Active Energy Group Plc / EPIC: AEG / Sector: Alternative Energy

26 September 2016

Active Energy Group Plc ('Active Energy' or 'the Group')
Interim Results

Active Energy, the AIM quoted international timber processing, forestry management and renewable energy business, announces its interim results for the six months to 30 June 2016.

HIGHLIGHTS

- Strong growth delivered across entire international timber processing, forestry management and renewable energy business
- *Excellent progress in increasing revenue, volumes and gross profit at AEG WoodFibre:*
  - 11% increase in revenue to US$13.409 million (H1 2015: US$12.046 million)
  - 50% increase in gross profit to US$1.840 million (H1 2015: US$1.227 million) as a result of improved purchasing conditions and stable prices
  - Work underway to increase output capacity by 33% to approximately 4,000 tonnes per day by Q4 2016
- *AEG TimberLands advancing strategy to become a leading forestry management business utilising team's experience:*
  - Progress towards finalisation of the Métis Settlement economic development and coal reduction initiative for Alberta and new agreement relating to the management, development and sustainable commercialisation of approximately 186,500 hectares of mature commercial forestry in Northern Ukraine
  - New Ukrainian MOU signed over significant tracts of forestry
- *Implementing commercialisation strategy of revolutionary and pioneering 'drop-in' biomass fuel to directly replace coal at AEG CoalSwitch:*
  - Demonstration plant at Salt Lake City completed
  - Commercial Partners are currently testing the product
  - Objective to finance and build the first commercial scale plant in North America progressing

Outlook

- Full year revenue anticipated to reflect a significant year-on-year increase as growth trajectory continues
- Strengthened balance sheet post period end – placing raised £2.05 million (before expenses) to fund expansion of core AEG WoodFibre operations
- Highly active development plan across all divisions with strong news flow anticipated

Active Energy CEO, Richard Spinks said, "We have over the past three years succeeded in establishing a multi-divisional business with huge potential. We have invested heavily in our WoodFibre business which is now yielding positive results, allowing us to further develop our other business opportunities at TimberLands and CoalSwitch, highlighted by the significant improvement in our financial performance, and continuing investment into these new business areas.

"With additional capital raised in August, we are executing our investment plan which will see a further increase in capacity, output and most importantly revenue for the full year 2016. This remains primarily from the WoodFibre division in Ukraine and will be augmented when AEG CoalSwitch and TimberLands begin to operate.

"Most importantly, we have now established teams of people, with proven track records to expand the woodchip operations, progress our Canadian and European timber operations and commercialise our proven coal replacement product, which we believe could transform the carbon based energy market.

"With a number of significant milestones attained and next steps identified, notably in the near-term, I believe these are truly exciting times for the Company as we look to rapidly accelerate our growth and build shareholder value, across our synergistic operating divisions."

CHAIRMAN'S STATEMENT

This has been a strong period for the Group in performance terms, as we continue to build an international timber processing, forestry management and renewable energy business. The implementation of a new defined strategic plan aimed at enhancing revenue generation at our wood fibre production division and developing our forestry management and coal replacement businesses is proving successful, and with the strengthening of our balance sheet following the recent £2.05m (US$2.73M) placing, we are extremely excited about both the short and long term potential of the business.

More importantly, over the next six months, we expect to make progress across the Group through optimisation, defined investment, establishing new strategic relationships in several new jurisdictions and the opening up of additional commercial opportunities that we believe will all contribute to building substantial shareholder value.

AEG WoodFibre:

The primary focus during the period was to increase revenues and volumes, whilst maintaining and strengthening gross margin on tonnes shipped at AEG WoodFibre, our established wood fibre production business at Yuzhny Port, near Odessa in Ukraine. I am delighted with the performance of the operation which is centred on a fully-automated hardwood production line, which is capable of processing approximately 3,000 tonnes of raw material per day, seven days a week, and supplies the key raw materials for medium-density fibreboard ('MDF') manufacturing in Turkey. Over the last three years, we have grown this division to become the largest exporter of such processed timber products from Ukraine and during the period we were able to improve the performance across the business which has been reflected in these interim results.

We have improved our supply chain and now receive product from more than 120 sustainable forests operating with the State Agency, Forestry Resources Ukraine, with which we continue to work seamlessly, allowing us to operate efficiently and giving us the confidence to invest further into the softwood market for this business. In January 2016, we signed further contracts with Turkish MDF manufacturers, meaning we now supply the country's largest MDF producers making us an influential player in the market. Additionally there has been significant investment made by the owners of the Yuzhny Port facility to increase their operating capacity which has had an immediate benefit for us in terms of our ability to receive larger volumes of raw material by rail, manage it internally at the port and improve our logistics and loading. All of these factors have further improved our long term outlook and given us the confidence to invest and further develop the Wood Fibre division at the Port of Yuzhny.

We have seen an increase in the global demand for all major wood products, which is showing its largest growth since the global economic downturn during 2008-2009. The production of wood-based panels has seen the fastest growth in the product category due to rapid growth in the Asia-Pacific region where China accounts for 49% of demand.[1] In Europe, Turkey is the biggest producer of medium-density fibreboard ('MDF') and Turkish revenues from wood-based panel manufacture are expected to total approximately US$4.65 billion in 2016 compared to US$2.641 billion in 2012.[2]

With an improving market dynamic and the completion of the equity capital raise, we can now execute our longer term investment plans to double production output to satisfy increasing Turkish demand and complete the installation of a US$1.1 million, 1,000 tonne per day softwood production line, which the Company has now procured. Work has now begun on the installation, and this is scheduled to be operational in Q4 2016. The new softwood line will enable manufacture of softwood wood fibre from pine logs and allow us to increase capacity by circa 33% in the short term to approximately 4,000 tonnes per day. Indeed this will make us the only operator in the region able to supply both hardwood and softwood, the key raw materials for MDF manufacturing, from a single facility. These exciting upgrades to the production facility are targeted to increase revenues for the full year. The resulting additional cash flow will provide significant investment and working capital funds to expand into new markets, particularly in Canada, the US, the Middle East and China, as well as develop our other divisions. It is the goal of the Board to have three operating and profitable divisions before the end of 2017.

AEG TimberLands:

We continue to make progress at AEG TimberLands, which is focused on the sustainable management and utilisation of under-developed and under-valued forestry assets, in partnership with their owners, initially in Europe and Canada.

Negotiations are on-going with regards to the finalisation of the Métis Settlement economic development and coal reduction initiative for Alberta, particularly in terms of structure and business planning. As mentioned previously, there have been significant and positive changes politically in Alberta, where the Indigenous People of Alberta and Active Energy are interested, which should enable swift progress, particularly with regards to future support from the Alberta government. The backing of our Métis partners by the new ministers and their teams, further underlines their support toward our investment

[1] Food and Agriculture Organization of the United Nations website:
http://www.fao.org/news/story/en/item/359583/icode/

[2] Statista 2016

programme. Management anticipate that this new approach by the Alberta government will bring great benefit to our partners, our projects and all aboriginal groups across Alberta.

On a broader level, on 19 July 2016, and in line with our stated strategy of utilising our management team and technical experience to expand into new markets, we announced that we had signed a Memorandum of Understanding (“MoU”) with a Regional Government in Ukraine, relating to the management, development and sustainable commercialisation of approximately 186,500 hectares of mature commercial forestry in northern Ukraine. Under its terms, we are beginning to work to introduce international forestry and environmental standards of sustainable forestry management, to improve the value and yield of the forests. This will support the Ukrainian central government’s anti-corruption and illegal logging prevention initiatives and will bring additional job creation opportunities to Ukraine’s regional forestry industry. This will be achieved through the implementation of more efficient logging practises and technologies and the efficient use of merchantable timber and through market optimisation.

In addition, the introduction of state of the art technologies in coal replacement among others will retain value in the local communities, create training and employment programmes and to help Ukraine reduce its reliance on coal power generation, at existing coal burning operations in both heat and power generation. It is envisaged that AEG WoodFibre will also purchase technical timber for its existing processing operations at market prices. This will enable Active Energy to further increase its production volumes and contemporaneously benefit the regions in which the forestries are located, through guaranteed offtake arrangements at known prices.

Furthermore, new commercial opportunities pursuant to the MoU will allow increased utilisation of forest waste thereby allowing the introduction of AEG CoalSwitch's innovative fuel replacement product and processes. We envisage that a facility to manufacture AEG's CoalSwitch product will be constructed close to these forestry assets in Ukraine to create a supply of CoalSwitch product to the region's existing coal-fired power plants.

AEG CoalSwitch:

Over the past 12 months, we have invested in the development of the world’s first 'drop-in' biomass fuel that can directly replace coal, in both domestic and industrial applications, either through co-firing or, uniquely, 100% coal replacement, avoiding costly retrofits by the plant owner. This therefore has the ability to transform the coal energy dynamic and I am pleased to report that this division is progressing well.

Following the establishment of a new, now fully automated, demonstration plant in Salt Lake City, Utah, in the United States, we are now producing commercial samples, required for potential clients to be able to run tests using a variety of alternate raw materials/feedstocks in their own facilities. This will allow them to make decisions as to the commercial opportunities utilising larger volumes of our CoalSwitch product. We remain active in building our commercial partner network and samples of the product have already been delivered for testing in the United Kingdom, Canada, Ukraine and Malaysia. There remain many thousands of worldwide coal-fired power plants that have already been closed, or that will have to shut down as a result of carbon emission reduction initiatives or will be forced to invest in changing their facilities, and this is our opportunity. We believe that we offer a unique solution to continue operating at acceptable levels of environmental standards.

We continue to work towards our initial goal of financing and building the first commercial scale CoalSwitch plant in North America. We are currently finalising agreements with commercial partners to achieve this and have been approached by a number of parties regarding collaboration with this division. We are highly encouraged by these discussions, as we seek to maximise value for the benefit of all stakeholders and shareholders in Active Energy.

Financials:

Group revenue increased by over 11% to US$13.409 million (H1 2015: US$12.046 million) while gross profit increased by 50% to US$1.840 million (H1 2015: US$1.227 million) as a result of improved purchasing conditions and stable prices. This continues the strong trend demonstrated in Q4 2015 and reflects the high demand for the Group's core wood chip product in the Turkish market, allied to improved production efficiencies and the strong dollar relative to the Ukrainian hryvnia. Volumes shipped rose from 103,733 tonnes in H1 2015 to 137,568 tonnes in H1 2016, a rise of 33%. Finance costs rose significantly to US$1.197 million (H1 2015: US$0.518 million), largely as a result of foreign exchange losses of US$0.608 million on US$ denominated loans to Active Energy Group plc accounted for in GBP sterling, as being the functional currency of the parent company, following the devaluation of Sterling following the UK's referendum on membership of the European Union in June 2016. The Group continues to be reliant on this high-cost debt for working capital, introduced in 2014 and reported a further loss from its share of the associated Canadian joint venture of US$0.194 million (H1 2015: US$0.295 million) which is expected to reverse on the successful commencement of operations.

The Group reported an operating profit before share based payments of US$1.015 million (H1 2015: operating loss US$0.569 million). This resulted from the higher-margin and revenues and a significant reduction in administration costs to US$1.323 million (2015 US$2.391 million). The loss before tax reported was therefore lower at US$0.905 million (H1 2015: US$2.050 million) which reflects all the above factors. Non-cash share based payments attributable to incentive awards of share options to the management team of US$0.562 million were in line with the previous year (H1 2015: US$0.594 million).

Post period we raised gross proceeds of £2.05 million through the issue of 77,358,491 new ordinary shares of 1p each to new and existing shareholders. This will improve our balance sheet and allows us to commence our expansion initiatives.

Outlook:

I believe the outlook for the business is positive as we continue the development of all three divisions. With the installation of additional capacity at Yuzhny Port, we should continue to grow revenues and create further investment capital to continue the implementation of our expansion strategy, which includes expanding our geographical reach in Canada, the United States, Europe, the Middle East and Asia.

Additionally, management envisage a significant upside from AEG TimberLands both in the successful conclusion of the Métis Settlement agreement in Canada with the support of the Alberta Government, and the new commercial agreements with Ukrainian forestry partners, combined in each instance with the commercialisation of our proprietary CoalSwitch technology. We look forward to providing further updates on these developments in due course.

Finally, I would like to take this opportunity to thank both our long term shareholders and the new shareholders that participated in the recent placing, our employees and the Board for their continued support and hard work, as we build the three divisions of Active Energy.

Michael Rowan
24 September 2016

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/EXPENSE
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	**Six months to 30 June 2016**	**Six months to 30 June 2015**	**Twelve months to 31 December 2015**

	Note	(Unaudited) US$	(Unaudited) US$	(Audited) US$
REVENUE	2	13,409,486	12,046,007	24,377,516
Cost of sales		(11,569,050)	(10,818,595)	(22,392,153)
GROSS PROFIT		1,840,436	1,227,412	1,985,363
Other income		885	-	150
Administrative expenses		(1,322,693)	(2,390,622)	(5,398,156)
OPERATING PROFIT/(LOSS) BEFORE SHARE BASED PAYMENTS		1,080,740	(569,304)	(2,031,861)
Share based payments in administrative expenses		(562,112)	(593,906)	(1,380,782)
OPERATING PROFIT/(LOSS)		518,628	(1,163,210)	(3,412,643)
Finance income		9,683	-	-
Finance costs		(1,196,741)	(517,869)	(1,437,162)
Share of loss of associate		(171,305)	(369,418)	(619,262)
LOSS BEFORE TAXATION		(839,735)	(2,050,497)	(5,469,067)
Income tax		(116,532)	29,363	(232,752)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(956,267)	(2,021,134)	(5,701,819)
OTHER COMPREHENSIVE INCOME/(EXPENSE):				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations		101,015	(37,572)	(74,097)
Exchange differences on translation of associate		100,471	(13,575)	36,015
Total other comprehensive income/(expense)		201,486	(51,147)	(38,082)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(754,781)	(2,072,281)	(5,739,901)
Loss per share (US cent) - Basic and diluted	5	(0.17)	(0.37)	(1.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	30 June 2016 (Unaudited) US$	30 June 2015 (Unaudited) US$	31 December 2015 (Audited) US$
NON-CURRENT ASSETS			
Intangible assets	4,397,910	4,121,494	4,327,224
Property, plant and equipment	2,643,883	1,286,562	2,621,632
Investment in associates	1,229,180	915,008	1,142,605
Loan to joint venture partner	1,312,471	-	691,748
Available for sale financial assets	90,583	106,316	100,137
	9,674,027	6,429,380	8,883,346
CURRENT ASSETS			
Inventory	293,734	929,129	306,209
Trade and other receivables	1,783,154	4,883,990	2,574,088
Cash and cash equivalents	1,537,479	893,651	1,643,855
	3,614,367	6,706,770	4,524,152
TOTAL ASSETS	13,288,394	13,136,150	13,407,498
CURRENT LIABILITIES			
Trade and other payables	3,264,384	1,470,742	3,574,566
Loans and borrowings	5,968,109	4,543,804	5,567,302
Income tax liabilities	10,960	1,723	156,939
	9,243,453	6,016,269	9,298,807
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	397,622	381,713	402,106
Loans and borrowings	3,000,000	2,967,315	2,866,597
	3,397,622	3,349,028	3,268,703
TOTAL LIABILITIES	12,641,075	9,365,297	12,567,510
NET ASSETS	647,319	3,770,853	839,988
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	10,099,329	10,090,449	10,099,329
Share premium	8,603,703	8,603,568	8,603,703
Merger reserve	2,350,175	2,350,175	2,350,175
Foreign exchange reserve	89,057	(125,494)	(112,429)
Own shares held reserve	(1,229,630)	(1,229,630)	(1,229,630)
Convertible debt and warrant reserve	1,075,301	1,134,437	1,075,301
Retained earnings	(20,340,616)	(17,052,652)	(19,946,461)
TOTAL EQUITY	647,319	3,770,853	839,988

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 JUNE 2016

	Note	30 June 2016 (Unaudited) US$	30 June 2015 (Unaudited) US$	31 December 2015 (Audited) US$
Cash inflow (outflow) from operations	3	1,765,653	(3,182,833)	(704,493)
Income tax paid		(266,995)	(92,122)	(178,627)
Net cash inflow (outflow) from operating activities		1,498,658	(3,274,955)	(883,120)
Cash flows from investing activities				
Additions to intangible assets		(93,108)	-	(103,762)
Contribution to associate		(157,409)	(851,841)	(1,279,696)
Loan to joint venture partner		(620,723)	-	(691,748)
Purchase of property, plant and equipment		(192,132)	(680,480)	(2,190,331)
Sale of property, plant and equipment		-	(13,250)	21,715
Finance income		9,683	-	-
Net cash outflow from investing activities		(1,053,689)	(1,545,571)	(4,243,822)
Cash flows from financing activities				
Issue of equity share capital, net of share issue costs		-	1,575,426	1,584,441
Unsecured loans raised		534,210	1,477,664	2,386,000
Finance expenses		(1,196,741)	(517,869)	(137,619)
Net cash inflow from financing activities		(662,531)	2,535,221	3,832,822
Net decrease in cash and cash equivalents		(217,562)	(2,285,305)	(1,294,120)
Cash and cash equivalents at beginning of the year		1,643,855	3,227,414	3,227,414
Exchange (losses)/gains on cash and cash equivalents		111,186	(48,458)	(289,439)
Cash and cash equivalents at end of the period		1,537,479	893,651	1,643,855

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2016

For the six months to 30 June 2016 (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 2015	10,099,329	8,603,703	2,350,175	(112,429)	(1,229,630)	1,075,301	(19,946,461)	839,988
Loss for the year	-	-	-	-	-	-	(956,267)	(956,267)
Other comprehensive income	-	-	-	201,486	-	-	-	201,486
Share based payments	-	-	-	-	-	-	562,112	562,112
At 30 June 2016	10,099,329	8,603,703	2,350,175	89,057	(1,229,630)	1,075,301	(20,340,616)	647,319

For the six months to 30 June 2015 (unaudited)

	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	10,090,449	8,603,568	2,350,175	(125,494)	(1,229,630)	1,134,437	(17,052,652)	3,770,853

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS TO 30 JUNE 2016

For the twelve months to 31 December 2015 (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 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	-	-	-	-	-	-	(5,701,819)	(5,701,819)
Other comprehensive income	-	-	-	(38,082)	-	-	-	(38,082)
Issue of share capital	325,002	1,259,439	-	-	-	-	-	1,584,441
Share based payments	-	-	-	-	-	-	1,380,782	1,380,782
At 31 December 2015	10,099,329	8,603,703	2,350,175	(112,429)	(1,229,630)	1,075,301	(19,946,461)	839,988

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 2016 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2015. The financial information for the six months ended 30 June 2016 and 30 June 2015 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the full year ended 31 December 2015 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. In respect of the loans at the period-end that fall due for repayment, the directors have either obtained confirmation from the lender that they will not seek repayment until such time as the Group and Company are in a position to do so or are in advanced discussions to extend the repayment date. In the event that the loans are not extended or if trading is at the low end of expectations there could be a requirement for additional funding, but the directors are confident that they would be able to raise this as and when required, particularly given the successful raising of finance to date. On this basis, the Directors believe that the Group will be able to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these Interim financial statements, and have therefore prepared the Interim financial statements on a going concern basis, however, the directors recognise that obtaining adequate additional funding cannot be guaranteed and this is considered to be a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

2. SEGMENTAL INFORMATION

The Group reports the following operating segments:

- 'MDF Wood Chip' denotes the Group's Medium-Density Fibreboard (MDF) 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 2016 (Unaudited)	**MDF Wood chip**	**Forestry & Natural Resources**	**BFE Fuel Solutions**	**Total**
	US$	**US$**	**US$**	**US$**
Revenue from external customers	13,409,486	-	-	13,409,486
Operating segment profit(loss)	1,577,089	(193,727)	-	1,383,362
Finance costs	(157,753)	-	-	(157,753)

	MDF	Forestry	BFE	Total
Segment profit/(loss) before tax	1,419,336	(193,727)	-	1,225,609
Tax credit	(121,016)	4,484	-	(116,532)
Segment loss for the period	1,298,320	(189,243)	-	1,109,077

For the six months to 30 June 2015 (Unaudited)	**MDF Wood chip US$**	**Forestry & Natural Resources US$**	**BFE Fuel Solutions US$**	**Total US$**
Revenue from external customers	12,046,007	-	-	12,046,007
Operating segment profit(loss)	724,533	(295,418)	-	429,115
Finance costs	(517,869)	-	-	(517,869)
Segment loss for the period	206,664	(295,418)	-	(88,754)
Tax credit	29,363	-	-	29,363
Segment loss for the period	236,027	(295,418)	-	(59,391)

For the twelve months to 31 December 2015 (Audited)	**MDF Wood chip US$**	**Forestry & Natural Resources US$**	**BFE Fuel Solutions US$**	**Total US$**
Revenue from external customers	24,377,516	-	-	24,377,516
Operating segment profit(loss)	(1,793,999)	(664,107)	-	(2,458,106)
Finance costs	(407,227)	-	-	(407,227)
Segment profit/(loss) before tax	(2,201,226)	(664,107)	-	(2,865,333)
Tax credit	(241,721)	8,969	-	(232,752)
Segment profit/(loss) for the period	(2,442,947)	(655,138)	-	(3,098,085)

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 2016 (Unaudited) US$	**Six months to 30 June 2015 (Unaudited) US$**	**Twelve months to 31 December 2015 (Audited) US$**
Total profit/(loss) from reportable segments	1,109,077	(59,391)	(3,098,085)

Unallocated amount - corporate expenses	(474,812)	(849,968)	(193,167)
Unallocated amount - other income	885	-	150
Unallocated amount - finance income	9,683	-	-
Unallocated amount - finance expense	(1,038,988)	(517,869)	(1,029,935)
Share based payments	(562,112)	(593,906)	(1,380,782)
Loss for the period	(956,267)	(2,021,134)	(5,701,819)

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

Group	30 June 2016 (Unaudited) US$	30 June 2015 (Unaudited) US$	31 December 2015 (Audited) US$
Loss for the period	(956,267)	(2,021,134)	(5,701,819)
Adjustments for:			
Share of loss of associate	171,305	369,418	619,262
Share based payment expense	562,112	593,906	1,380,782
Depreciation	169,264	121,786	277,035
Amortisation of intangibles	22,422	146,813	44,845
Loss/(profit) on disposal of property, plant and equipment	-	13,250	-
Finance income	(9,683)	-	-
Finance expenses	1,196,741	517,869	1,437,162
Income tax	116,532	(29,363)	232,752
	1,272,426	(287,455)	(1,709,981)
Decrease/(Increase) in inventories	12,475	(402,231)	220,689
(Increase)/Decrease in trade and other receivables	790,934	(2,033,308)	276,594
Increase/(Decrease) in trade and other payables	(310,182)	(459,839)	508,205
Net cash inflow (outflow) from operating activities	1,765,653	(3,182,833)	(704,493)

4. SHARE CAPITAL

	Number	US$
Allotted, called up and fully paid		
Ordinary shares of 1p each		
(Unaudited)		
At 1 January 2016	642,158,903	10,099,329
Shares issued for cash	-	-
At 30 June 2016	642,158,903	10,099,329

	Number	US$
(Unaudited)		
At 1 January 2015	621,475,570	9,774,327
Shares issued for cash	20,088,000	316,122
At 30 June 2015	641,563,570	10,090,449

	Number	US$
(Audited)		
At 1 January 2015	621,475,570	9,774,327
Shares issued for cash	20,683,333	325,002
As at 31 December 2015	642,158,903	10,099,329

5. LOSS PER SHARE

	Six months to 30 June 2016 (Unaudited) US$	Six months to 30 June 2015 (Unaudited) US$	Twelve months to 31 December 2015 (Audited) US$
Weighted average number of ordinary shares in issue	564,658,903	542,959,890	554,421,785
Loss after taxation	(956,267)	(2,021,134)	(5,701,819)
Loss per share (pence) – basic and fully diluted	(0.17)	(0.37)	(1.03)

6. Post Balance Sheet Event

On 8 August 2016 the Group raised gross proceeds of £2.05m ($2.68m) through the issue of 77,358,491 new ordinary shares of 1p shares at a price of 2.65p per share (3.46c) to new and existing shareholders.

7. COPIES OF THE INTERIM REPORT

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