30 September 2014

PowerHouse Energy Group plc

("PowerHouse", the "Group" or the "Company")

Interim results for the six months ended 30 June 2014

PowerHouse Energy Group plc, (AIM: PHE) announces its unaudited results for the six months ended 30 June 2014.

Chairman's Statement

The first six months of FY2014 have allowed us to engage in a number of commercial, technical and organizational advancements for the Company.

In the six months ended 30 June 2014, the Group incurred an unaudited loss before and after taxation of $547,567 (2013: $403,707).

The integration of the Pyromex companies, the purchase of which was completed in August 2013, into PowerHouse has continued in the period under review. The team we have created through the acquisition has achieved new technical milestones with the testing, thermal cycling and commissioning of our nominal 5 tonne per day (tpd) unit in Schwartzenbach Switzerland. This facility has continued to generate significant commercial interest; the team has hosted several dozen interested parties in utilizing the technology for the creation of syngas and the conversion of that syngas into electricity. We have demonstrated the Ultra High Temperature Gasification process of converting multiple waste streams into clean synthesis gas on multiple occasions.

We have continued to operate "under the radar" as we have begun the front-end engineering and design of various feed systems to integrate with our reactor and identifying the ideal mechanisms for the conversion of our gas into both electricity and synthetic natural gas - through a catalytic process. Given the challenges facing the Continental natural gas supplies and some of the geopolitical problems we are beginning to see in eastern Europe, we realize that the inexpensive conversion of our synthesis gas into artificial natural gas (through a straight-forward Nickel catalyst conversion) - which can be delivered directly to the main natural gas infrastructure in any country - in many cases, may provide greater economic advantages for our customers than the simple generation of electricity.

The first six months of 2014 have allowed us to work more closely with potential customers. During this process we have been broadening our understanding of our customers' needs and the entire commercial ecosystem which needs be developed to deliver a successful outcome and expanding our network for the identification of mechanisms to finance the acquisition of our units. We continue to work with a Polish Group in the design and development of the complex hospital waste system it envisages in Warsaw but no firm order has been made yet. The Directors expect this system would begin with a nominal 5 tpd system and grow with the addition of a 25 tpd system as the customer acquires additional hazardous waste streams for its enterprise.

To date we have been advised that it has identified four medical waste streams for processing as well as another abundant stream of hazardous waste.

Concurrent with our potential customer activities in Poland, we have been engaged in active discussions with groups from the UK, Switzerland, Germany, Slovakia, Thailand, Singapore, Malaysia, Oman, Brazil and the United States.

Additionally, the first six months of 2014 have allowed us to have our team in Eiting Germany (Munich) begin to integrate the newly engineered heating mechanism, feed system, gas handling system and electrical generation into the early design documents for the re-commissioned 25 tpd system. Our Senior Project Manager for the re-commissioning of the Eiting facility as a commercial enterprise is currently in Munich to begin the process of bringing the system back on-line. By early 2015, the Directors anticipate having a commercially operational facility operating in Munich which is capable of demonstrating the economic viability of the technology.

In talking to prospective customers from around the world, and those here in the UK, it is clear that the Group's Ultra High Temperature Gasification system is an ideal solution for enterprises, communities and local councils. With a small physical foot-print, the fact that our system creates no smoke or ash, and the fact that we can create clean electricity - efficiently, economically, and in an environmentally sustainable manner, exactly where the energy is needed - positions us well in the Waste-to-Energy space.

The Directors believe that while there are over 130 companies that operate in the Waste to Energy field, we believe that none possess the value proposition that we bring to the table.

Our team continues to expand our knowledge-base with enhancements to the system on a regular basis. The Directors believe that the efficiency of our reactor, the ability to create a synthesis gas that is tuned to provide the ideal constituent make-up for either electrical generation or catalytic methanation, and the successful re-commissioning of our commercial facility in Munich will move us forward as a competitive enterprise.

During FY2014, we have continued to rely exclusively on the financial support of Hillgrove Investments Pty Limited ("Hillgrove") and during the period the Company was advanced a further £104,352 under the convertible loan facility dated 19 June 2012 which allows Hillgrove, at its discretion, to further fund company operations as it has been doing to date. Furthermore, on 27 June 2014 Hillgrove provided a Letter of Support to ensure that the Company's debts are paid as and when they are due and within the normal course of business. Finally, on the 27 June 2014 Hillgrove extended the maturity date of the convertible loan note from 8 October 2014 to 7 October 2015. At 30 June 2014, the amount owing to Hillgrove under the convertible loan note was $2,185,899 million.

The entire team and I will continue to make our best efforts to see that Shareholders' faith in the Company is rewarded.

Keith Allaun
Chairman
30 September 2014

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Statement of Comprehensive Income

	Note	**(Unaudited) Six months ended 30 June 2014 US$**	(Unaudited) Six months Ended 30 June 2013 US$	(Audited) Year ended 31 December 2013 US$
Revenue		**-**	-	3,330
Cost of sales		**-**	-	(46,825)
Gross Loss		**-**	**-**	(43,495)
Administrative expenses		**(437,587)**	(208,626)	(614,132)
Operating loss		**(437,587)**	(208,626)	(657,627)
Finance income		**-**	-	1
Finance costs		**(109,980)**	(195,081)	(386,556)
Loss before and after taxation		**(547,567)**	(403,707)	(1,044,182)
Foreign exchange arising on consolidation		**(99,539)**	73,310	(160,183)
Total comprehensive expense		**(647,106)**	(330,397)	(1,204,365)
Total comprehensive expense attributable to:				
Owners of the Company		**(647,106)**	(330,397)	(1,204,365)
Non-controlling interests		**-**	-	-
Loss per share (US$)	**3**	(0.01)	(0.01)	<(0.01)

The notes numbered 1 to 6 are an integral part of the interim financial information.

Statement of Changes in Equity

	Shares and stock US$	Accumulated losses US$	Other reserves US$	Total US$
Balance at 1 January 2013 (audited)	80,162,619	(19,697,145)	(62,767,508)	(2,302,034)
Total comprehensive income:				
- Loss after taxation	-	(403,707)	-	(403,707)
-				
- Foreign exchange arising on consolidation	-	-	73,310	73,310
Balance at 30 June 2013 (unaudited)	80,162,619	(20,100,852)	(62,694,198)	(2,632,431)
Transactions with equity participants:				
- Shares issued to settle liabilities	998,864	-	-	998,864
- Shares issued to settle liabilities	26,558	-	-	26,558
- Conversion of warrants	18	-	310	328
Total comprehensive income:				
- Loss after taxation	-	(800,658)	-	(800,658)
- Foreign exchange arising on consolidation	-	-	(233,493)	(233,493)
Balance at 31 December 2013 (audited)	**81,188,059**	**(20,901,510)**	**(62,927,381)**	**(2,640,832)**
Transactions with equity participants:				
- Shares issued to settle liabilities	311,642	-	668,772	980,414
- Shares issued to settle liabilities	195,500	-	344,655	540,155
Total comprehensive expense:				
- Loss after taxation	-	(547,567)	-	(547,567)
- Foreign exchange arising on consolidation	-	-	(99,539)	(99,539)
Balance at 30 June 2014 (unaudited)	**81,695,201**	**(21,449,077)**	**(62,013,493)**	**(1,767,369)**

The notes numbered 1 to 6 are an integral part of the interim financial information.

Statement of Financial Position

	Note	**(Unaudited) As at 30 June 2014 US$**	(Unaudited) As at 30 June 2013 US$	(Audited) As at 31 December 2013 US$
ASSETS				
Non-current assets				
Intangible assets		**2,086,154**		2,087,081
Property, plant and equipment		**664,675**	486	665,160
Investment in associate		**-**	-	-
Total non-current assets		**2,750,829**	486	2,752,241
Current Assets				
Trade and other receivables		**50,238**	6,690	54,311
Cash and cash equivalents		**55,573**	31,867	69,617
Total current assets		**105,811**	38,557	123,928
Total assets		**2,856,640**	39,043	2,876,169
LIABILITIES				
Non-current liabilities				
Loans	**4**	**-**	(549,463)	-
Total non-current liabilities		**-**	(549,463)	-
Current liabilities				
Loans	**4**	**(2,185,899)**	(551,231)	(2,542,038)
Trade and other payables	**5**	**(2,438,110)**	(1,570,780)	(2,974,963)
Total current liabilities		**(4,624,009)**	(2,122,011)	(5,517,001)
Total liabilities		**(4,624,009)**	(2,671,474)	(5,517,001)
Net liabilities		**(1,767,369)**	(2,632,431)	(2,640,832)
EQUITY				
Shares and stock	**2**	**81,695,201**	80,162,619	81,188,059
Other reserves		**(62,013,493)**	(62,694,198)	(62,927,381)
Accumulated losses		**(21,449,077)**	(20,100,852)	(20,901,510)
Total deficit		**(1,767,369)**	(2,632,431)	(2,640,832)

The notes numbered 1 to 6 are an integral part of the interim financial information.

Statement of Cash Flows

	Note	**(Unaudited) Six months ended 30 June 2014 US$**	(Unaudited) Six months ended 30 June 2013 US$	(Audited) Year ended 31 December 2013 US$
Cash flows from operating activities				
Loss before taxation		**(547,567)**	(403,707)	(1,204,365)
Adjustments for:				
- Finance income		**-**	-	(1)
- Finance costs		**109,980**	195,081	386,556
- Depreciation and amortisation		**1,412**	448	322
- Foreign exchange revaluations		**(99,539)**	-	(160,183)
Changes in working capital:				
- (Increase) / Decrease in trade and other receivables		**4,073**	(3,033)	(50,251)
- Increase / (Decrease) in trade and other payables		**619,113**	15,044	1,371,489
- Taxation paid		**-**	-	-
Net cash used in operations		**87,472**	(196,197)	343,567
Cash flows from financing activities				
Share/stock issues (net of issue costs)		**-**	-	(756,919)
Finance income		**-**	-	1
Finance costs		**(109,980)**	(195,081)	(386,556)
Loans received		**185,085**	412,651	861,212
Net cash flows from financing activities		**75,105**	217,570	(282,262)
Net increase in cash and cash equivalents		**12,367**	21,403	61,295
Cash and cash equivalents at beginning of period		**69,617**	11,492	11,492
Foreign exchange on cash balances		**1,677**	(1,028)	(3,170)
Cash and cash equivalents at end of period		**55,573**	31,867	69,617

The notes numbered 1 to 6 are an integral part of the interim financial information.

Notes (forming part of the interim financial information)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

1.1. Basis of preparation

This interim consolidated financial information is for the six months ended 30 June 2014 and has been prepared in accordance with International Accounting Standard 34 "Interim Financial Statements". The accounting policies applied are consistent with International Financial Reporting Standards ("IFRS") adopted for use by the European Union. The accounting policies and methods of computation used in the interim consolidated financial information are consistent with those expected to be applied for the year ending 31 December 2014.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2013, but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their report was qualified and contained a disclaimer of opinion and contained statements under section 498(2) or (3) of the Companies Act 2006.

1.2. Going concern

The Directors have considered all available information about the future events when considering going concern. The Directors have reviewed cash flow forecasts.

The convertible loan obtained from Hillgrove Investments Pty Limited is considered sufficient to settle outstanding creditors, maintain the Group's overhead and other planned events. In addition, the Company is in receipt of a letter of intention of financial support from Hillgrove Investments Pty Limited to ensure the Company continues to meet its obligations as they fall due and to ensure it operates as a going concern until at least 27 June 2015. Based on this, the Directors continue to adopt the going concern basis of accounting for the preparation of the annual financial statements.

1.3. Functional and presentational currency

This interim financial information is presented in US dollars which is the Group's functional currency. The principal rates used for translation are:

	30 June 2014 Closing	30 June 2014 Average
British Pounds	$1.7	$1.68

2. SHARE CAPITAL

	1.0 p Ordinary shares	4.5 p Deferred shares	4.0 p Deferred shares
Balance at 1 January 2014	**348,307,920**	**17,373,523**	**9,737,353**
Issue of shares for consideration		-	-
Issue of shares to settle liabilities	**40,188,674**		
Conversion of warrants			
Balance at 30 June 2014	**388,496,594**	**17,373,523**	**9,737,353**

The deferred shares have no voting rights and do not carry any entitlement to attend general meetings of the Company. They will carry only a right to participate in any return of capital once an amount of £100 has been paid in respect of each ordinary share. The Company will be authorised at any time to affect a transfer of the deferred shares without reference to the holders thereof and for no consideration.

3. LOSS PER SHARE

	(Unaudited) As at 30 June 2014	(Unaudited) As at 30 June 2013	(Audited) As at 31 December 2013
Total comprehensive expense (US$)	**(403,707)**	(403,707)	(1,204,365)
Weighted average number of shares	**286,534,426**	286,534,426	285,425,948
Loss per share (US$)	**(0.01)**	(0.01)	<(0.01)

4. LOANS

	Notes	**(Unaudited) As at 30 June 2014 US$**	(Unaudited) As at 30 June 2013 US$	(Audited) As at 31 December 2013 US$
Accrued dividends on preferred stock	4.1	**-**	33,000	-
Citi bank business loan	4.2	**-**	26,913	-
Aspermont loan	4.3	**-**	491,318	550,036
Hillgrove Investments Pty Limited	4.4	**2,185,899**	549,463	1,992,002
Total loans		**2,185,899**	1,100,694	2,542,038
Classified as:				
- Current		**2,185,899**	551,231	2,542,038
- Non-current		**-**	549,463	-

The Aspermont loan consists of Aspermont Ltd, Dilato Holdings Pty Ltd and Tesla Nominees Pty Ltd. These parties collectively provided a facility of $165,640 to the Company repayable by 18 May 2012, which incurs interest at a default rate of 7 per cent per month. On 2 April 2014 the Company negotiated a settlement to repay the loan in full by way of issue and allotment for 11,500,000 1 pence shares in the Company.

4.1. Accrued dividends on preferred stock
The accrued dividends were fully settled during the year to 31 December 2013.

4.2. Citi bank business loan
The loan from Citi Bank was fully settled during the year to 31 December 2013.

4.3. Aspermont loan
The Aspermont loans consist of Aspermont Ltd, Dilato Holdings Pty Ltd and Tesla Nominees Pty Ltd. These parties collectively provided a facility of £100,000 to the Group repayable by 18 May 2012, which incurs interest at a default rate of 7 per cent per month.
On 2 April 2014 the Company has negotiated for the loan to repaid in full by way of issue and allotment for 11,500,000 1 pence shares in the Company.

4.4. Hillgrove Loan
Hillgrove Investments Pty Limited ("Hillgrove") has provided the PowerHouse Energy Group plc with a convertible loan agreement amounting to $2,185,899 – which can be increased at Hillgrove's option. The loan is secured by a debenture over the assets of the company and carries interest of 15 per cent per annum.

Hillgrove have provided a letter of support indicating they are willing to increase the loan amount pending any unforeseeable or material changes to the Group's current circumstances until at least 27 June 2015.

5. Trade and other payables

	(Unaudited) As at 30 June 2014 US$	(Unaudited) As at 30 June 2013 US$	(Audited) As at 31 December 2013 US$
Trade creditors	**1,913,640**	240,369	1,445,921
Salary and wage accruals	**-**	-	
RenewMe	**275,039**	1,011,120	1,155,966
Customer deposits	**-**	150,000	-
Other accruals	**249,431**	169,291	373,076
Total trade and other payables	**2,438,110**	1,570,780	2,974,963
Classified as:			
- Current	**2,438,110**	1,570,780	2,974,963
- Non-current	**-**	-	-

5.1. RenewMe
RenewMe Limited had been granted exclusive rights by Pyromex to use, own, assemble and install and operate Pyromex systems in territories also licensed to the Company's subsidiary PowerHouse Energy, Inc. The Company entered into a settlement agreement with RenewMe whereby the parties agreed to change the respective exclusive rights pertaining to the Pyromex technology. Under the original settlement agreement Powerhouse Energy, Inc. had the obligation to pay five instalments of EUR 200,000 annually beginning 30 June 2011. The Company guaranteed the obligations under the agreement of PowerHouse Energy, Inc. As PowerHouse Energy, Inc is unable to meets its obligations, all

remaining amounts (EUR 800,000) due under the original settlement agreement have been recognised as a liability.

On 3 March 2014 the Company announced that a settlement had been reached with Renewme to release its claimed geographical licenses to use our technology under a disputed royalty agreement with Pyromex and other claims against the Company in return for €211,000 and the issue of 18,331,996 new Ordinary Shares in the Company. While the equity portion of that settlement has been satisfied, the cash payment has not been settled and the agreement has not been completed. The Company is in active discussion with Renewme to finalize an agreement.

6. AVAILABILITY OF THE INTERIM RESULTS

A copy of this announcement will be available at the Company's registered office (16 Great Queen Street, London WC2B 5DG) and on its website – www.powerhouseenergy.net. A copy of the interim results will not be sent to shareholders.