ACTIVE ENERGY GROUP PLC

INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2012

CHAIRMAN'S STATEMENT

On behalf of the Board, I present the results of Active Energy Group plc ("Active Energy" or the "Group") for the six month period ended 30 June 2012.

Financial results

The Group reported a consolidated loss for the period under review of £648,156 (six months ended 30 June 2011: loss of £451,875), of which £343,006 is attributable to discontinued operations (six months ended 30 June 2011: £245,437).

Revenues of £219,698 were wholly derived from the Group's activities in Ukraine within the Biomass sector. A full segmental analysis is set out in Note 3.

Net assets as at 30 June 2012 amounted to £2,047,440 including cash balances of £549,102.

I believe that it would be fair to say that, although these financial results are not entirely unexpected, the elimination of Active Energy Limited ("AEL") and Redline Engineering Services Limited ("RLE") from the cost base going forward (to the extent permitted by International Financial Reporting Standard ("IFRS")) will substantially enhance the Group's ability to direct its cash resources to more profitable activities than has been possible in the period under review.

Broadly speaking, "biomass" is plant matter used to generate power, usually by direct combustion. Examples of such material include forest residues (such as dead trees, branches and tree stumps), yard clippings and wood chips. The Group's development strategy is based on established and new forestry and associated exploitation rights over many of these materials – initially, from the Ukraine, but, also from neighbouring territories. While the rate of execution of this strategy will, of course, depend on the availability of both capital and market opportunity, it is the Group's mission to establish itself as the pre-eminent operator in this sector in the Black Sea region, supplying biomass materials of all manner to international markets, but, predominantly, to leading European marketing, manufacturing and power generation customers.

Operational review – Ukraine

Since the acquisition of Bioenerho-Leader Limited ("Bioenerho") (now renamed Active Energy Ukraine Ltd ("AEU")) in November 2011, the focus of both the Parent Company Board and the management of AEU has been on establishing the business in the Biomass sector and putting in place all necessary operational, financial and commercial systems.

Richard Spinks was appointed Chief Executive Office of the Group in July 2012. As previously announced, Richard has extensive sector and geographic experience in Eastern Europe, having spent more than 22 years working in Poland, Russia and Ukraine.

In the first six months of 2012, AEU encountered a number of challenges in setting up the business (with specific difficulties in the cutting, transportation and processing of wood). While some initial difficulties were expected during the start-up phase, they nevertheless have resulted in a level of performance below that which the Board had hoped might have been achieved by the first six months of 2012.

This notwithstanding, and not least as AEU has fully delivered on its commitment to be the supplier of raw materials to the process sub-contractors, it is pleasing to note that there has been a steady increase in the level of enquiries recently for product from many Ukrainian and other European sources.

Notably, in the period under review, AEU recruited two key individuals to the executive management team, Mr Oles Kopets as the local General Manager and Mr Oleg Kravets as new Financial Controller. Both individuals bring to AEU high levels of professionalism and, clearly, great jurisdictional experience. Additionally, the services of a highly experienced consultant on forestry operations have been obtained, and, together with the Ukrainian regulatory guidance, your Board believes that the management structure in Ukraine has now been considerably strengthened such as to ensure that the forestry, felling and take-off rights held by the Group will be effectively utilised and grown.

CHAIRMAN'S STATEMENT

Current trading and prospects

The demand for biomass is growing, driven increasingly by regulation as well as the need by major biomass users in Europe to reduce the cost of sourcing fuel from other worldwide locations. In this regard, your Group is extremely well positioned to take advantage of the burgeoning European markets, being positioned as it is with important forestry rights with efficient direct access to mainland European markets as well as those within the EU Enlargement criteria (including the Western Balkans and Turkey).

Consequently, I am pleased to report that the third quarter of 2012 has seen a potentially pivotal new opportunity emerge in our chosen sector which would represent a major complementary addition to the forestry rights already held by the Group for some 100,000 metric tonnes ("MT") per annum of raw material supply from forestry in the Lutsk region in the NW of Ukraine. The Board hopes to announce further details in due course.

If successful, this 50:50 Joint Venture ("JV") project, (which is expected to run through end-February 2013 and has an initial targeted aggregate process volume of ~40,000 metric tonnes) could provide the basis for more expanded arrangements with the prospect of building the business to annual volumes in excess of 600,000 MT of raw material, this being in addition to the current targeted raw material take-off from NW Ukraine of up to 100,000 MT per annum.

It is also important to note that this JV project does not distract the Group from its ultimate strategic goal to focus on both high volume biomass and energy (utility) transactions.

Since 1 July 2012, the Group has successfully concluded a trial shipment of around 4,000 MT of processed wood to an ultimate customer based in Turkey.

Related party transaction: important new funding facility

In order to underpin the funding of the proposed business growth in Ukraine, shareholders will be encouraged to note that the Group has today agreed a US$500,000 (£318,750) working capital facility from Eastwood SA ("Eastwood"), the Company's largest shareholder.

The facility is being provided under the terms of an extendable 12-month Unsecured Loan Note, carrying a fixed rate of interest of 6% per annum, and is convertible, under certain circumstances, into new fully paid-up ordinary shares in the Group at a Conversion Price of 2p. Interest will be compounded monthly and rolled up and paid at Maturity. The funds are available immediately for drawdown.

The Loan is, by mutual consent, capable of being extended by a further 12 months and Eastwood has also undertaken not to elect to convert such number of shares that will result in it holding more than 30% of the then issued share capital of the Company.

In the event that Eastwood elects to convert the Facility into new Ordinary Shares ("Conversion Shares") it has agreed that those Conversion Shares will be subject to orderly market trading arrangements.

As Eastwood holds more than 10 per cent of the issued share capital of the Company the entry into the Facility constitutes a related party transaction under the AIM Rules. Consequently, the Independent Directors, comprising Gavin Little and Philip Palmer, having consulted with the Company's nominated adviser, consider the terms of the transaction to be fair and reasonable in so far as the Company's shareholders are concerned.

CHAIRMAN'S STATEMENT

Political risks in Ukraine

Shareholders may be aware that there are important new elections taking place in Ukraine in October 2012.

It is not appropriate for this statement to comment on political stability in Ukraine beyond acknowledging that business at large can only thrive in an environment of political and fiscal stability and the absence of corrupt practices. The October elections represent a level of uncertainty, which is, and will remain, a feature of doing business in that country and region.

However, the nature and structure of the Group's forestry rights in Ukraine is considered to have been established on strong foundations and so your Board expects that, whatever the outcome of these elections, the business opportunity that is being aggressively pursued for the benefit of the Company's shareholders will continue unabated. Nevertheless, the associate political risk cannot be ignored.

Going concern

The core operating costs of the Group have been much reduced since the effective closure of the AEL and RLE operations in February 2012. The Board is of the view that the available cash at 30 June 2012 together with the new working capital facility constitute adequate working capital for the Group for the 12 months going forward from the date of this statement.

These aggregate funds will be applied to meeting both the working capital demand for the JV project referenced above, as well as for necessary professional costs. The Group may seek to raise new equity capital in the future.

Constitution of Parent Company Board

In view of the very considerable change in the strategic direction of the Group this will be my last Chairman's Statement, and I will be leaving the Group with effect from 30 September 2012.

Discussions with a number of potential directors are well advanced and it is expected that new Board appointments will be announced shortly. I am confident that shareholders will be pleased with the planned changes and the enhanced skill set that they will provide the Company with in this new business sector.

Summary

There is no question that the Group has had to endure significant difficulties as it transitioned itself from the voltage optimisation business through to the Biomass sector and I regret that we did not achieve the expectations the Board had in prospect at its initiation.

That said, your Board, of which I have been Executive Chairman since May 2011, lost no time in taking all necessary steps to minimise the on-going impact of these now discontinued businesses and to seek out new opportunities to restore shareholder value. I feel it is now time for a new team to lead the Group to better fortunes with the appropriate skills in this new business sector.

I believe that the acquisition in November 2011 of Bioenerho, now AEU, represented the first step in the recovery process and opened up exciting and very real opportunities to develop the Group as an important operator in the biomass sector. The appointment of Richard Spinks has been pivotal to the establishment of the new business and I am confident that the upcoming new Board appointments of persons with extensive and demonstrable operations and financial skills will much enhance the likely of future success of the Group.

CHAIRMAN'S STATEMENT

The biomass sector shows every sign of growing at double-digit annual rates and the ability of the Group to extend its reach, not just in the Ukraine but also into other countries in the EU, to source biomass product is unparalleled for a company of its size. Active Energy certainly has the opportunity to "punch above its weight" in the sector and I believe that there is every reason to believe that it can, in large part at least, achieve its strategic goal of being the pre-eminent operator in the sector in the region.

I would like to thank all of my former colleagues in the Group for their help and support during my tenure and wish them, and all of the stakeholders, every possible success in the future in this exciting new world of Active Energy.

Gavin Little
Executive Chairman

London: 27 September 2012

CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Restated Unaudited £	12 months to 31/12/11 Restated Audited £
CONTINUING OPERATIONS				
REVENUE	3	219,698	-	-
Cost of sales		(150,258)	-	-
GROSS PROFIT		69,440	-	-
Administrative expenses		(388,693)	(206,816)	(647,863)
OPERATING LOSS		(319,253)	(206,816)	(647,863)
Finance income		5,433	378	16,698
Finance costs		-	-	(70,708)
LOSS BEFORE TAXATION		(313,820)	(206,438)	(701,873)
Income tax		(8,670)	-	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(305,150)	(206,438)	(701,873)
Loss from discontinued operations net of tax	5	(343,006)	(245,437)	(1,805,768)
LOSS FOR THE PERIOD		(648,156)	(451,875)	(2,507,641)
LOSS ATTRIBUTABLE TO:				
Owners of the Parent company		(648,156)	(414,897)	(2,507,641)
Non-controlling interests		-	(36,978)	-
		(648,156)	(451,875)	(2,507,641)
Loss per share (pence) – basic and fully diluted	8	(0.27)	(0.33)	(1.47)
Continuing operations	8	(0.13)	(0.15)	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Restated Unaudited £	12 months to 31/12/11 Restated Audited £
LOSS FOR THE PERIOD	**(648,156)**	**(451,875)**	**(2,507,641)**
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations	**(27,128)**	**-**	**-**
TOTAL COMPREHENSIVE LOSS FOR PERIOD	**(675,284)**	**(451,875)**	**(2,507,641)**
LOSS ATTRIBUTABLE TO:			
Owners of the Parent Company	**(675,284)**	**(414,897)**	**(2,507,641)**
Non-controlling interests	**-**	**(36,978)**	**-**
	(675,284)	**(451,875)**	**(2,507,641)**

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012

	Note	As at 30/06/12 Unaudited £	As at 30/06/11 Unaudited £	As at 31/12/11 Audited £
NON-CURRENT ASSETS				
Intangible assets		1,734,604	737,820	1,858,505
Property, plant and equipment		1,053	54,051	-
Other receivables		194,562	385,909	283,362
		1,930,219	1,177,780	2,141,867
CURRENT ASSETS				
Inventories		-	70,976	-
Trade and other receivables		188,311	390,655	202,684
Cash and cash equivalents		549,102	1,998,842	998,586
		737,413	2,460,473	1,201,270
TOTAL ASSETS		2,667,632	3,638,253	3,343,137
CURRENT LIABILITIES				
Trade and other payables		158,657	387,832	157,371
Deferred tax	6	287,579	-	312,229
Corporation tax liability		6,456	-	3,909
		452,692	387,832	473,509
NON-CURRENT LIABILITIES				
Contingent consideration		167,500	-	167,500
TOTAL LIABILITIES		620,192	387,832	641,009
NET ASSETS		2,047,440	3,250,421	2,702,128
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Called up share capital		2,373,522	1,966,090	2,366,090
Share premium		4,209,901	4,509,987	4,196,737
Merger reserve		940,000	-	940,000
Foreign exchange reserve		(27,128)	-	-
Employee benefit trust reserve		(94,420)	(94,420)	(94,420)
Retained earnings		(5,354,435)	(2,890,132)	(4,706,279)
ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		2,047,440	3,491,525	2,702,128
Non- controlling interest		-	(241,104)	-
TOTAL EQUITY		2,047,440	3,250,421	2,702,128

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS TO 30 JUNE 2012

	Note	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Cash flows from operating activities	4	(487,251)	(284,926)	(1,342,303)
Finance costs paid		-	-	70,708
Finance income		(5,433)	-	(16,698)
Income tax		(8,670)	-	(740)
Cash outflow from operations		(501,354)	(284,926)	(1,289,033)
Income tax paid		(7,955)	-	(12,847)
Net cash outflow from operating activities		(509,309)	(284,926)	(1,301,880)
Cash flows from investing activities				
Purchase of property, plant and equipment		(1,326)	-	-
Sale of property, plant and equipment		1,417	-	-
Repayment of non-current asset		32,426	-	-
Deferred consideration received		21,875	-	-
Interest received		5,433	-	16,698
Net cash flow on acquisition of subsidiaries		-	820	820
Net cash inflow from investing activities		59,825	820	17,518
Cash flows from financing activities				
Issue of equity share capital		-	1,630,904	1,630,904
Net cash inflow from financing activities		-	1,630,904	1,630,904
Net (decrease)/increase in cash and cash equivalents		(449,484)	1,346,798	346,542
Cash and cash equivalents at beginning of period		998,586	652,044	652,044
Cash and cash equivalents at end of period		549,102	1,998,842	998,586

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2012

	Share capital	Share premium	Retained earnings	Merger reserve	EBT share reserve	Foreign exchange reserve	Non-controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2011	**1,122,090**	**3,203,333**	**(2,475,235)**	**-**	**(94,420)**	**-**	**(204,126)**	**1,551,642**
Total comprehensive income for six months ended 30 June 2011	**-**	**-**	**(414,897)**	**-**	**-**	**-**	**(36,978)**	**(451,875)**
Issue of share capital	**844,000**	**1,477,000**	**-**	**-**	**-**	**-**	**-**	**2,321,000**
Share issue costs	**-**	**(170,346)**	**-**	**-**	**-**	**-**	**-**	**(170,346)**
At 30 June 2011	**1,966,090**	**4,509,987**	**(2,890,132)**	**-**	**(94,420)**	**-**	**(241,104)**	**3,250,421**
At 1 January 2011	**1,122,090**	**3,203,333**	**(2,475,235)**	**-**	**(94,420)**	**-**	**(204,126)**	**1,551,642**
Total comprehensive income for the year ended 31 December 2011	**-**	**-**	**(2,507,641)**	**-**	**-**	**-**	**-**	**(2,507,641)**
Transfer of non-controlling interests	**-**	**-**	**(204,126)**	**-**	**-**	**-**	**204,126**	**-**
Issue of share capital	**1,244,000**	**1,163,750**	**-**	**1,253,250**	**-**	**-**	**-**	**3,661,000**
Share issue costs	**-**	**(170,346)**	**-**	**-**	**-**	**-**	**-**	**(170,346)**
Release of impairment of goodwill	**-**	**-**	**313,250**	**(313,250)**	**-**	**-**	**-**	**-**
Contingent consideration on acquisition	**-**	**-**	**37,408**	**-**	**-**	**-**	**-**	**37,408**
Share option expense	**-**	**-**	**130,065**	**-**	**-**	**-**	**-**	**130,065**
At 31 December 2011	**2,366,090**	**4,196,737**	**(4,706,279)**	**940,000**	**(94,420)**	**-**	**-**	**2,702,128**
At 1 January 2012	**2,366,090**	**4,196,737**	**(4,706,279)**	**940,000**	**(94,420)**	**-**	**-**	**2,702,128**
Total comprehensive income for six months ended 30 June 2012	**-**	**-**	**(648,156)**	**-**	**-**	**(27,128)**	**-**	**(675,284)**
Issue of share capital	**7,432**	**13,164**	**-**	**-**	**-**	**-**	**-**	**20,596**
At 30 June 2012	**2,373,522**	**4,209,901**	**(5,354,435)**	**940,000**	**(94,420)**	**(27,128)**	**-**	**2,047,440**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2012

1. GENERAL INFORMATION

The interim financial statements for the six months ended 30 June 2012 are unaudited and were approved by the Directors of the Company on 27 September 2012. 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 2011 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 2011 financial statements.

Going concern

In determining the appropriate basis of preparation of the condensed financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Directors have prepared a cash flow forecast that shows that the Group will need to access new cash in order to continue trading for the foreseeable future. As described in note 9, subsequent to the period the Group's largest shareholder, Eastwood SA, has agreed to provide the Group with a working capital facility of US$500,000 (£318,750). The Directors are of the opinion that this facility together with the reduction in cash outflows following the closures of the Group's Voltage Optimisation and Engineering divisions will enable the Group to continue trading for the foreseeable future and it is on this basis that the Directors consider it appropriate to prepare the Group's condensed financial statements on a going concern basis.

These condensed financial statements do not reflect any adjustment that would be required to be made if they were prepared on a basis other than the going concern basis.

Comparative figures

The comparative figures in the condensed consolidated statement of comprehensive income have been restated following the decision to close the group's Voltage Optimisation and Engineering divisions in February 2012 as described in note 3. These activities are reported as discontinued activities in note 5.

3. SEGMENTAL INFORMATION

As reported in the financial statements for the year ended 31 December 2011, during February 2012 the Directors took the decision to close the Group's Voltage Optimisation and Engineering divisions, the former in light of the challenges experienced in the Voltage Optimisation market and the latter following unsuccessful attempts to win substantial public sector contracts. 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 2012

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 expense	-	-	(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	91,925

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 2012

3. SEGMENTAL INFORMATION (continued)

	6 months to 30/06/11 Voltage Optimisation Unaudited £	6 months to 30/06/11 Engineering Unaudited £	6 months to 30/06/11 Biomass Unaudited £	6 months to 30/06/11 Total Unaudited £
Total segment revenue	839,742	-	-	839,742
Inter segment revenue	-	-	-	-
Revenue from external customers	839,742	-	-	839,742
Operating loss	(135,949)	(109,488)	-	(245,437)
Loss before tax	(135,949)	(109,488)	-	(245,437)
Tax expense	-	-	-	-
Loss for the period	(135,949)	(109,488)	-	(245,437)
Profit from continuing operations	-	-	-	-
Loss from discontinued operations	(135,949)	(109,488)	-	(245,437)

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

Depreciation and impairment on property plant and equipment	7,127	154	-	7,281

Segmented assets and liabilities as at 30 June 2011 and capital expenditure for the period were:

	As at 30/06/11 Voltage Optimisation Unaudited £	As at 30/06/11 Engineering Unaudited £	As at 30/06/11 Biomass Unaudited £	As at 30/06/11 Total Unaudited £
Segment assets	812,849	582,518	-	1,395,367
Unallocated corporate assets				2,242,886
Consolidated total assets				3,638,253
Segment liabilities	(282,278)	(1,875)	-	(284,153)
Unallocated corporate liabilities				(103,679)
Consolidated total liabilities				(387,832)
Additions to non-current assets	-	-	-	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2012

3. SEGMENTAL INFORMATION (continued)

	12 months to 31/12/11 Voltage Optimisation	12 months to 31/12/11 Engineering	12 months to 31/12/11 Biomass	12 months to 31/12/11 Total
	Audited	Audited	Audited	Audited
	£	£	£	£
Total segment revenue	856,598	-	-	856,598
Inter segment revenue	-	-	-	-
Revenue from external customers	856,598	-	-	856,598
Operating loss	(750,177)	(318,511)	-	(1,068,688)
Gain on business acquisition	-	-	1,368	1,368
Impairment of goodwill	(180,625)	(557,195)	-	(737,820)
(Loss)/profit before tax	(930,802)	(875,706)	1,368	(1,805,140)
Tax expense	-	740	-	740
(Loss)/profit for the period	(930,802)	(874,966)	1,368	(1,804,400)
Profit from continuing operations	-	-	1,368	1,368
Loss from discontinued operations	(930,802)	(874,966)	-	(1,805,768)

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

Depreciation and impairment on property plant and equipment	52,635	510	-	53,145

Segmented assets and liabilities as at 31 December 2011 and capital expenditure for the period were:

	As at 31/12/11 Voltage Optimisation	As at 31/12/11 Engineering	As at 31/12/11 Biomass	As at 31/12/11 Total
	Audited	Audited	Audited	Audited
	£	£	£	£
Segment assets	187,439	22,242	1,858,505	2,068,186
Unallocated corporate assets				1,274,951
Consolidated total assets				3,343,137
Segment liabilities	(54,267)	(2,393)	(479,729)	(536,389)
Unallocated corporate liabilities				(104,620)
Consolidated total liabilities				(641,009)
Additions to non-current assets	-	-	1,858,505	1,858,505

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2012

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 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Total profit or loss from reportable segments	(64,411)	-	1,368
Share based payments	-	-	(157,565)
Unallocated amount - corporate expenses	(246,171)	(206,816)	(491,666)
Unallocated amount - finance income	5,432	378	16,698
Unallocated amount - finance expense	-	-	(70,708)
Loss from discontinued activities	(343,006)	(245,437)	(1,805,768)
Loss for the period	(648,156)	(451,875)	(2,507,641)

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

	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Europe	219,698	-	-
UK	-	839,742	865,598
	219,698	839,742	865,598

No customer contributed more than 10% of the Group's revenue.

An analysis of non-current assets by location of assets

	As at 30/06/12 Unaudited £	As at 30/06/11 Unaudited £	As at 31/12/11 Audited £
UK	-	791,871	-
Thailand	194,562	385,909	283,362
Ukraine	1,735,657	-	1,858,505
	1,930,219	1,177,780	2,141,867

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2012

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

	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Loss for the period	(648,156)	(451,875)	(2,507,641)
Adjustments for:			
Share based payment expense	20,596	27,500	157,565
Depreciation	273	7,625	16,387
Amortisation of intangibles	91,295	-	-
Profit on sale of non-current assets	(1,417)	-	-
Impairment of property and plant	-	-	38,672
Impairment of goodwill	-	-	737,820
Gain arising on business combination	-	-	(1,368)
	(537,409)	(416,750)	(1,558,565)
Decrease in inventories	-	59,930	130,905
Decrease in receivables	48,872	293,557	528,317
Increase/(decrease)in payables	1,286	(221,663)	(442,960)
Net cash outflow from operating activities	(487,251)	(284,926)	(1,342,303)

5. DISCONTINUED OPERATIONS

Results of discontinued operations

	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Revenue	-	839,742	856,598
Cost of sales	-	(556,510)	(790,336)
Administrative expenses	(322,410)	(528,669)	(1,134,950)
Share based payments	(20,596)		
Impairment of goodwill	-	-	(737,820)
Income tax	-	-	740
Loss on discontinued operations	(343,006)	(245,437)	(1,805,768)

In February 2012, as reported in the financial statements for the period to 31 December 2011 the Directors took the decision to close both the Voltage Optimisation and Engineering divisions. In those 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 2012

5. DISCONTINUED OPERATIONS (continued)

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

	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Operating activities	(249,621)	(130,625)	(838,316)
Investing activities	1,417	-	-
Cash outflow from discontinued operations	(248,204)	(130,625)	(838,316)

6. DEFERRED TAX

Deferred tax is calculated on temporary differences under the liability method using tax rates applicable in the respective group entities' jurisdictions.

The movement on the deferred tax account is shown below:

	6 months to 30/06/12 Unaudited £	6 months to 30/06/11 Unaudited £	12 months to 31/12/11 Audited £
Opening balance	312,229	-	-
Fair value adjustments on business combination	-	-	312,229
Foreign exchange adjustment	(5,478)	-	-
Transferred to condensed consolidated income statement	(19,172)	-	-
Closing balance	287,579	-	312,229

The deferred tax liability arose on the acquisition of Active Energy Ukraine Limited (formerly Bioenerho-Leader Limited).

No provision for the deferred tax asset in respect of tax losses has been made in these condensed financial statements due to the uncertainty of the Group being able to generate sufficient future taxable profits from which the future reversal of the timing difference can be deducted.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2012

7. CALLED UP SHARE CAPITAL

	6 months to 30/06/12 Unaudited Ordinary shares of 1p	
	Number	£
As at 1 January 2012	236,608,971	2,366,090
Shares issued in settlement of liabilities	743,266	7,432
As at 30 June 2012	237,352,237	2,373,522

During the period 743,266 ordinary shares of 1p each were issued at a price of 2.771p per share as part of a compromise agreement with a former director.

8. LOSS PER SHARE

	6 months to 30/06/12 Unaudited	6 months to 30/06/11 Unaudited	12 months to 31/12/11 Audited
	£	£	£
Weighted average number of ordinary shares in issue	236,980,604	136,664,065	170,869,190
Loss after taxation	(648,156)	(451,875)	(2,507,641)
Basic EPS			
Loss per share (pence)	0.27	0.33	1.47
Continuing operations			
Loss per share (pence)	0.13	0.15	0.41
Discontinued operations			
Loss per share (pence)	0.14	0.18	1.06

Share options of 16,545,172 (June 2011: 7,545,172 and December 2011: 16,545,172) have been excluded from EPS Calculations, which may become diluted in the future.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 30 JUNE 2012

9. SUBSEQUENT EVENTS

Subsequent to the period end the Group has obtained a working capital facility of US$500,000 (£318,750) from Eastwood SA, the Company's largest shareholder.

The facility is being provided under the terms of an extendable 12-month Unsecured Loan Note, carrying a fixed rate of interest of 6% per annum, and is convertible, under certain circumstances, into new fully paid-up ordinary shares in the Group at a Conversion Price of 2p. Interest will be compounded monthly and rolled up and paid at Maturity. The funds are available immediately for drawdown.

The Loan is, by mutual consent, capable of being extended by a further 12 months and Eastwood has also undertaken not to elect to convert such number of shares that will result in it holding more than 30% or the then issued share capital of the Company.

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