24 September 2013

PowerHouse Energy Group plc

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

Interim results for the six months ended 30 June 2013

PowerHouse Energy Group plc, (AIM: PHE) announces its unaudited results for the six months ended 30 June 2013.

Chairman's Statement

I am pleased to report that PowerHouse has continued to take positive action in the recovery and expansion of the Group.

During the first six months of 2013, PowerHouse made significant progress towards its goal of becoming a global force in the Waste-to-Energy (WtE) market. This time was marked by a tremendous effort on the parts of both of the PowerHouse and the Pyromex teams in achieving the completion of the PowerHouse acquisition of Pyromex AG, and on the part of the engineering, manufacturing, and commercial teams to finalize the Pyromex Ultra High Temperature Reactor (UHTR) development.

The efficiency of the Pyromex UHTR system is such that it is extremely favourable when compared with other renewable options on the market. This efficiency, coupled with the economic advantages of diverting waste from landfills, and cleanly generating electricity makes the PowerHouse /Pyromex solution very compelling to our potential customers.

Waste-to-Energy is a growing, vibrant market in which demand is clearly outpacing supply. There are lucrative, long-term, rewards for companies with economical solutions to an ever-growing waste stream with which we are faced. The problem of waste continues to grow as first-world economies grapple with the reality that one can only achieve so much by reducing, reusing, and recycling. The time has come to "recover." Recover the huge deposit of renewable energy that lies trapped within our organic municipal and industrial waste. By diverting appropriate waste streams from landfill, and engaging the Powerhouse process, we can recover as much as 90% of the energy that was being "thrown away", cleanly, economically and sustainably.

With the acquisition of Pyromex successfully completed in August 2013 we are only beginning to fully realise the commercial potential of the Pyromex UHTR gasification technology. We are positioning ourselves, with prudent planning, targeted hiring, and determined customer acquisition, to become a global player in this field.

During the final few months of 2013, we will continue working on the finalization of commercialisation of the technology, stress-testing, commissioning, and customer demonstrations. We continue to aim at first unit deliveries by early 2014 and are pushing aggressively to achieve that goal.

During the six months to 30 June 2013, loss after taxation was US$403,707 (30 June 2012: US$2,942,899). Operational costs during the period were tightly controlled and amount to US$208,626. These will increase as we assume the operations of Pyromex, however we will maintain our strict and responsible cost controls to ensure all available resources are focused towards commercial success and shareholder value.

At the Annual General Meeting and the General Meeting held on 6 September 2013, all resolutions were passed unanimously.

We are excited about the integration of Pyromex and are thankful to the Pyromex team for their continued hard work. As always the Board thank our extended team, our suppliers, and our shareholders who have continued to support PowerHouse Energy Group.

Keith Allaun
Chairman
24 September 2013

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Statement of Comprehensive Income

	Note	**(Unaudited) Six months ended 30 June 2013 US$**	(Unaudited) Six months ended 30 June 2012 US$	(Audited) Year ended 31 December 2012 US$
Revenue		**-**	15,805	19,756
Administrative expenses		**(208,626)**	(1,511,949)	(594,520)
Operating loss		**(208,626)**	(1,496,144)	(574,764)
Finance income		**-**	4	4
Other income		**-**	-	352,322
(Loss of control) / Fair value gain on step acquisition		**-**	(1,309,296)	(1,309,296)
Equity accounted loss		**-**	(129,600)	(475,646)
Finance costs		**(195,081)**	(7,863)	(210,272)
Loss before taxation		**(403,707)**	(2,942,899)	(2,217,652)
Income tax benefit		**-**	10,942	10,942
Loss after taxation		**(403,707)**	(2,931,957)	(2,206,710)
Foreign exchange arising on consolidation		**73,310**	56,321	(36,462)
Foreign exchange included in profit and loss arising from loss of control		**-**	1,095,440	1,095,440
Total comprehensive expense		**(330,397)**	(1,780,196)	(1,147,732)
Total comprehensive expense attributable to:				
Owners of the Company		**(330,397)**	(1,224,542)	(592,078)
Non-controlling interests		**-**	(555,654)	(555,654)
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.

PowerHouse ENERGY
Leading Alternative Energy Solutions

Statement of Changes in Equity

	Shares and stock US$	Accumulated losses US$	Other reserves US$	Non-controlling interests US$	Total US$
Balance at 1 January 2012 (audited)	80,050,893	(18,090,906)	(63,781,669)	1,665,494	(156,188)
Transactions with equity participants:					
- Exercise of warrants	67,876	-	-	-	67,876
- Pyromex, loss of control	-	-	-	(1,109,840)	(1,109,840)
Total comprehensive income:					
- Loss after taxation	-	(2,331,486)	-	(600,471)	(2,931,957)
- Foreign exchange included in profit and loss arising from loss of control	-	-	1,095,441	-	1,095,441
- Foreign exchange arising on consolidation	-	-	11,504	44,817	56,321
Balance at 30 June 2012 (unaudited)	80,118,769	(20,422,392)	(62,674,724)	-	(2,978,347)
Transactions with equity participants:					
- Shares issued to settle liabilities	43,850	-	-	-	43,850
Total comprehensive income:					
- Profit after taxation	-	725,247	-	-	725,247
- Foreign exchange arising on consolidation	-	-	(92,783)	-	(92,783)
Balance at 31 December 2012 (audited)	**80,162,619**	**(19,697,145)**	**(62,767,508)**	**-**	**(2,302,034)**
Total comprehensive expense:					
- 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)**

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 2013 US$**	(Unaudited) As at 30 June 2012 US$	(Audited) As at 31 December 2012 US$
ASSETS				
Non-current assets				
Property, plant and equipment		**486**	2,910	957
Investment in associate		**-**	346,036	-
Total non-current assets		**486**	348,946	957
Current Assets				
Trade and other receivables		**6,690**	28,118	3,790
Cash and cash equivalents		**31,867**	68,317	11,492
Total current assets		**38,557**	96,435	15,282
Total assets		**39,043**	445,381	16,239
LIABILITIES				
Non-current liabilities				
Loans	**4**	**(549,463)**	(207,022)	(313,399)
Trade and other payables	**5**	**-**	(582,750)	-
Total non-current liabilities		**(549,463)**	(789,772)	(313,399)
Current liabilities				
Loans	**4**	**(551,231)**	(366,906)	(401,400)
Trade and other payables	**5**	**(1,570,780)**	(2,267,050)	(1,603,474)
Total current liabilities		**(2,122,011)**	(2,633,956)	(2,004,874)
Total liabilities		**(2,671,474)**	(3,423,728)	(2,318,273)
Net liabilities		**(2,632,431)**	(2,978,347)	(2,302,034)
EQUITY				
Shares and stock	**2**	**80,162,619**	80,118,769	80,162,619
Other reserves		**(62,694,198)**	(62,674,724)	(62,767,508)
Accumulated losses		**(20,100,852)**	(20,422,392)	(19,697,145)
Total deficit		**(2,632,431)**	(2,978,347)	(2,302,034)

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 2013 US$**	(Unaudited) Six months ended 30 June 2012 US$	(Audited) Year ended 31 December 2012 US$
Cash flows from operating activities				
Loss before taxation		**(403,707)**	(2,942,899)	(2,217,652)
Adjustments for:				
- Finance income		**-**	(4)	(4)
- Finance costs		**195,081**	7,862	210,272
- Loss of control on step acquisition		**-**	1,309,296	1,309,296
- Equity accounted loss		**-**	129,600	475,646
- Loan waivers		**-**	-	(352,322)
- Depreciation and amortisation		**448**	123,467	124,049
- Foreign exchange revaluations		**-**	(18,330)	(99,327)
Changes in working capital:				
- (Increase) / Decrease in trade and other receivables		**(3,033)**	202,097	226,580
- Increase / (Decrease) in trade and other payables		**15,044**	685,174	(569,617)
- Taxation paid		**-**	(800)	(800)
Net cash used in operations		**(196,167)**	(504,535)	(893,876)
Cash flows from investing activities				
Purchase of other non-current assets		**-**	1,356	-
Purchase of tangible and intangible assets		**-**	-	2,846
Loss of control / reverse acquisition		**-**	(11,010)	(11,010)
Net cash flows used in investing activities		**-**	(9,654)	(8,164)
Cash flows from financing activities				
Share/stock issues (net of issue costs)		**-**	67,876	111,726
Finance income		**-**	4	4
Finance costs		**(195,081)**	(7,862)	(210,272)
Loans received		**412,651**	138,959	627,197
Net cash flows from financing activities		**217,570**	198,977	528,655
Net increase in cash and cash equivalents		**21,403**	(315,212)	(373,385)
Cash and cash equivalents at beginning of period		**11,492**	382,455	382,445
Foreign exchange on cash balances		**(1,028)**	1,074	2,432
Cash and cash equivalents at end of period		**31,867**	68,317	11,492

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 2013 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 2013.

The financial information set out above does not constitute the company's statutory accounts for the year ended 31 December 2012, but is derived from those accounts. Statutory accounts for 2012 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 which assume a favourable settlement outcome to RenewMe liability and the Aspermont loan.

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. 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 2013 Closing	30 June 2013 Average
British Pounds	$1.540	$1.546

2. SHARE CAPITAL

	1.0 p Ordinary shares	4.5 p Deferred shares	4.0 p Deferred shares
Balance at 31 December 2012 and 30 June 2013	**286,534,426**	**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 2013	(Unaudited) As at 30 June 2012	(Audited) As at 31 December 2012
Total comprehensive expense (US$)	**(403,707)**	(2,331,486)	(592,078)
Weighted average number of shares	**286,534,426**	284,499,626	285,085,135
Loss per share (US$)	**(0.01)**	(0.01)	<(0.01)

4. LOANS

	Notes	**(Unaudited) As at 30 June 2013 US$**	(Unaudited) As at 30 June 2012 US$	(Audited) As at 31 December 2012 US$
Accrued dividends on preferred stock	4.1	**33,000**	33,000	33,000
Management loans		**-**	352,322	-
Citi bank business loan	4.2	**26,913**	39,580	26,913
Aspermont loan	4.3	**491,318**	149,026	341,487
Hillgrove Investments Pty Limited	4.4	**549,463**	-	313,399
Total loans		**1,100,694**	573,928	714,799
Classified as:				
- Current		**551,231**	366,906	401,400
- Non-current		**549,463**	207,022	313,399

4.1. Accrued dividends on preferred stock

The accrued dividends on the preferred stock became due on 31 March 2013. The Group is in negotiations to resolve the settlement of this liability.

4.2. Citi bank business loan

Loan from Citi bank incurs interest at the prime rate as published by The Wall Street Journal plus 3% and is repayable in equal monthly installments of $2,083.

4.3. Aspermont loan

On 18 April 2013 Aspermont Ltd, Dilato Holdings Pty Ltd and Tesla Nominees Pty Ltd collectively provided a facility of £100,000 to the Group. The facility is repayable on demand and incurs interest at 7 per cent. per month. The Group is currently in negotiations to revise the terms of the loan.

4.4. Hillgrove Loan

Hillgrove Investments Pty Limited ("Hillgrove"), which holds 5.77 per cent. of the issued share capital of the Company, has provided the Company with a convertible loan facility which can be increased at Hillgrove's option. The loan is unsecured, repayable on 8 October 2014 and carries interest of 15 per cent. per annum. Hillgrove has the option at any time to convert the loan in part or whole at a conversion price of 1p per share. Hillgrove have provided a letter of support for the Company indicating it is willing to increase the loan amount pending any unforeseeable or material changes to the Company's current circumstances.

5. Trade and other payables

	(Unaudited) As at 30 June	(Unaudited) As at 30 June	(Audited) As at 31 December
Trade creditors	**240,369**	263,474	227,104
Salary and wage accruals	**-**	1,203,186	-
RenewMe	**1,011,120**	1,036,000	1,036,000
Customer deposits	**150,000**	153,202	150,000
Other accruals	**169,291**	193,938	190,370
Total trade and other payables	**(1,570,780)**	2,849,800	1,603,474
Classified as:			
- Current	**(1,570,780)**	2,267,050	1,603,474
- Non-current	**-**	582,750	-

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 Powerhouse Energy, Inc. The Group entered into a settlement agreement with RenewMe whereby the parties agreed to change the respective exclusive rights pertaining to the Pyromex technology. Under the settlement agreement the Group has the obligation to pay five instalments of €200,000 annually from 30 June 2012. Following the non-payment of the instalment due on 30 June 2013, all amounts due under the contract have been recognised as a liability on the balance sheet as at 30 June 2013. The Directors are currently in negotiations with RenewMe regarding the existing licensing 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) 14 days from the date of this announcement and on its website – www.powerhouseenergy.net. A copy of the interim results will not be sent to shareholders.