



30 September 2015

PowerHouse Energy Group plc

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

Interim results for the six months ended 30 June 2015

PowerHouse (AIM: PHE) announces its interim financial results for the six months ended 30 June 2015.

Chairman's Statement

As recently announced, the newly designed PowerHouse Energy Group, G3-UHt gasification demonstration system is in the process of being integrated with a nominal electrical generation unit, as well as newly engineered de-oxygenation components to the feed system, finally completing the development on which we embarked several years ago.

Completion of this step is paramount to our long-term success. We are reviewing the results as we have gone through our phased unit and system commissioning processes for each sub-unit of the system, ensuring maximum operational efficiency, safety, and environmental protection. We believe our gasifier continues to represent one of the most environmentally sound mechanisms to alleviate toxic and hazardous waste, while allowing us to extract the energy from the waste-stream.

The attached interim financial results do not show much of consequence. We continue to manage on a minimum-to-operate budget as we pour all of our resources into the finalisation of the G3 demonstration unit. We are, as always, continually grateful, yet remain reliant upon the Hillgrove Investments Pty Limited ("Hillgrove") convertible loan note facility dated 19 June 2012 (the "Convertible Loan") repeatedly referenced.

As you will recall, the decision to close down Pyromex and focus on newly engineered Australian technology, the G3-UHt System, is expected to benefit the Company greatly. It has allowed us to develop a more robust and reliable technology, based on the latest science of ultra-high temperature gasification, and incorporates significant improvements and efficiencies. Equally as importantly, the new technology represents a truly commercial Waste Gasification Technology which has a much lower cost base.

Our manufacturing costs have been significantly reduced and we are confident that they will be reduced even more greatly at scale. Many of the technologies we have employed and integrated into our new design have decades of commercial operations behind them. Our engineers, of course, have also integrated the latest advances in material and chemical science to ensure our system delivers at a reasonable cost, and a reasonable price.

The Board of Directors has continued to remain actively engaged in maintaining the company as a viable entity, and for that I am grateful. Our previous efforts at increasing our capital base have all been contingent upon us having an actively operating demonstration system with concurrently acquired operational data. As the G3 approaches operation, we believe that this will be achieved and we are hopeful that the investment community will then look more favourably upon the Company, as we progress the G3 to commercial sales.

It is my role for the immediate future to focus upon ushering in our newly developed technology and building out the commercial marketing and sales efforts. The impending availability of the G3 demonstration facility in Brisbane, followed thereafter by other units in other locales, will afford us a network of easily transportable, demonstration and pilot units around the world.

As has been demonstrated by newly derived taxation schemes in the UK, the EU, and more often these days, within the ASEAN markets, landfill will no longer be considered an acceptable solution to the challenges of waste disposal. Waste products that are not recyclable are imbued with a tremendous amount of recoverable energy. Waste that is land-filled, or incinerated, today can be gasified, reducing the impact on the land, and the potential threat to groundwater supplies. The energy recovered can produce



thousands of megawatts to heat and power our homes. It can be recovered in a manner that is far superior in efficiency and far more environmentally friendly than incineration.

Depending on the calorific value of the waste-stream (“feedstock”) available to PowerHouse, the G3- UHT technology can potentially convert each tonne of municipal solid waste into one megawatt of electricity. Every 24 tonnes of waste will generate one megawatt of electricity per day. If we process 1,000 tonnes of waste per day, we can potentially produce 42 Mw of saleable, renewable, green power.

Recycling is increasing everywhere. However, waste will neither be eliminated in this, nor the coming generation. The Board believes that PowerHouse can help to solve the problem of waste-elimination and become a key provider of power infrastructure.

The worlds’ population continues to grow. More and more of our population is moving to the middle class and consuming more electricity than ever. Electrical demand is outstripping electrical generation throughout the ASEAN region and India. The two key issues of how to produce clean, green and renewable, power and what to do with the waste of billions of people in an environmentally accepted manner, will become ever more important as time goes on.

Our approach is an expansion of the plan we have been developing over the past three years: working to not only develop the technology to use in partnership and joint-ventures with existing waste facilities, but to also acquire, own, and manage waste facilities on which we will operate our technology over time.

We are progressing the process of identifying locations which will allow us to build waste driven (municipal solid waste, tyres, biomass) power stations sites using the PowerHouse Gasification processes and systems like the G3-UHT.

As previously stated, the Company will require significant restructuring and build-out to achieve its vision. The winding-down of the Pyromex companies continues as planned. It is unclear how much longer that process will require, however, we are ably represented by Counsel in Switzerland.

We have recently released invitations to several European Government representatives for official visits to our Brisbane facility for negotiations and demonstration. Additionally, we have been approached to cooperate with a large-scale, waste-tyre remediation project in the United States. Our team is currently reviewing the technical and commercial implications of that project and we will keep the market informed of our progress.

To reiterate previously released information, PowerHouse has been relying exclusively on the continuing financial support provided of Hillgrove, and the general support of its creditors. This support has been provided by advances under the Convertible Agreement. As at 31 December 2014, the amount owing to Hillgrove under the Convertible Agreement was \$3,402,366. Subsequent to the financial year end, a further \$418,392 of advances and interest charged have been provided under the Convertible Agreement. On 26 June 2015, Hillgrove provided a letter of comfort to the Company confirming that it was willing to continue to provide adequate financial support to PowerHouse to ensure the Company may meet its legitimate obligations as and when they fall due, and to ensure it operates as a going concern for a period of at least twelve months from 30 June 2015, pending any unforeseeable or material changes to the Company’s current circumstances. As at 31 August 2015, the amount owing to Hillgrove under the Convertible Agreement was \$3,820,758 and future amounts and their timing are to be agreed between the Company and Hillgrove.

The Company intends to issue a notice of its annual general meeting to shareholders in due course.

The opportunities for the Company continue to grow with inquiries coming from many countries. The full operation of the G3-UHT system in Brisbane will usher in a new era for the company. The G3 will allow us to operate commercially, to make our first sales, and to expand our impact on the world. The facilities in Brisbane and much of the engineering support have been organised by Hillgrove initially on an exploratory basis, but both the Company and Hillgrove expect to formalise arrangements shortly.



As always, I'd like to express my thanks to the non-executive members of our Board of Directors: Mr. Brent Fitzpatrick and Mr. James Greenstreet. They have provided a solid and knowledgeable sounding board to our team.

I thank you for your continued support of the Company and hope to see you at the upcoming annual general meeting.

Sincerely,

Keith Allaun
Chairman
30 September 2015

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Statement of Comprehensive Income

	Note	(Unaudited) Six months ended 30 June 2015 US\$	(Unaudited) Six months Ended 30 June 2014 US\$	(Audited) Year ended 31 December 2014 US\$
Revenue		-	-	-
Cost of sales		-	-	-
Gross Loss		-	-	-
Administrative expenses		(208,998)	(437,587)	(4,517,504)
Operating loss		(208,998)	(437,587)	(4,517,504)
Finance income		-	-	-
Finance costs		(272,571)	(109,980)	(530,471)
Loss before and after taxation		(451,569)	(547,567)	(5,047,975)
Foreign exchange arising on consolidation		(2,213)	(99,539)	142,995
Total comprehensive expense		(453,782)	(647,106)	(4,904,980)
Total comprehensive expense attributable to:				
Owners of the Company		(453,782)	(330,397)	(4,904,980)
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.



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Statement of Changes in Equity

	Shares and stock US\$	Accumulated losses US\$	Other reserves US\$	Total US\$
Balance at 1 January 2014 (audited)	81,188,059	(20,901,550)	(62,927,381)	(2,640,832)
<i>Transactions with equity participants:</i>	311,642	-	668,772	980,414
- Shares issued to settle liabilities	195,500	-	344,655	540,155
- Shares issued to settle liabilities				
<i>Total comprehensive income:</i>				
- 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)
<i>Transactions with equity participants:</i>				
- Shares issued to settle liabilities	119,801	-	340,513	460,313
- Shares issued to settle liabilities				
<i>Total comprehensive income:</i>				
- Loss after taxation	-	(4,357,413)	-	(4,357,413)
- Foreign exchange arising on consolidation	-	-	241,734	241,734
Balance at 31 December 2014 (audited)	81,815,002	(25,806,490)	(61,431,246)	(5,422,734)
<i>Transactions with equity participants:</i>				
- Shares issued to settle liabilities				
- Shares issued to settle liabilities				
<i>Total comprehensive expense:</i>				
- Loss after taxation		(451,569)		(451,569)
- Foreign exchange arising on consolidation			(2,213)	(2,213)
Balance at 30 June 2015 (unaudited)	81,815,002	(26,258,059)	(61,433,459)	(5,876,516)

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 2015 US\$	(Unaudited) As at 30 June 2014 US\$	(Audited) As at 31 December 2014 US\$
ASSETS				
Non-current assets				
Intangible assets		-	2,086,154	-
Property, plant and equipment		2,455	664,675	2,455
Investment in associate		-	-	-
Total non-current assets		2,455	2,750,829	2,455
Current Assets				
Trade and other receivables		9,232	50,238	43,845
Cash and cash equivalents		4,024	55,573	817
Total current assets		13,256	105,811	44,662
Total assets		15,711	2,856,640	47,117
LIABILITIES				
Non-current liabilities				
Loans	4	-	-	-
Total non-current liabilities		-	-	-
Current liabilities				
Loans	4	(3,820,758)	(2,185,899)	(3,402,366)
Trade and other payables	5	(2,071,469)	(2,438,110)	(2,067,485)
Total current liabilities		(5,892,227)	(4,624,009)	(5,469,851)
Total liabilities		(5,892,227)	(4,624,009)	(5,469,851)
Net liabilities		(5,876,516)	(1,767,369)	(5,422,734)
EQUITY				
Shares and stock	2	81,815,002	81,695,201	81,815,002
Other reserves		(61,433,459)	(62,013,493)	(61,431,246)
Accumulated losses		(26,258,059)	(21,449,077)	(25,806,490)
Total deficit		(5,876,516)	(1,767,369)	(5,422,734)

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

Statement of Cash Flo

	(Unaudited) Six months ended 30 June 2015 US\$	(Unaudited) Six months ended 30 June 2014 US\$	(Audited) Year ended 31 December 2014 US\$
Cash flows from operating activities			
Loss before taxation	(451,569)	(547,567)	(4,904,980)
Adjustments for:			
- Finance costs	272,571	109,980	530,471
- Impairment of non-current assets	-	-	2,087,081
- Depreciation and amortisation	-	1,412	662,705
- Foreign exchange revaluations	(2,213)	(99,539)	142,195
Changes in working capital:			
- (Increase) / Decrease in trade and other receivables	34,613	4,073	10,465
- Increase / (Decrease) in trade and other payables	(2,435)	619,113	(907,478)
- Taxation paid	-	-	-
Net cash used in operations	(149,033)	87,472	(2,379,542)
Cash flows from financing activities			
Share/stock issues (net of issue costs)	-	-	1,980,883
Finance income	-	-	-
Finance costs	(272,571)	(109,980)	(530,471)
Loans received	418,392	185,085	862,484
Net cash flows from financing activities	145,821	75,105	2,312,896
Net increase in cash and cash equivalents	3,212	12,367	(66,646)
Cash and cash equivalents at beginning of period	817	69,617	69,617
Foreign exchange on cash balances	5	1,677	(2,155)
Cash and cash equivalents at end of period	4,024	55,573	817

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 2015 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 2015.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2014, but is derived from those accounts. Statutory accounts for 2014 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 30 June 2016. 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 2015 Closing	30 June 2015 Average
British Pounds	\$1.5684	\$1.5635

2. SHARE CAPITAL

	1.0 p Ordinary shares	4.5 p Deferred shares	4.0 p Deferred shares
Balance at 1 January 2015	388,496,594	17,373,523	9,737,353
Balance at 30 June 2015	<u>388,496,594</u>	<u>17,373,523</u>	<u>9,737,353</u>

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 2015	(Unaudited) As at 30 June 2014	(Audited) As at 31 December 2014
Total comprehensive expense (US\$)	(451,569)	(403,707)	(4,904,980)
Weighted average number of shares	285,425,948	286,534,426	285,425,948
Loss per share (US\$)	<(0.01)	<(0.01)	<(0.01)

4. LOANS

	Notes	(Unaudited) As at 30 June 2015 US\$	(Unaudited) As at 30 June 2014 US\$	(Audited) As at 31 December 2014 US\$
Hillgrove Investments Pty Limited	4.1	3,820,758	2,185,899	3,402,366
Total loans		<u>3,820,758</u>	<u>2,185,899</u>	<u>3,402,366</u>
Classified as:				
- Current		3,820,758	2,185,899	3,402,366
- Non-current		-	-	-

4.1. Hillgrove Loan

Hillgrove Investments Pty Limited ("Hillgrove") has provided the PowerHouse Energy Group plc with a convertible loan agreement amounting to \$3,820,758 – 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 30 June 2016.

5. Trade and other payables



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	(Unaudited) As at 30 June 2015 US\$	(Unaudited) As at 30 June 2014 US\$	(Audited) As at 31 December 2014 US\$
Trade creditors	1,702,825	1,913,640	1,701,144
RenewMe	318,712	275,039	316,721
Other accruals	49,932	249,431	49,620
Total trade and other payables	2,071,469	2,438,110	2,067,485
Classified as:			
- Current	2,071,469	2,438,110	2,067,485
- 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.

Capital commitments not accrued for at the period end amounted to £100,000 (2014 : nil) and related to plant and machinery that had not yet been received.

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.