ACTIVE ENERGY GROUP PLC

INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2013

CHAIRMAN’S STATEMENT

It has been barely three months since the Company successfully concluded both the acquisition of the entire issued share capital of Nikofeso alongside a successful fund raise of £3.5 million before expenses.

In consideration of the pace of development of the business in the intervening period let me start by updating shareholders on something of a “State of the Nation” basis.

Cyprus/Switzerland: Nikofeso: This is an established holding and trading company based in Cyprus whose focus has been on the management both of external client relationships in Europe and the Middle East in parallel with supply-side logistics, mainly, but not exclusively, from Ukraine and the Balkan states. No production operations exist in Cyprus.

AEG’s business strategy envisages not only the expansion of Nikofeso’s trade but a considerable broadening of activities intended to support the delivery to a wider client base operating in global markets.

Accordingly, the Board has now set up a new Swiss-based trading company (Active Energy Trading (EMEA) sarl), which is expected to be operational by the year-end. The functions and operations of Nikofeso will be subsumed into the new Swiss-based trading company and a small professional office will be established in Switzerland to handle all Group trading activities.

Ukraine: Active Energy Ukraine Limited has recently moved its headquarters, and central management office, from Kiev to Mykolaev, with responsibility for regional and in-country strategy implementation.

Nikwood is the Group’s principal Ukrainian operating company. Based in the port and shipbuilding city of Mykolaev on the upper part of the Dnieper estuary, around 40 miles from the Black Sea, this office is responsible for all Ukrainian forestry, processing and shipping operations of the Group. We are expanding the functional capacity of this office and it is home to the operational management team, responsible for procurement, QA and certification, logistics planning, wood processing, and distribution, principally through AEG’s Ukrainian port facilities, of which, currently, there are two situated on the Dnieper River Channel to the Black Sea, with a new facility coming on stream in Odessa in the coming weeks.

Group: The corporate HQ of the Group remains in London and is responsible for Group finance, legal, regulatory, PR and IR functions.

Recent Corporate activity

- In August 2013, AEG announced the closing of an important long-term supply agreement with Biomasse Italia SpA (“BMI”) for the supply of wood chip for their Southern Italy based biomass power stations. BMI owns and operates two power stations which collectively generate up to 500GWh per annum with an annual demand for Biomass of approximately 700,000 tonnes. BMI has selected AEG as one of its primary suppliers of Biomass feedstock. AEG will ship up to 240,000 metric tonnes of biomass over a two-year period commencing 1 January 2014. In the meantime, AEG is assisting BMI with interim supplies of feed-stock. It should be noted that, due to supply issues from its alternative suppliers, BMI has been regularly sourcing spot volumes from AEG since June 2013.

- The Company has now fully established direct communications with a number of Turkey’s leading manufacturers of MDF. At the time of writing, technical experts from these manufacturers are physically working alongside AEG’s own engineering team on-site in Ukraine to set the production specifications to ensure that optimum benefit is derived from Ukrainian supplies which are used in the MDF production process as a “quality balancer” alongside bulk supplies sourced mainly from North America. The potential volumes from MDF manufacturers under these arrangements are expected to be in the range of 250,000-600,000 MT, traded on a CIF basis. Of course, this is dependent upon AEG being able to produce to the required quality of feedstock, and I am pleased to report that this validation process is currently in process with the client’s technical team under a joint production development programme at our new port facility in Odessa, which is intended to be the long-term production site specifically for this client.

- Prior to our acquisition of Nikofeso, discussions regarding a potential supply agreement with a second Italian biomass power generator were initiated. That potential customer is based in southern Italy close to the two BMI stations mentioned above. The first trial shipment, being a cargo of ~6,000 MT, has already been shipped to site. Based upon the expected uplift in power output resulting from the higher calorific value of AEG's feed stock (approximately 3.2 G/Cal per tonne compared with local feed stock at approximately 2 G/Cal per tonne) the potential customer is currently assessing whether AEG could take responsibility for electricity generation under a Tolling Agreement, whereby the output and Green Certificates issued for the electricity generated would be of mutual benefit. To this end, and in anticipation of a positive outcome, the Group has established a new, wholly-owned Italian subsidiary company, AEG Italia. Following the evaluation phase, and subject to such further testing as may be necessary, (which trials are being carried out currently and are expected to last no longer than 3 months), the Company intends to either, conclude a Tolling Agreement - thereby making AEG Italia a power utility business - or to conclude a long term contract with this generator on terms substantially similar to those with BMI. The annual volume, which could be supplied to this customer, is estimated at 100,000-145,000 MT per annum, whether tolled through the plant, or traded on a CIF basis.

Key development issues

The current key operational challenges being addressed at this time are:

- Ensuring an uninterrupted flow and control of the vertical logistics chain from forest to factory/forest to boiler, taking into account multiple operating variables such as seasonality, weather conditions and shipping capacity/availability. The Group is working to establish a scalable, seamless, supply chain, albeit one with several moving parts.
- Our expectations are for Nikwood to process considerably greater volumes of wood than it has undertaken in the past. With three port facilities currently being utilised in the short time since the acquisition was concluded, the Group's objective is to determine the optimum mix of assets in order to maximise the margin opportunity from our two current revenue channels, with product types based on customer requirements being allocated to the most appropriate port facilities and feed stock sources.
- A key part of the logistics chain is controlling the physical distribution of the product. The Company is currently engaged in securing long-term arrangements to ensure that, as far as may be reasonably possible, the coordination of supply and processing of raw materials is matched to the availability of the method of delivery to customers, whether by road, rail or (mainly) by sea. This operational component remains an essential feature to be able to guarantee the Group's SLA/performance requirements for our customers, and considerable management effort is being applied to establishing scalable processes and ensuring the availability of necessary assets at the right time and in the right place.
- Recruiting middle and senior management personnel both in Ukraine and elsewhere, especially in the finance and logistics functions will be an on-going process for the remainder of this calendar year as we seek to employ the best available talent to ensure that our management information and reporting systems are fully supported in a manner consistent with the needs of a dynamic and fast-growing, high-volume manufacturing and logistics business with multiple production assets, product types and client locations, and, of course, with those expected of a public company.

Evaluation of current market opportunity and prospects

Demand for premium quality wood chip from European sources is growing at a double-digit compound annual growth rate and there is limited visibility in the market place as to how this demand will be satisfied.

This plays to AEG's core strength of having secure supply arrangements in Ukraine and elsewhere and the operational skills and capabilities able to meet these demands, especially from those in the EU originating both from new biomass power plants coming on-line or from older stations recently re-commissioned to burn wood biomass. At this stage in the Company's evolution we are focussing on supplying two specific markets:

- the regional MDF market for the manufacture of MDF, with an initial focus on Turkey; and
- the EU biomass market for power generation, with an initial focus on the Italian market.

Turkey is a 24/30 hour sailing time from our Black Sea ports and the southern region of Italy is geographically suited to be served equally well either from the Black Sea or from Western Mediterranean ports where the Company is negotiating additional sources of supply and port agreements.

The Directors therefore believe that AEG is extremely well placed to maximise the financial opportunity arising from these favourable trading and operating conditions.

Key Business Area #1 – The Black Sea Trade

AEG has established itself as a leading Ukrainian supplier of wood chip for the production of Turkish MDF, serving three of the major Turkish manufacturers, each with important expansion potential for the Group. The basis upon which this core revenue channel can be scaled up is based on our ability to:

- Deliver high quality raw material on a short supply chain.
- Ship in 24-30 hours in cargoes of around 4-8,000 metric tonnes (“MT”), although client preference is for AEG to be able to ship 15,000 tonne cargoes by Q3-2014. This compares to the 15 to 20 days of trans-oceanic shipping in large bulk carriers (of around 40,000 MT) from Brazil, Venezuela or North America.
- Structure our supply side logistics operations consistent with the demands of high volume manufacturing businesses where cost, quality and inventory control are under constant pressure.

Key Business Area #2 – Supply of Biomass for Power Generation

The two principal issues facing our customers in this sector are:

- Quality of product
- Reliability of supply

AEG has shown that it is able to satisfy customers on both counts, whether to those in Southern Italy or in Turkey. The recent history for this segment of the power generation market has been characterised in the EU by uncertain and variable national economic policy in differing EU jurisdictions regarding subsidies. Numerous biomass power stations were constructed in the EU in Pre-Crash years with cheap money, an over-dependence on subsidies and limited regard to the securing of long-term contracts for the supply of feedstock at prices matching their original budgeted costs. By the time these plants came online, there was either insufficient local supply available, or price inflation meant that the costs of production were out of line with the project’s financial model.

As these power stations have come on stream, those uncertainties have manifested themselves such that, in certain jurisdictions, a number of smaller stations are now falling out of the system due to the perfect economic storm of reduced subsidies combined with an uncertain availability of feedstock of the necessary quality and upward price pressure being caused by their larger, often state-owned, competitors being able and willing to pay more to guarantee continuous supply of feedstock than the smaller plants can absorb.

Italy is currently in the vanguard of promoting biomass generated power, and while the economics of subsidy are always subject to changes in government policy, the Board considers Italy to have reliable medium and long-term potential on which the Group can continue to build an important revenue channel.

Having its core business in Ukraine, AEG is extremely well placed to deliver long term, reliable solutions to a growing customer base and to do so in increasing volumes.

First, geographically, Ukraine is able to deliver by rail or sea to leading EU users; second, it has substantial forestry resources able to underpin levels of reliability of supply with consistently high quality and in a political environment that is becoming ever more aligned with EU ethical and quality standards of sustainability, renewability and business practice. As an interesting corollary, AEG is now seeing demand increasing from within Ukraine itself with the first major Biomass Power plant (near Kiev) coming online in 2015.

AEG's strategy is to focus on the (currently) more established Turkish market as the core of the business, building upon an already strong trading track record in that sector. With short shipping times and reliable access to quality raw materials this trade represents a dependable cash generative base for the business.

The biomass market has the opportunity to become larger than the Black Sea trade and a more significant revenue channel for the Group.

While the Board recognises that, ultimately, the biomass sector will be the principal growth engine of the business, the single most important challenge facing AEG today is securing the availability of suitable cargo vessels (whether by time charter, bare boat charter or ownership) to match the needs of the logistics arrangements that are vital to underpin our ability to fulfil one of our USPs – being reliability of supply at ever increasing volume levels. The business is also improving its production capabilities to enable higher volume production of the required product specification.

A viable, long term, high volume and profitable business with a select number of key customers can only be built and sustained if AEG is able to completely divorce itself from the spot charter market; securing more stable and predictable arrangements will therefore be a key factor in our on-going development and growth. Accordingly, management is devoting considerable effort to evaluating the optimum means by which this pivotal issue can be conclusively addressed.

Financial Review

	6 months to 30/06/13 Unaudited £'000	6 months to 30/06/12 Unaudited £'000	12 months to 31/12/12 Audited £'000
Sales	106	220	231
Cost of sales	-	(150)	(151)
Gross margin	106	70	80
Release of deferred consideration	-	-	168
	106	70	248
Administrative expenses:			
Operating costs	(424)	(298)	(795)
Amortisation on W. Ukraine forestry assets	(94)	(91)	(180)
Transaction costs	(182)	-	-
FX movement	(37)	-	(2)
	(737)	(389)	(977)
Operating loss on continuing operations	(631)	(319)	(729)
Net interest payable (FY12 interest receivable)	(4)	5	(4)
Loss before tax	(635)	(314)	(733)
Taxation	18	9	38
Loss from Continued Ops	(617)	(305)	(695)
Loss on discontinued operations	(5)	(343)	(686)
Loss for period	(622)	(648)	(1,381)

Notes

(a) The results for the period on Continuing Operations reflect a planned increase in underlying operating costs, primarily as a consequence of the build-up of operations in Ukraine as the Company deepened its working relationship with the to-be-acquired Nikofeso Group.
(b) The amortisation charge noted above relates to the Western Ukraine intangible forestry asset.
(c) Transaction costs are those relating to the acquisition and financing transactions concluded on 28 June 2013.
(d) There is no adjustment in these accounts in respect of any post-acquisition trading as the acquisitions completed on the last working day of June 2013, being the reporting date for these Interim financial statements.

Balance sheet

Net assets of the Group at the reporting date were £6.24m (FY2012:£2.05m). The net increase of £4.19m is principally attributable to:

(a) Increase in cash and cash equivalents of: £3.07m
(b) Increase in intangibles: £1.76m

The former reflects the receipt of new equity and loan capital arising from the Placing. The latter reflects a sum of £1.76m being the underlying increased in intangible assets arising from the acquisition of the Nikofeso Group.

Conclusion

The outlook for the Company is positive. We have already established a strong core customer base and there is potential within our existing business channels for significant expansion. We have made an excellent start in these areas and our focus is now on consolidating a consistent shipping pattern of premium woodchip cargoes that meet all of:

- The quality, reliability and sustainability requirements of our customer base;
- The Company's market objectives; and
- Return on Investment (ROI) for the benefit of our shareholders.

The successful combination of the above will work to ensure the building of long term shareholder value that lies at the heart of everything we do.

I would like to thank all of the Group's management and staff whose level of effort *post* the acquisition of Nikofeso has been nothing short of spectacular. While the reality of the roll-out of the enlarged business has placed only-to-be-expected challenges on our people, I have to make special mention of both Richard Spinks, our Chief Executive Officer, and Matteo Girlanda our Chief Operations Officer whose commitment to what has sometimes been a testing transition period and to their inspiring "*carpe diem"* approach to business development must auger well for the future of the Group.

I look forward to delivering my next report alongside the full year results, which we expect to be able to publish in March/April 2014.

Colin Hill
Non-Executive Chairman

London: 30 September 2013

CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	6 months to 30/06/13	6 months to 30/06/12	12 months to 31/12/12
		Unaudited	Unaudited	Audited
CONTINUING OPERATIONS		£	£	£
REVENUE	3	105,538	219,698	230,710
Cost of sales		-	(150,258)	(150,567)
GROSS PROFIT		105,538	69,440	80,143
Release of deferred consideration		-	-	167,500
Administrative expenses		(735,522)	(388,693)	(977,098)
OPERATING LOSS		(629,984)	(319,253)	(729,455)
Finance income		6,182	5,433	3
Finance costs		(10,413)	-	(4,243)
LOSS BEFORE TAXATION		(634,215)	(313,820)	(733,695)
Income tax		17,877	8,670	37,828
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(616,338)	(305,150)	(695,867)
Loss from discontinued operations net of tax	5	(5,378)	(343,006)	(685,567)
LOSS FOR THE PERIOD		(621,716)	(648,156)	(1,381,434)
Loss per share (pence) – basic and fully diluted	9	(0.25)	(0.27)	(0.58)
Continuing operations	9	(0.25)	(0.13)	(0.29)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	6 months to 30/06/13	6 months to 30/06/12	12 months to 31/12/12
	Unaudited	Unaudited	Audited
	£	£	£
LOSS FOR THE PERIOD	**(621,716)**	**(648,156)**	**(1,381,434)**
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations	**67,753**	**(27,128)**	**(46,581)**
TOTAL COMPREHENSIVE LOSS FOR PERIOD	**(553,963)**	**(675,284)**	**(1,428,015)**

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013

	As at 30/06/13 Unaudited £	As at 30/06/12 Unaudited £	As at 31/12/12 Audited £
NON-CURRENT ASSETS			
Intangible assets	3,367,351	1,734,604	1,621,410
Property, plant and equipment	40,806	1,053	686
Other receivables	-	194,562	-
	3,408,157	1,930,219	1,622,096
CURRENT ASSETS			
Inventories	775,207	-	-
Trade and other receivables	641,551	188,311	303,956
Cash and cash equivalents	3,619,809	549,102	158,004
	5,036,567	737,413	461,960
TOTAL ASSETS	8,444,724	2,667,632	2,084,056
CURRENT LIABILITIES			
Trade and other payables	1,943,861	158,657	212,137
Income tax liability	-	6,456	3,909
	1,943,861	165,113	216,046
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	260,438	287,579	264,794
Contingent consideration	-	167,500	-
	260,438	455,079	264,794
TOTAL LIABILITIES	2,204,299	620,192	480,840
NET ASSETS	6,240,425	2,047,440	1,603,216
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Called up share capital	6,186,256	2,373,522	2,373,522
Share premium	5,114,496	4,209,901	4,209,901
Merger reserve	940,000	940,000	940,000
Foreign exchange reserve	21,172	(27,128)	(46,581)
Employee benefit trust reserve	(94,420)	(94,420)	(94,420)
JSOP shares reserve	(217,650)	-	-
Convertible debt reserve	1,000,000	-	308,507
Retained earnings	(6,709,429)	(5,354,435)	(6,087,713)
TOTAL EQUITY	6,240,425	2,047,440	1,603,216

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS TO 30 JUNE 2013

	Note	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Cash flows from operating activities	4	(213,507)	(487,251)	(1,136,975)
Finance costs		10,413	-	4,243
Finance income		(6,182)	(5,433)	(3)
Income tax		(17,877)	(8,670)	(37,828)
Cash outflow from operations		(227,153)	(501,354)	(1,170,563)
Income tax paid		(3,909)	(7,955)	-
Net cash outflow from operating activities		(231,062)	(509,309)	(1,170,563)
Cash flows from investing activities				
Purchase of intangible asset		-	-	(224)
Purchase of property, plant and equipment		-	(1,326)	(1,317)
Sale of property, plant and equipment		-	1,417	1,417
Repayment of non-current asset		-	32,426	-
Deferred consideration received		-	21,875	-
Interest received		6,182	5,433	3
Net cash flow on acquisition of subsidiaries		67,674	-	-
Net cash inflow/(outflow) from investing activities		73,856	59,825	(121)
Cash flows from financing activities				
Issue of equity share capital		2,676,600	-	20,596
Convertible loan from shareholder		1,000,000	-	308,507
Issue expenses		(86,088)	-	-
Net cash inflow from financing activities		3,590,512	-	329,103
Net increase/(decrease) in cash and cash equivalents		3,433,306	(449,484)	(841,581)
Cash and cash equivalents at beginning of period		158,004	998,586	998,586
Effect of exchange rate changes		28,499	-	999
Cash and cash equivalents at end of period		3,619,809	549,102	158,004

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2013

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	EBT share reserve	JSOP shares	Convertible debt reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2012	**2,366,090**	**4,196,737**	**940,000**	**-**	**(94,420)**	**-**	**-**	**(4,706,279)**	**2,702,128**
Total comprehensive income for period	**-**	**-**	**-**	**(27,128)**	**-**	**-**	**-**	**(648,156)**	**(675,284)**
Issue of share capital	**7,432**	**13,164**	**-**	**-**	**-**	**-**	**-**	**-**	**20,596**
						-			
At 30 June 2012	**2,373,522**	**4,209,901**	**940,000**	**(27,128)**	**(94,420)**	**-**	**-**	**(5,354,435)**	**2,047,440**
At 1 January 2012	**2,366,090**	**4,196,737**	**940,000**	**-**	**(94,420)**	**-**	**-**	**(4,706,279)**	**2,702,128**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,381,434)**	**(1,381,434)**
Other comprehensive income	**-**	**-**	**-**	**(46,581)**	**-**	**-**	**-**	**-**	**(46,581)**
Issue of share capital	**7,432**	**13,164**	**-**	**-**	**-**	**-**	**-**	**-**	**20,596**
Issue of convertible loan	**-**	**-**	**-**	**-**	**-**	**-**	**308,507**	**-**	**308,507**
At 31 December 2012	**2,373,522**	**4,209,901**	**940,000**	**(46,581)**	**(94,420)**	**-**	**308,507**	**(6,087,713)**	**1,603,216**
At 1 January 2013	**2,373,522**	**4,209,901**	**940,000**	**(46,581)**	**(94,420)**	**-**	**308,507**	**(6,087,713)**	**1,603,216**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(621,716)**	**(621,716)**
Other comprehensive income	**-**	**-**	**-**	**67,753**	**-**	**-**	**-**	**-**	**67,753**
Total comprehensive loss for the period	**-**	**-**	**-**	**67,753**	**-**	**-**	**-**	**(621,716)**	**(553,963)**
Shares issued for cash	**2,135,400**	**533,850**	**-**	**-**	**-**	**-**	**-**	**-**	**2,669,250**
Shares issued to JSOP Trustees	**150,000**	**75,000**	**-**	**-**	**-**	**-**	**-**	**-**	**225,000**
Own shares held by JSOP	**-**	**-**	**-**	**-**	**-**	**(217,650)**	**-**	**-**	**(217,650)**
Share issue in relation to business combinations	**1,250,000**	**312,500**	**-**	**-**	**-**	**-**	**-**	**-**	**1,562,500**
Conversion of Unsecured Loan Note	**277,334**	**69,333**	**-**	**-**	**-**	**-**	**(308,507)**	**-**	**38,160**
Issue of convertible loan	**-**	**-**	**-**	**-**	**-**	**-**	**1,000,000**	**-**	**1,000,000**
Share issue expenses	**-**	**(86,088)**	**-**	**-**	**-**	**-**	**-**	**-**	**(86,088)**
At 30 June 2013	**6,186,256**	**5,114,496**	**940,000**	**21,172**	**(94,420)**	**(217,650)**	**1,000,000**	**(6,709,429)**	**6,240,425**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2013

1. GENERAL INFORMATION

The interim financial statements for the six months ended 30 June 2013 are unaudited and were approved by the Directors of the Company on 30 September 2013. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures for the year ended 31 December 2012 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report. The audit report contained no statements under sections 498(2) or 498(3) (accounting records or returns inadequate, accounts not agreeing with records and returns, or failure to obtain necessary information and explanations) of the Companies Act 2006.

The financial information has been prepared in accordance with the accounting policies set out below. The accounts are drawn up in compliance with IAS 34 and the AIM Rules of the London Stock Exchange. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and in accordance with the AIM Rules of the London Stock Exchange.

2. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies of the Group have remained unchanged from those set out in the Group's 2012 financial statements.

3. SEGMENTAL INFORMATION

During February 2012 the Group's Voltage Optimisation and Engineering divisions were closed. The Group's Biomass division was, therefore, the only continuing business segment during the reporting period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2013

3. SEGMENTAL INFORMATION (continued)

	6 months to 30/06/13 Voltage Optimisation	6 months to 30/06/13 Engineering	6 months to 30/06/13 Biomass	6 months to 30/06/13 Total
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Total segment revenue	-	-	105,538	105,538
Inter segment revenue	-	-	-	-
Revenue from external customers	-	-	105,538	105,538
Operating loss	(5,378)	-	(341,897)	(347,275)
Finance income	-	-	-	-
Loss before tax	(5,378)	-	(341,897)	(347,275)
Tax credit	-	-	17,877	17,877
Loss for the period	(5,378)	-	(324,020)	(329,398)
Loss from continuing operations	-	-	(324,020)	(324,020)
Loss from discontinued operations	(5,378)	-	-	(5,378)

Other segmented items included in the condensed statement of comprehensive income:

Depreciation and impairment on property plant and equipment	-	-	386	386
Amortisation of intangibles	-	-	94,090	94,090

Segmented assets and liabilities as at 30 June 2013 and capital expenditure for the period were:

	As at 30/06/13 Voltage Optimisation	As at 30/06/13 Engineering	As at 30/06/13 Biomass	As at 30/06/13 Total
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Segment assets	-	-	5,751,860	5,751,860
Unallocated corporate assets				2,692,864
Consolidated total assets				8,444,724
Segment liabilities			1,746,949	1,746,949
Unallocated corporate liabilities				457,350
Consolidated total liabilities				2,204,299
Additions to non-current assets			1,800,015	1,800,015

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2013

3. SEGMENTAL INFORMATION (continued)

	6 months to 30/06/12 Voltage Optimisation	6 months to 30/06/12 Engineering	6 months to 30/06/12 Biomass	6 months to 30/06/12 Total
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Total segment revenue	-	-	219,698	219,698
Inter segment revenue	-	-	-	-
Revenue from external customers	-	-	219,698	219,698
Operating loss	(300,530)	(42,476)	(73,082)	(416,088)
Finance income	-	-	1	1
Loss before tax	(300,530)	(42,476)	(73,081)	(416,087)
Tax credit	-	-	8,670	8,670
Loss for the period	(300,530)	(42,476)	(64,411)	(407,417)
Loss from continuing operations	-	-	(64,411)	(64,411)
Loss from discontinued operations	(300,530)	(42,476)	-	(343,006)

Other segmented items included in the condensed statement of comprehensive income:

Depreciation and impairment on property plant and equipment	-	-	273	273
Amortisation of intangibles	-	-	91,295	91,295

Segmented assets and liabilities as at 30 June 2012 and capital expenditure for the period were:

	As at 30/06/12 Voltage Optimisation	As at 30/06/12 Engineering	As at 30/06/12 Biomass	As at 30/06/12 Total
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Segment assets	30,258	10,787	1,787,446	1,828,491
Unallocated corporate assets				839,141
Consolidated total assets				2,667,632
Segment liabilities	(53,044)	(3,909)	(500,062)	(557,015)
Unallocated corporate liabilities				(63,177)
Consolidated total liabilities				(620,192)
Additions to non-current assets	-	-	1,326	1,326

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2013

3. SEGMENTAL INFORMATION (continued)

	12 months to 31/12/12 Voltage Optimisation	12 months to 31/12/12 Engineering	12 months to 31/12/12 Biomass	12 months to 31/12/12 Total
	Audited	Audited	Audited	Audited
	£	£	£	£
Total segment revenue	-	-	230,710	230,710
Inter segment revenue	-	-	-	-
Revenue from external customers	-	-	230,710	230,710
Operating loss	(310,530)	(375,037)	(105,520)	(791,087)
Finance income	-	-	3	3
Finance costs	-	-	(4,243)	(4,243)
Loss before tax	(310,530)	(375,037)	(109,760)	(795,327)
Tax credit	-	-	37,828	37,828
Loss for the period	(310,530)	(375,037)	(71,932)	(757,499)
Loss from continuing operations	-	-	(71,932)	(71,932)
Loss from discontinued operations	(310,530)	(375,037)	-	(685,567)

Other segmented items included in the income statement:

Release of contingent consideration	-	-	167,500	167,500
Depreciation and impairment on property plant and equipment	-	-	(631)	(631)
Amortisation of intangibles	-	-	(180,132)	(180,132)

Segmented assets and liabilities as at 31 December 2012 and capital expenditure for the period were:

	As at 31/12/12 Voltage Optimisation	As at 31/12/12 Engineering	As at 31/12/12 Biomass	As at 31/12/12 Total
	Audited	Audited	Audited	Audited
	£	£	£	£
Segment assets	30,258	17,778	1,870,337	1,918,373
Unallocated corporate assets				165,683
Consolidated total assets				2,084,056
Segment liabilities	(43,044)	(3,909)	(281,344)	(328,297)
Unallocated corporate liabilities				(152,543)
Consolidated total liabilities				(480,840)
Additions to non-current assets	-	-	1,541	1,541

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2013

3. SEGMENTAL INFORMATION (continued)

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

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Total profit or loss from reportable segments	(324,020)	(64,411)	(71,932)
Share based payments	-	-	-
Unallocated amount - corporate expenses	(288,087)	(246,171)	(623,935)
Unallocated amount - finance income	6,182	5,432	-
Unallocated amount - finance expense	(10,413)	-	-
Loss from discontinued activities	(5,378)	(343,006)	(685,567)
Loss for the period	(621,716)	(648,156)	(1,381,434)

An analysis of revenue (by location of customer) is given below:

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Ukraine	105,538	219,698	230,710
UK	-	-	-
	105,538	219,698	230,710

In the six months ended 30 June 2013, all of the revenue relates to sales to the Nikofeso group of companies, which were acquired by the Company in June 2013 (see Note 7). In the six months ended 30 June 2012 and the year ended 31 December 2012, no customer contributed more than 10% of the Group's revenue.

An analysis of non-current assets by location of assets

	As at 30/06/13 Unaudited £	As at 30/06/12 Unaudited £	As at 31/12/12 Audited £
UK	-	-	-
Thailand	-	194,562	-
Ukraine	3,408,157	1,735,657	1,622,096
	3,408,157	1,930,219	1,622,096

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2013

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

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Loss for the period	(621,716)	(648,156)	(1,381,434)
Adjustments for:			
Share based payment expense	-	20,596	-
Depreciation	386	273	631
Amortisation of intangibles	94,090	91,295	180,132
Profit on sale of property, plant and equipment	-	(1,417)	(1,417)
Impairment of other receivables	-	-	334,075
Release of contingent consideration	-	-	(167,500)
	(527,240)	(537,409)	(1,035,513)
Decrease/(increase) in receivables	70,492	48,872	(151,984)
Increase in payables	243,241	1,286	50,522
Net cash outflow from operating activities	(213,507)	(487,251)	(1,136,975)

5. DISCONTINUED OPERATIONS

Results of discontinued operations

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Revenue	-	-	-
Cost of sales	-	-	-
Administrative expenses	(5,378)	(322,410)	(330,896)
Share based payments	-	(20,596)	(20,596)
Impairment of other receivables	-	-	(334,075)
Income tax	-	-	-
Loss on discontinued operations	(5,378)	(343,006)	(685,567)

In February 2012, the Directors at that time took the decision to close both the Voltage Optimisation and Engineering divisions. In the 2011 financial statements no provision was made for closure costs in accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, but the assets were impaired in accordance with IAS 36 “Impairment of assets”. The costs incurred during the period, therefore, reflect the cost of closing these divisions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2013

5. DISCONTINUED OPERATIONS (continued)

The statement of cash flows includes the following amounts relating to discontinued operations:

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Operating activities	-	(249,621)	(259,621)
Investing activities	-	1,417	1,417
Cash outflow from discontinued operations	-	(248,204)	(258,204)

6. GOODWILL AND INTANGIBLE ASSETS

Intangible Assets

	£
Cost	
At 1 January 2013	1,801,542
Arising on acquisition (see note 7)	1,759,539
Foreign exchange adjustment	80,492
At 30 June 2013	3,641,573
Accumulated amortisation	
At 1 January 2013	180,132
Charge for period	94,090
At 30 June 2013	274,222
Net Book Value	
At 30 June 2013	3,367,351
At 1 January 2013	1,621,410

The intangible assets at 1 January 2013 represent contractual relationships held by Active Energy Ukraine Limited. The remaining useful life of these relationships is assessed to be 8.5 years.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2013

7. ACQUISITION OF SUBSIDIARIES

On 28 June 2013, the Group acquired 100% of the issued share capital of Nikofeso Holdings Limited. This acquisition is core to the Company's development strategy. The Directors' provisional fair value determination of the assets and liabilities acquired is set out in the table below.

	Book values at acquisition	Fair value adjustments	Fair value
	£	£	£
Intangible asset	-	1,759,539	1,759,539
Property, plant and equipment	40,476	-	40,476
Inventories	775,207	-	775,207
Trade and other receivables	572,286	-	572,286
Cash and cash equivalents	67,674	-	67,674
Trade and other payables	(1,389,956)	-	(1,389,956)
Amount owed to Active Energy Group Plc	(262,726)	262,726	-
Net assets/(liabilities) acquired	(197,039)	2,022,265	1,825,226

Consideration satisfied by:	
Issue of shares – Initial consideration	781,250
Issue of shares – Deferred contingent consideration	781,250
Amount owed by Nikofeso to Active Energy on acquisition	262,726
	1,825,226

The fair value of intangible assets acquired above has not yet been allocated between goodwill, the value of Nikofeso's contractual relationships and any deferred tax required to be provided on temporary timing differences arising on the intangible assets.

The deferred contingent consideration becomes payable to the vendors on the achievement of certain performance targets in the period from 1 January 2014 to 31 December 2018.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2013

8. SHARE CAPITAL

	Ordinary shares of 1p	
	Number	£
As at 1 January 2013	237,352,237	2,373,522
Shares issued for cash	213,540,000	2,135,400
Shares issued to JSOP Trustees	15,000,000	150,000
Share issue in relation to business combinations	125,000,000	1,250,000
Conversion of Unsecured Loan Note	27,733,333	277,334
As at 30 June 2013	618,625,570	6,186,256

9. LOSS PER SHARE

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Weighted average number of ordinary shares in issue	249,643,802	236,980,604	237,283,001
Loss after taxation	(621,716)	(648,156)	(1,381,434)
Basic EPS			
Loss per share (pence)	0.25	0.27	0.58
Continuing operations			
Loss per share (pence)	0.25	0.13	0.29
Discontinued operations			
Loss per share (pence)	0.00	0.14	0.29

There is no dilutive effect of share options on the basic loss per share.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2013

10. OPERATING EXPENSES

	6 months to 30/06/13 Unaudited £	6 months to 30/06/12 Unaudited £	12 months to 31/12/12 Audited £
Foreign exchange losses	36,797	88	1,935
Costs relating to the acquisition of Nikofeso	181,593	-	-

11. REDEEMABLE LOAN NOTE

The Company has issued a Redeemable Loan Note of £1,000,000 in June 2013. This note bears interest at 9% and is convertible at the option of the holder into new fully paid up ordinary shares in the Company at a conversion price of 1.75p per share.

12. RELATED PARTY TRANSACTIONS

The Unsecured Loan Note held at 1 January 2013 by Eastwood SA, which at that date was the Company's largest shareholder, was converted into ordinary shares in the Company in June 2013.

13. Copies of the interim report will be available to download from the Company's website www.active-energy.com