group's Canadian joint venture with three Métis Settlements of Alberta - *KAQUO Forestry & Natural Resources Development Corporation* (KAQUO) - in which it has made a considerable investment in capital and resources despite the on-going uncertainty until the recent announcement of a response from the Alberta government, have been on hold pending the outcome of the Alberta government investigation into the Métis partners' handling of the joint venture arrangements.

The findings of the investigation, which were finally revealed to AEG on 17 September 2015, will not in the opinion of the Board either prove material or affect the viability of the KAQUO venture. However, certain conditions will need to be fulfilled before operations can proceed, and the partners now believe that a start date of January 2016 should be achievable.

Subject to final sign-off, the availability of the necessary capital funding to implement the venture's strategic business plan has been indicated by a leading international investment fund, who have also expressed interest in supporting the Group's other commercial activities, which include utilising the timber waste generated by its Canadian forestry and Ukrainian wood processing operations to provide feedstock for its new AEG CoalSwitch fuel division, greatly enhancing the value of the underlying asset and increasing the Group's overall revenues and margins.

In conclusion, the Group continued to improve the performance of its existing operations during the period, and is making a considerable investment into expanding its Ukrainian wood fibre processing facilities to ensure that it can address the future market demand for its products.

OTHER BUSINESS DEVELOPMENTS

During the period, the Board of AEG implemented a number of key measures designed to strengthen its balance sheet, improve its financial management and enhance its corporate governance and regulatory compliance procedures.

On 29 June 2015, the Group announced that it had raised £1.0 million through the placing of 20 million new Ordinary Shares with Ruffer LLP, a highly respected financial institution and a long-term shareholder. The proceeds of the placing, together with further debt funding of \$1.2 million secured in the period, are primarily being utilised to provide working capital and facilitate a four-fold increase in production capacity at its Ukrainian wood fibre processing division.

The new financial reporting structure introduced in 2014 has greatly streamlined AEG's accounting processes, and the appointment of a new financial controller in Ukraine in Q2: 2015 has already enabled better cost control in this area of the Group's business.

Finally, in addition to my own appointment as Non-Executive Chairman in January 2015, the Board has been significantly strengthened by the appointment of Michael Rowan, a qualified solicitor and experienced corporate financier, as Non-Executive Director on 10 August 2015. Mr Rowan replaced Joseph Valoroso, who resigned from the Board on 22 June 2015, and whose contribution to AEG's development during his tenure has been greatly appreciated.

GROUP OUTLOOK

The Board believes that during H1: 2015 the Group passed several key milestones towards achieving the long-term business strategy outlined by the current executive team when they assumed responsibility for the business in mid-2012; and that AEG is now strongly positioned to create additional shareholder value by developing an international trading operation across a number of complementary industry sectors.

Despite the geopolitical challenges facing Ukraine, AEG has continued to expand and invest in its well-established Ukrainian wood fibre processing division, and the Board remains confident in its long-term potential.

Demand for the Group's products from the Turkish MDF manufacturing sector continues to grow, and along with positive market factors, the impending increase in hardwood wood chip production capacity and introduction of a new softwood wood chip product offering is expected to strengthen AEG's market presence and deliver major new revenue-generating opportunities. The management team is currently negotiating off-take agreements for 2016, and remains confident of another significant increase in this division's revenues in 2016.

Furthermore, there have been a number of high-level meetings with government representatives to advance AEG's proposal, announced in May 2015, for a Public-Private Partnership (PPP) 'Forestry to Fuel' initiative in Ukraine. The Board intends to actively pursue this opportunity, especially in light of the new AEG CoalSwitch project, and will provide an update on developments in due course.

The Group's recently-announced AEG CoalSwitch Biomass for Energy joint venture possesses huge commercial potential, as it addresses a global need - driven both by governmental regulations imposing reductions in greenhouse gas emissions and public pressure for a cleaner environment - for a viable renewable energy alternative to highly-polluting coal-fired power generation.

Once the necessary funding is in place, the new AEG CoalSwitch management team, led by CEO Chas Fritz, intends to focus on completing the process of further extending the global IP rights for the technology, and constructing an industrial-scale de-mountable coal replacement manufacturing plant for launch in mid-2016.

In Canada, the Group and its Métis partners intend to commence forestry operations in their KAQUO joint venture in January 2016; and I look forward to continuing to update the Group's stakeholders on the progress of this and the Group's other commercial activities in the coming months.

F Lewis

Non-Executive Chairman

London: 29 September 2015

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/EXPENSE
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Note	Six months to 30 June 2015 (Unaudited) US\$	Six months to 30 June 2014 (Unaudited) US\$	Twelve months to 31 December 2014 (Audited) US\$
REVENUE	2	12,046,007	10,842,715	23,324,963
Cost of sales		(10,818,595)	(10,224,712)	(20,594,044)
GROSS PROFIT		1,227,412	618,003	2,730,919
Other income		-	-	7,981
Administrative expenses		(2,390,622)	(2,284,163)	(3,999,624)
OPERATING LOSS BEFORE SHARE BASED PAYMENTS		(569,304)	(1,545,448)	(994,167)
Share based payments in administrative expenses		(593,906)	(120,712)	(266,557)
OPERATING LOSS		(1,163,210)	(1,666,160)	(1,260,724)
Finance income		-	8,588	5,896
Finance costs		(517,869)	(168,781)	(1,077,420)
Share of loss of associate		(369,418)	-	(372,984)
LOSS BEFORE TAXATION		(2,050,497)	(1,826,353)	(2,705,232)
Income tax		29,363	5,872	(78,161)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,021,134)	(1,820,481)	(2,783,393)
OTHER COMPREHENSIVE INCOME/(EXPENSE):				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations		(37,572)	(22,147)	(22,149)
Exchange differences on translation of associate		(13,575)	-	21,373
Total other comprehensive income/(expense)		(51,147)	(22,147)	(776)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,072,281)	(1,842,628)	(2,784,169)
Loss per share (US cent) - Basic and diluted	5	(0.37)	(0.34)	(0.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	30 June 2015 (Unaudited) US\$	Restated 30 June 2014 (Unaudited) US\$	31 December 2014 (Audited) US\$
NON-CURRENT ASSETS			
Intangible assets	4,121,494	4,415,119	4,268,307
Property, plant and equipment	1,286,562	1,338,590	730,108
Investment in associate	915,008	-	446,156
Available for sale financial assets	106,316	-	93,191
	<u>6,429,380</u>	<u>5,753,709</u>	<u>5,537,762</u>
CURRENT ASSETS			
Inventory	929,129	276,580	526,898
Trade and other receivables	4,883,990	2,565,677	2,850,682
Cash and cash equivalents	893,651	4,054,116	3,227,414
	<u>6,706,770</u>	<u>6,896,373</u>	<u>6,604,994</u>
TOTAL ASSETS	<u>13,136,150</u>	<u>12,650,082</u>	<u>12,142,756</u>
CURRENT LIABILITIES			
Trade and other payables	1,470,742	1,702,850	1,930,578
Loans and borrowings	4,543,804	1,792,982	1,739,130
Income tax liabilities	1,723	-	93,845
	<u>6,016,269</u>	<u>3,495,832</u>	<u>3,763,553</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	381,713	440,438	411,075
Loans and borrowings	2,967,315	4,387,529	4,353,462
	<u>3,349,028</u>	<u>4,827,967</u>	<u>4,764,537</u>
TOTAL LIABILITIES	<u>9,365,297</u>	<u>8,323,799</u>	<u>8,528,090</u>
NET ASSETS	<u>3,770,853</u>	<u>4,326,283</u>	<u>3,614,666</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	10,090,449	9,732,550	9,774,327
Share premium	8,603,568	7,293,118	7,344,264
Merger reserve	2,350,175	2,350,175	2,350,175
Foreign exchange reserve	(125,494)	(95,718)	(74,347)
Own shares held reserve	(1,229,630)	(1,376,822)	(1,229,630)
Convertible debt and warrant reserve	1,134,437	1,084,145	1,075,301
Retained earnings	(17,052,652)	(14,661,165)	(15,625,424)
TOTAL EQUITY	<u>3,770,853</u>	<u>4,326,283</u>	<u>3,614,666</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 JUNE 2015

		Restated		
	30 June	30 June	31 December	
	2015	2014	2014	
Note	(Unaudited)	(Unaudited)	(Audited)	
	US\$	US\$	US\$	
Cash outflow from operations	3	(3,182,833)	(1,616,208)	(1,146,722)
Income tax paid		(92,122)	(7,012)	(26,563)
Net cash outflow from operating activities		(3,274,955)	(1,623,220)	(1,173,285)
Cash flows from investing activities				
Contribution to associate		(851,841)	-	(797,767)
Purchase of property, plant and equipment		(680,480)	(581,616)	(728,396)
Sale of property, plant and equipment		(13,250)	-	53,320
Finance income		-	8,588	5,896
Net cash outflow from investing activities		(1,545,571)	(573,028)	(1,466,947)
Cash flows from financing activities				
Issue of equity share capital, net of share issue costs		1,575,426	-	7,619
Unsecured loans raised		1,477,664	4,784,188	4,739,130
Finance expenses		(517,869)	(75,105)	(193,091)
Net cash inflow from financing activities		2,535,221	4,709,083	4,553,658
Net increase in cash and cash equivalents		(2,285,306)	2,512,835	1,913,426
Cash and cash equivalents at beginning of the year		3,227,414	1,563,428	1,563,428
Exchange losses on cash and cash equivalents		(48,457)	(22,147)	(249,440)
Cash and cash equivalents at end of the year		893,651	4,054,116	3,227,414

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2015

For the six months to 30 June 2015 (Unaudited)

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Own shares held reserve	Convertible debt and warrant reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2014	9,774,327	7,344,264	2,350,175	(74,347)	(1,229,630)	1,075,301	(15,625,424)	3,614,666
Loss for the year	-	-	-	-	-	-	(2,021,134)	(2,021,134)
Other comprehensive income	-	-	-	(51,147)	-	-	-	(51,147)
Issue of share capital	316,122	1,259,304	-	-	-	-	-	1,575,426
Issue of convertible loan	-	-	-	-	-	59,136	-	59,136
Share based payments	-	-	-	-	-	-	593,906	593,906
At 30 June 2015	<u>10,090,449</u>	<u>8,603,568</u>	<u>2,350,175</u>	<u>(125,494)</u>	<u>(1,229,630)</u>	<u>1,134,437</u>	<u>(17,052,652)</u>	<u>3,770,853</u>

For the six months to 30 June 2014 (Unaudited)

At 31 December 2013	9,726,034	7,284,397	2,350,175	(73,571)	(1,376,822)	956,348	(12,961,396)	5,905,165
Loss for the year	-	-	-	-	-	-	(1,820,481)	(1,820,481)
Other comprehensive income	-	-	-	(22,147)	-	-	-	(22,147)
Issue of share capital	6,516	8,721	-	-	-	-	-	15,237
Issue of convertible loan	-	-	-	-	-	127,797	-	127,797
Share based payments	-	-	-	-	-	-	120,712	120,712
At 30 June 2014	<u>9,732,550</u>	<u>7,293,118</u>	<u>2,350,175</u>	<u>(95,718)</u>	<u>(1,376,822)</u>	<u>1,084,145</u>	<u>(14,661,165)</u>	<u>4,326,283</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS TO 30 JUNE 2015

For the twelve months to 31 December 2014 (Audited)

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Own shares held reserve	Convertible debt and warrant reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2013	9,726,034	7,284,397	2,350,175	(73,571)	(1,376,822)	956,348	(12,961,396)	5,905,165
Loss for the year	-	-	-	-	-	-	(2,783,393)	(2,783,393)
Other comprehensive income	-	-	-	(776)	-	-	-	(776)
Issue of share capital	48,293	59,867	-	-	-	-	-	108,160
Transfer of own shares held	-	-	-	-	147,192	-	(147,192)	-
Issue of convertible loan	-	-	-	-	-	118,953	-	118,953
Share based payments	-	-	-	-	-	-	266,557	266,557
At 31 December 2014	9,774,327	7,344,264	2,350,175	(74,347)	(1,229,630)	1,075,301	(15,625,424)	3,614,666

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2015****1. ACCOUNTING POLICIES****Basis of preparation**

These interim financial statements have been prepared on a going concern basis using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "Adopted IFRS").

The principal accounting policies used in preparing these interim financial statements are those expected to apply to the Group's Consolidated Financial Statements for the year ending 31 December 2015 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2014. The financial information for the six months ended 30 June 2015 and 30 June 2014 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the full year ended 31 December 2014 has been derived from the audited statutory financial statements for that period. A copy of those statutory accounts for that period has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified and did not contain statements under Chapter 3 of Part 16 of the Companies Act 2006, but did include an emphasis of matter in respect of the ability to obtain additional funding if expected trading levels are not achieved. These conditions indicated the existence of material uncertainties that may have cast doubt on the Group's ability to continue as a going concern.

Going Concern

Based on the latest trading expectations and associated cash flow forecasts of the Group headed by Active Energy Group Plc, the Directors have considered the cash requirement for both the Group and the Company and have determined that additional funding is required for working capital and capital expenditure.

The Directors are confident they will be able to raise additional funding as and when required; however, this cannot be guaranteed. As such the ability to obtain additional funding is considered to be a material uncertainty that may cast significant doubt over the Group's and Company's ability to continue as a going concern.

Change in presentation currency

As presented in the Group's Consolidated Financial Statements for the year ending 31 December 2014, the Group has changed its presentation currency from United Kingdom Pounds Sterling ("Sterling") to United States Dollars ("US Dollar", "US\$"), as it most reliably reflects the global business performance of the Group as a whole. The comparative information for the six months ended 30 June 2014 has been restated accordingly.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2015**

2. SEGMENTAL INFORMATION

The Group reports the following operating segments:

- 'MDF Wood Fibre' denotes the Group's Medium-Density Fibreboard (MDF) wood chip processing and supply business division.
- 'BFE Wood Fibre' denotes the Group's renewable Biomass for Energy wood chip processing and supply business division
- 'Forestry & Natural Resources' denotes the Group's initiatives to secure ownership of the entire timber supply chain - from forest to finished product
- 'BFE Fuel Solutions' denotes the Group's renewable Biomass for Energy fuel division, which engages in development of second-generation BFE fuel solutions and systems

For the six months to 30 June 2015 (Unaudited)	MDF Wood Fibre	BFE Wood Fibre	Forestry & Natural Resources	BFE Fuel Solutions	Total
	US\$	US\$	US\$	US\$	US\$
Revenue from external customers	12,046,007	-	-	-	12,046,007
Operating segment profit/(loss)	724,533	-	(369,418)	-	429,115
Finance costs	(517,869)	-	-	-	(517,869)
Segment profit/(loss) before tax	206,664	-	(369,418)	-	(88,754)
Tax credit	29,363	-	-	-	29,363
Segment profit/(loss) for the period	236,027	-	(369,418)	-	(59,391)

For the six months to 30 June 2014 (Unaudited)	MDF Wood Fibre	BFE Wood Fibre	Forestry & Natural Resources	BFE Fuel Solutions	Total
	US\$	US\$	US\$	US\$	US\$
Revenue from external customers	6,822,115	4,020,600	-	-	10,842,715
Operating segment profit/(loss)	(57,463)	(577,530)	-	-	(634,993)
Tax credit	-	5,872	-	-	5,872
Segment loss for the period	(57,463)	(571,658)	-	-	(629,121)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2015**

For the twelve months to 31 December 2014 (Audited)	MDF Wood Fibre	BFE Wood Fibre	Forestry & Natural Resources	BFE Fuel Solutions	Total
	US\$	US\$	US\$	US\$	US\$
Revenue from external customers	17,395,499	5,929,464	-	-	23,324,963
Operating segment profit(loss)	2,058,270	(367,694)	(666,609)	(300,535)	723,432
Finance income	-	-	-	-	-
Finance costs	(161,965)	-	-	-	(161,965)
Segment profit/(loss) before tax	1,896,305	(367,694)	(666,609)	(300,535)	561,467
Tax credit	(91,851)	(21,545)	35,235	-	(78,161)
Segment profit/(loss) for the period	1,804,454	(389,239)	(631,374)	(300,535)	483,306

All assets and liabilities and capital expenditure for the period are inter-changeable between the divisions and therefore no segmental analysis has been presented.

Reconciliation of reportable segment profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	Six months to 30 June 2015	Six months to 30 June 2014	Twelve months to 31 December 2014
	(Unaudited) US\$	(Unaudited) US\$	(Audited) US\$
Total profit/(loss) from reportable segments	(59,391)	(629,121)	483,306
Unallocated amount - corporate expenses	(849,968)	(902,260)	(2,098,564)
Unallocated amount - other income	-	-	7,981
Unallocated amount - finance income	-	393	5,896
Unallocated amount - finance expense	(517,869)	(168,781)	(915,455)
Share based payments	(593,906)	(120,712)	(266,557)
Loss for the period	(2,021,134)	(1,820,481)	(2,783,393)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2015**

**3. RECONCILIATION OF LOSS BEFORE TAXATION TO
CASH OUTFLOWS FROM OPERATING ACTIVITIES**

Group	30 June 2015 (Unaudited) US\$	30 June 2014 (Unaudited) US\$	31 December 2014 (Audited) US\$
Loss for the period	(2,021,134)	(1,820,481)	(2,783,393)
Adjustments for:			
Share of loss of associate	369,418	-	372,984
Share based payment expense	593,906	120,712	266,557
Depreciation	121,786	25,766	127,778
Amortisation of intangibles	146,813	146,931	293,743
Loss/(profit) on disposal of property, plant and equipment	13,250	-	(171)
Professional services settled through issue of shares	-	-	7,350
Finance income	-	(8,588)	(5,896)
Finance expenses	517,869	168,781	1,077,420
Income tax	(29,363)	(5,872)	78,161
	<hr/>	<hr/>	<hr/>
	(287,455)	(1,372,751)	(565,467)
Decrease/(Increase) in inventories	(402,231)	1,144,303	893,985
(Increase)/Decrease in trade and other receivables	(2,033,308)	(1,691,809)	(1,976,814)
Increase/(Decrease) in trade and other payables	(459,839)	304,049	501,574
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities	(3,182,833)	(1,616,208)	(1,146,722)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2015

4. SHARE CAPITAL

	Number	US\$
Allotted, called up and fully paid		
Ordinary shares of 1p each		
(Unaudited)		
At 1 January 2015	621,475,570	9,774,327
Shares issued for cash	20,088,000	316,122
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At 30 June 2015	641,563,570	10,090,449
	<hr/> <hr/>	<hr/> <hr/>
	Number	US\$
(Unaudited)		
At 1 January 2014	618,625,570	5,876,562
Shares issued for cash	400,000	6,516
	<hr/>	<hr/>
At 30 June 2014	619,025,570	5,883,078
	<hr/> <hr/>	<hr/> <hr/>
	Number	US\$
(Audited)		
At 1 January 2014	618,625,570	9,726,034
Shares issued for cash	450,000	7,619
Shares issued to settle liabilities	400,000	6,516
Shares issued to acquire investment	2,000,000	34,158
	<hr/>	<hr/>
As at 31 December 2014	621,475,570	9,774,327
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5. LOSS PER SHARE

	Six months to 30 June 2015 (Unaudited) US\$	Six months to 30 June 2014 (Unaudited) US\$	Twelve months to 31 December 2014 (Audited) US\$
Weighted average number of ordinary shares in issue	542,959,890	541,525,570	542,713,070
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Loss after taxation	(2,021,134)	(1,820,481)	(2,783,393)
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Loss per share (pence) – basic and fully diluted	(0.37)	(0.34)	(0.51)
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6. COPIES OF THE INTERIM REPORT

Copies of the interim report will be made available on the Company's website at www.active-energy.com.