

21st June 2011

Helius Energy plc

Interim results for the six months to 31st March 2011

Helius Energy plc (AIM:HEGY) announces its interim results for the six months to March 2011

Financial highlights:

Loss before tax of £955k

£2.9m invested into projects in the period

Cash of £6.6m prior to investment of £4.8m in Rothes project after the period end

Project level debt and third party equity package completed for the Rothes project on 13th April 2011

Operational highlights:

Contract negotiations being finalised for the construction and fuel supply of the Avonmouth project

Rothes project in construction (post period end)

Consenting process for Southampton project in progress

Commenting on the results, Adrian Bowles, Chief Executive Officer of Helius Energy, said:

“We continue to make progress with our pipeline of Biomass energy projects. The Rothes project was project financed in early April and construction has commenced. This demonstrates the ability of the Company to develop, and deliver funding for its projects.”

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Notes to Editors:

About Helius Energy plc

Helius Energy plc was established to identify, develop, own and operate biomass fired renewable electricity generation plants. These will help meet the growing need for reliable power from renewable sources.

Helius possesses a significant combination of knowledge of renewable energy markets, biomass energy technologies, biomass fuel sources, project development, implementation and operation of power generation plants.

Chairman's statement

I am pleased to report the Company's (1) interim results for the six months ended 31 March 2011, during which time we have continued to build upon our previous successes and make progress in the development of our biomass energy projects.

Throughout the period we have primarily focused on reaching financial close of the Rothes project, which we achieved in early April. In parallel we have continued with our contract negotiations for the construction and operation of the Avonmouth project, as well as public consultation prior to a formal planning application for our Southampton project.

Rothes project

Since we reported our annual results for 2009/2010 we completed the negotiation of all contracts required for the construction and long term operation of the plant. In addition we finalised the negotiation of financing terms for both debt and equity at project level for the project. On the 13th April 2011 we reached financial close securing £42.5m of debt along with an equity investment of £9.3m at project level by Rabo Project Equity for a 44.3% share, with Helius retaining 50% + 1 share in the operating company. The project has now entered the construction phase.

Avonmouth project

On the 29th November 2010 we received confirmation that the Court of Appeal had refused the Coedbach Action Team Limited's (CAT) permission to appeal the High Court's September judgments regarding the Avonmouth biomass project.

We are progressing contract negotiations with suppliers and contractors and expect to be able to finalise terms towards the end of the year. We intend to mandate banks to provide debt to the project and also to identify an equity partner at project level.

Southampton project

We started the public consultation for this project in February 2011 and have received a high level of local interest in our proposals. Taking account of the feedback we are preparing an amended scheme on which further public consultation will be required ahead of submission of a full application to the Infrastructure Planning Commission for a Development Consent Order.

Outlook

The Rothes project has started construction with commercial operation expected to commence in H1 2013.

In light of the success of the financing of the CoRDe Project, the Company will continue to develop and review its project pipeline and focus on its funding requirements including raising additional debt and equity in 2011.

Operational update

Our strategy is to retain an equity interest in future projects in addition to receiving a development fee from third parties in exchange for project equity.

During the first six months of this financial year the key financial indicators were as follows:

The Company reported a loss before taxation of £955k for the six months ended March 2011, compared with a loss of £589k for the corresponding period last year with the increased loss being due to an increase in non cash share payment charges of £175k and a reduction in the level of interest received.

During the development phase of our projects we do not receive income from operations, hence our strategy remains one of focusing the Company's resources on delivering projects to financial closure and managing the projects implementation and operation. Administration costs, excluding share based payments (£0.3m), for the period were £1.1m compared with £1.0m for the corresponding period last year. The Board continues to review these costs to ensure that cash is focused on project development.

The results for the six months ended March 2011 include the benefit of a £414k increase in the value of the earn-out asset and subsequent deed of amendment signed with RWE Innogy in January 2011. This increase in the carrying value relates to the unwinding of the discount applied to expected delay payments and the £8.8m payment that is due on the award of key contracts by RWE Innogy.

The Company believes that the cash provided by this accelerated payment of the Stallingborough earn-out, once received, will strengthen its ability to develop and finance additional biomass projects.

Net cash outflow in the period was £3.5m, of which £2.9m was invested in projects, compared with a net cash outflow of £1.9m for the corresponding period in the previous year. The increase in cash outflow was primarily due to costs associated with the Southampton project and costs associated with reaching financial close for the Rothes project.

The cash balance at the 31st of March was £6.6m (31 March 2010 £12.8m) of which £4.8m was committed, after the period end, to the Rothes project.

Principal risks and uncertainties

A comprehensive analysis of the risks associated with project development are set out in more detail on pages 12 and 13 of the Annual Report for the year ended 30th September 2010, and are summarised as follows:

Various issues, relating to energy project development, pose risks which may lead to circumstances having a substantial adverse effect on the Company's business, financial condition, trading performance and prospects. Such issues include:

- Continued dependence on the ability of the Company to locate, select, develop and realise appropriate opportunities. Suitable opportunities may not be located and projects may not be successful.

- Securing the necessary consents may be subject to delays beyond the Company's control, which may subsequently cause any or all of the projects to be delayed or aborted. There is also no guarantee that any or all of the necessary consents will be granted.
- Being able to negotiate contracts for construction and fuel supply that allow project finance to be secured.
- The availability of feedstock for the Company's projects is affected by various factors, including climate change, crop productivity, ecological impacts, socio-economic factors, pests (and related phytosanitary restrictions), shipping availability and labour shortages.
- Foreign sourced supplies are subject to special risks that may disrupt markets, including the risk of war, terrorism, civil disturbances, embargo, and government activities. There can be no assurance that the Company will not experience difficulties in connection with future foreign supplies and, in particular, adverse effects from foreign currency fluctuations, shipping markets and international inflationary effects that will impact both the cost of construction and potentially fuel for biomass plants.
- The Company could be adversely affected if any of its operations failed to comply with EU, UK and local environmental and health and safety laws and regulations. Failure or inability to comply with any such statutes or regulations could result in civil or criminal liability, the limitation, suspension or termination of operations, imposition of clean up costs, fines or penalties and large expenditures, which may adversely affect the Company's business results from operations or financial condition.
- The Company could be adversely affected by any changes to or replacement of the Renewables Obligation Order if such a change caused a reduction in revenues from Renewable obligation certificates.
- The Company could be adversely affected by adverse changes to the project finance and equity markets leading to the inability to secure finance for its projects.

The Company's plans are exposed to electricity market price risk through variations in the wholesale price of electricity and biomass material. At the 31st March the Company had not entered into any forward contracts to fix prices of these commodities. Following the period end, CoRDe entered forward contracts for both electricity and biomass material along with forward contracts for interest and exchange rates. These contracts were all required to secure project finance for the project.

The Company believes that its future success will greatly depend upon the continuing ability to raise debt and equity to support the development and construction of its projects, and upon the expertise and continued services of certain key executives and technical personnel, including, in particular, the Executive Directors and key senior managers. The Company benchmarks remuneration levels of key staff against similar positions in other small capitalisation companies and has put in place a share option and LTIP scheme linked to project performance.

Following the financial close of the Rothes project the Company needs to secure additional funding in 2011 to continue its ongoing developments as planned. The Company is looking at a variety of different options to put this funding in place.

Corporate governance

The Company continues to comply with applicable corporate governance rules and best practice provisions for companies, as set out in Section 1 of the Combined Code on Corporate Governance, and continues to keep its overall system of internal control under review.

The Company has a Remuneration Committee and an Audit Committee.

Each of those committees is regulated by terms of reference which are kept under review and which reflect good corporate governance practice. The terms of reference of each of those Committees can be viewed on the Company's website (www.heliusenergy.com).

⁽¹⁾ In this report, the "Company" shall mean Helius Energy plc and/or, where the context otherwise requires, any relevant subsidiary of Helius Energy plc.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED
FOR THE SIX MONTHS ENDED 31 MARCH 2011**

	Note	Six Months Ended 31 March 2011 £	Six Months Ended 31 March 2010 £	Year Ended 30 September 2010 £
CONTINUING OPERATIONS				
Revenue		-	-	-
Cost of sales		-	-	-
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GROSS PROFIT		-	-	-
Other administrative expenses		(1,066,407)	(1,040,608)	(1,958,270)
Share-based payment costs		(322,185)	(147,765)	(303,573)
Impairment of property, plant and equipment		-	-	(124,192)
Impairment of other receivables		-	-	(80,000)
TOTAL ADMINISTRATIVE EXPENSES		(1,388,592)	(1,188,373)	(2,466,035)
Adjustment to the earn -out receivable from changes in expected cash flows		-	-	(4,923,000)
OPERATING LOSS		(1,388,592)	(1,188,373)	(7,389,035)
Finance income	4	432,759	599,614	1,204,952
LOSS BEFORE TAX		(955,833)	(588,759)	(6,184,083)
Tax expense		-	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		(955,833)	(588,759)	(6,184,083)
Other comprehensive income net of tax		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		(955,833)	(588,759)	(6,184,083)
Basic loss per share attributable to equity holders of the parent company (pence)	3	(1.10)	(0.69)	(7.17)
Diluted loss per share attributable to equity holders of the parent company (pence)	3	(1.10)	(0.69)	(7.17)

The above condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED
AS AT 31 MARCH 2011**

	Note	31 March 2011 £	31 March 2010 £	30 September 2010 £
NON-CURRENT ASSETS				
Property, plant and equipment	5	9,276,480	4,702,523	6,371,774
Loans and receivables	6	8,795,000	12,838,000	8,381,000
Total Non-Current Assets		18,071,480	17,540,523	14,752,774
CURRENT ASSETS				
Trade and other receivables		356,584	248,551	407,839
Cash and cash equivalents		6,644,447	12,826,477	10,119,881
Total Current Assets		7,001,031	13,075,028	10,527,720
TOTAL ASSETS		25,072,511	30,615,551	25,280,494
CURRENT LIABILITIES				
Loans and borrowings		-	(76,489)	-
Trade and other payables		(1,142,665)	(554,052)	(727,800)
Total Current Liabilities		(1,142,665)	(630,541)	(727,800)
TOTAL LIABILITIES		(1,142,665)	(630,541)	(727,800)
TOTAL NET ASSETS		23,929,846	29,985,010	24,552,694
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Issued capital		5,948,249	5,930,249	5,937,449
Capital redemption reserve		10,130	10,130	10,130
Merger reserve		410,833	1,850,225	410,833
Retained earnings		17,560,634	22,194,406	18,194,282
TOTAL EQUITY		23,929,846	29,985,010	24,552,694

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE SIX MONTHS ENDED 31 MARCH 2011**

	Six Months Ended 31 March 2011 £	Six Months Ended 31 March 2010 £	Year Ended 30 September 2010 £
OPERATING ACTIVITIES			
Net loss after tax	(955,833)	(588,759)	(6,184,083)
Impairment of property, plant and equipment	-	-	124,192
Depreciation	22,160	19,225	41,173
Finance income	(432,759)	(599,614)	(1,204,952)
Share option costs	322,185	147,765	303,573
Adjustment to the earn -out receivable from changes in expected cash flows	-	-	4,923,000
CASHFLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	(1,044,247)	(1,021,383)	(1,997,097)
Decrease in trade and other receivables	51,255	312,760	253,472
Increase/(Decrease) in trade and other payables	414,865	(307,001)	(133,253)
NET CASH USED IN OPERATING ACTIVITIES	(578,127)	(1,015,624)	(1,876,878)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(2,926,866)	(1,223,794)	(3,039,185)
Interest received	18,759	59,614	98,952
NET CASH USED IN INVESTING ACTIVITIES	(2,908,107)	(1,164,180)	(2,940,233)
FINANCING ACTIVITIES			
Share issue	10,800	274,900	282,100
Loan repayment	-	-	(76,489)
NET CASH FROM FINANCING ACTIVITIES	10,800	274,900	205,611
Net decrease in cash and cash equivalents	(3,475,434)	(1,904,904)	(4,611,500)
Cash and cash equivalents at the beginning of the period	10,119,881	14,731,381	14,731,381
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,644,447	12,826,477	10,119,881

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-UNAUDITED

For the six months ending 31 March 2011

2011	Capital Redemption Reserve £	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £
Changes in equity						
At 1 October 2010	10,130	871,235	5,066,214	410,833	18,194,282	24,552,694
Loss for the period	-	-	-	-	(955,833)	(955,833)
Total recognised income & expense for the period	-	-	-	-	(955,833)	(955,833)
Issue of Share Capital	-	900	9,900	-	-	10,800
Share-based payments	-	-	-	-	322,185	322,185
At 31 March 2011	10,130	872,135	5,076,114	410,833	17,560,634	23,929,846
2010	Capital Redemption Reserve £	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £
Changes in equity						
At 1 October 2009	10,130	847,727	4,807,622	1,850,225	22,635,400	30,151,104
Loss for the period	-	-	-	-	(6,184,083)	(6,184,083)
Total recognised income & expense for the period	-	-	-	-	(6,184,083)	(6,184,083)
Issue of Share Capital	-	23,508	258,592	-	-	282,100
Share-based payments	-	-	-	-	303,573	303,573
Subsidiary DPS Ltd dissolved	-	-	-	(1,439,392)	1,439,392	-
At 30 September 2010	10,130	871,235	5,066,214	410,833	18,194,282	24,552,694
2010	Capital Redemption Reserve £	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £
Changes in equity						
At 1 October 2009	10,130	847,727	4,807,622	1,850,225	22,635,400	30,151,104
Loss for the period	-	-	-	-	(588,759)	(588,759)
Total recognised income & expense for the period	-	-	-	-	(588,759)	(588,759)
Issue of Share Capital	-	22,908	251,992	-	-	274,900
Share-based payments	-	-	-	-	147,765	147,765
At 31 March 2010	10,130	870,635	5,059,614	1,850,225	22,194,406	29,985,010

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting Policies

Basis of Preparation

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2010, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The interim financial information for each of the six month periods ended 31 March 2011 and 31 March 2010 has not been audited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The information for the year ended 30 September 2010 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, but is based on the statutory financial statements for that year, on which the auditors have reported. Their audit report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498 (2) or (3) Companies Act 2006. This interim financial report has neither been audited nor reviewed pursuant to the International Standard on Review Engagements (UK and Ireland) 2410.

The interim financial report has been prepared on the going concern basis. As noted in the Chairman’s statement, in order to continue to pursue the Company’s development activities the Company has to continue to secure additional debt and equity funding and is looking at a range of different alternatives in this regard. Failure to obtain the requisite funding would mean the Company would be required to scale back its development and other activities in 2011. The Directors are, however, confident that the additional funding will be raised and therefore consider it appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

The interim financial report has been prepared using accounting policies that are consistent with those used in the preparation of the full financial statements to 30 September 2010. We do not anticipate any further changes for the year ended 2011.

2 Business Segments

The Chief Operating Decision Maker is defined as the board of Directors.

Management considers that the Company’s project activity constitutes one operating and reporting segment, as defined under IFRS 8. Management review the performance of the Company by reference to total results against budget.

The total profit measures are the operating loss and the loss for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company financial statements. All of the revenues generated relate to projects and are wholly generated within the UK. Accordingly there are no additional disclosures provided to the primary statements.

3 Loss Per Share

The calculation of the loss per share is based on the following data:

	Six Months Ended 31 March 2011	Six Months Ended 31 March 2010	Year Ended 30 September 2010
	£	£	£
Loss			
Loss used in calculating basic and diluted			
Loss per share for the period	(955,833)	(588,759)	(6,184,083)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	87,152,439	85,350,618	86,226,329

The loss per ordinary share and diluted loss per share are equal because share options are only included in the calculation of diluted earnings per share if their issue would decrease the net profit per share or increase the net loss per share. The bonus effect of options has been excluded from the number of shares used in the diluted EPS calculation as those options are antidilutive.

4 Finance Income

	Six Months Ended 31 March 2011	Six Months Ended 31 March 2010	Year Ended 30 September 2010
	£	£	£
Bank interest receivable	18,759	59,614	98,952
Unwinding of discount from the sale of the Stallingborough project	414,000	540,000	1,106,000
	432,759	599,614	1,204,952

The unwinding of the discount in the reporting period relates to the deed of amendment signed with RWE in January 2011. The unwinding is based upon the following payment assumptions and a discount rate of 9%:

Initial payment received on completion of variation	£100,000
Expected delay payments from September 2011	£400,000
Payment on award of key contracts	£8,800,000

5 Property, Plant and Equipment

During the six months ended 31 March 2011 the Company has capitalised development spend of £2.9 million (six months ending 31 March 2010: £1.2 million).

6 Loans and Receivables

Sale of the Stallingborough project / Deed of amendment to earn-out arrangement

During the year ending 30 September 2008, Helius Energy plc disposed of the Stallingborough project (otherwise referred to as Helius Energy Alpha Ltd (Alpha)) to RWE Innogy (UK) Ltd (RWE). The transaction included a cash payment of £28.1m, and, a deferred amount of consideration, payable through an earn-out arrangement equal to 13% of the post tax profits generated by the project during its first 24 years of commercial operation.

During the September 2010 financial year, the Company negotiated a deed of amendment to the original earn-out arrangement. A commercially acceptable offer was agreed in principle by the Company during September 2010 and has been used as the basis for determining the carrying value of the earn-out receivable in the financial statements for the period ending 30th September 2010 and the six months ending March 31 2011. The amendment was formalised and signed on 18th January 2011. Details of the revised agreement are shown below:

Payments due:

	£
On Signature of agreement	100,000
On award of construction contracts for the project by RWE	8,800,000

In the event that the construction contracts are awarded later than September 2011, an additional payment of £100,000 becomes due for each quarter of delay. At an agreed date with RWE the Deed of Amendment becomes invalid and the original earn-out arrangement is reinstated, although no repayments for monies received at signature, or, as a consequence of quarterly delays are repayable.

The revised carrying value and resultant entries in the Consolidated Statement of Comprehensive Income are shown in the table below:

Earn out as at 30 September 2010	8,481,000
Made up of:	
Trade and other receivables (receivable < 1 year)	100,000
Loans and receivables (receivable >1 year) at 30 th September 2010	8,381,000
Unwinding of discount for the period September 2010 – March 2011	414,000
Carrying value of earn out at 31 st March 2011	8,795,000

In arriving at a discounted value of £8,795,000 the board has made the assumption that a total payment of £9,300,000 will be received, based on contracts being awarded by RWE in September 2012. This revised valuation is therefore made up of the £100,000 initial payment, £8,800,000 at the point of contracts being awarded, and, £400,000 of delay payments. The original effective interest rate for the transaction of 9% has been applied to the payments.

In the event that RWE does not award contracts prior to the deed of amendment becoming invalid, there is a risk that the company will not receive the deed of amendment payment of £8.8m and, in this circumstance the original earn-out arrangement would be reinstated. In the event that the RWE

has not awarded contracts prior to the deed of amendment becoming invalid, there may be significant uncertainty over the timing of any payment under the earn-out arrangement in the event that a likely construction and commercial operation date could not otherwise be established. This uncertainty would be reflected in the valuation at that point.

7 Share capital

On 23 December 2010 and 23 February 2011 the Company issued 40,000 and 50,000 respectively of ordinary shares of 1p each at a premium of 11p per share, following the exercise of share options. The weighted average share price when the options were exercised was 21p

8 Post Balance Sheet Events

On the 13th April 2011 the Company reached financial close on the CoRDe project securing £42.5m of debt along with an equity investment of £9.3m at project level by Rabo project equity for a 44.3% share, with Helius retaining 50% + 1 share. Helius committed a further £4.8m of cash to the project on this date.

The trade and other payables stated at 31st March 2011 include £592k which relate to the Rothés operating company and have been settled by the cash Helius has committed to the project.

The project is now being constructed and is expected to enter commercial operation in 2013.

Following this additional equity investment into the project, the Board intends to secure further funding in 2011 to support its development activities and general working capital requirements.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that:

- i) The condensed consolidated interim financial information has been prepared in accordance with IAS34 as adopted by the European Union; and
- ii) The interim financial report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.27 R and 4.28 R).

The interim financial report was authorised for issue on 21st June 2011.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.