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## GENERAL INFORMATION

### DIRECTORS

Alex Worrall FCCA, Non-Executive Chairman  
John Barclay Forrest OBE, Non-Executive Director  
Jonathon Hill, Non-Executive Director  
Demetri Pappadopoulos BA (econ), LLB, Non-Executive Director (appointed 8 May 2007)  
John Seed, Managing Director  
Alan Lyons ACMA, Finance Director (appointed 7 May 2007)  
Dr Adrian Bowles, Technical Director  
Christopher Corner BSc, Commercial Director  
Michelle Morris, Executive Director

### COMPANY SECRETARY

Michelle Morris

### REGISTERED NUMBER

5745512

### REGISTERED OFFICE

South Tees Business Centre  
Puddlers Road  
Middlesbrough  
TS6 6TL

### AUDITORS

BDO Stoy Hayward  
1 City Square  
Leeds  
LS1 2DP

### SOLICITORS

Pinsent Masons  
CityPoint  
1 Ropemaker Street  
London  
EC2Y 9AH

### NOMINATED ADVISOR AND BROKER

Daniel Stewart & Company Plc  
Becket House  
36 Old Jewry  
London  
EC2R 8DD

### FINANCIAL PUBLIC RELATIONS

Gavin Anderson & Company  
85 Strand  
London  
WC2R 0DW

### REGISTRARS

Capita Registrars  
The Registry  
34 Beckenham Road  
Kent  
BR3 4TU

## CORPORATE STATEMENT

**Helius Energy plc** was established to install and operate biomass-fired renewable electricity generation plants, designed to meet the growing need for reliable power and to support the move away from fossil fuels. The Group is positioned to take advantage of renewable energy legislation developed to combat climate change.

Helius flagship 65 MW<sub>e</sub> project at Stallingborough



## HIGHLIGHTS

Admitted to the Alternative Investment Market (AIM) of the London Stock Exchange. January 2007

Submitted application for consent for Stallingborough under Section 36 of the Electricity Act 1989. February 2007

Announced the appointment of Alan Lyons as the Group's new Finance Director. March 2007

Demetri Pappadopoulos joins the Board as a Non-Executive Director with responsibility for Southern Africa. May 2007

McBurney Corporation and Morgan Est Plc appointed to undertake pre-engineering works leading to the construction of the Group's flagship 65 MW<sub>e</sub> Stallingborough power plant. May 2007

**65 MW<sub>e</sub>**

of renewable energy per annum generated, sufficient for

**120,000** UK homes

**500,000**

tonnes of CO<sub>2</sub> emissions saved per annum per 65 MW<sub>e</sub> biomass power plant

## CHIARMAN'S STATEMENT



Since our admission on the Alternative Investment Market of the London Stock Exchange in January this year, we have made excellent progress in developing and implementing our plans and strategies to deliver value from development of both larger 65 MWe and smaller 5 MWe "GreenSwitch" biomass power stations.

In particular, our flagship 65 MWe development at Stallingborough on the Humber Estuary has continued to progress. In February we submitted an application for consent under Section 36 of the Electricity Act, which is currently being progressed. In May we achieved the important milestone of the appointment of engineering contractors McBurney Corporation and Morgan Est Plc, to undertake pre-engineering works at the site. This contract is expected to lead to a full engineering, procurement and construction contract, worth around £100 million, in due course. The appointment of such an experienced engineering contractor will help ensure a rapid and reliable construction programme.

Against the backdrop of growing worldwide awareness of the potential of renewable fuels to meet global future energy needs, Heliuss Energy is now very well placed to take advantage of this massive opportunity and at the same time deliver significant environmental benefits. We welcome the increased support for biomass projects contained in the UK Government's White Paper on Energy published on the 23 May, which proposes to

increase renewable electricity use threefold by 2015 and to cut carbon emissions by up to 33 million tonnes by 2020.

This clearly supports Heliuss' biomass powered renewable energy platform which will be a major contributor towards these targets. For example, the 65 MWe development at Stallingborough is estimated to deliver not only value for the Company, but a CO<sub>2</sub> saving of approximately half a million tonnes per annum.

At the balance sheet date Heliuss had intangible assets of £900,000 relating to the patents acquired for Distributed Power Systems on 3 October 2006. Heliuss is evaluating opportunities to generate revenue streams from these patents and a full assessment will be completed in the second half of the financial year.

With regard to the 5 MWe "GreenSwitch" plant roll-outs, the Company again has made good progress both in the UK and in Southern Africa and is actively developing commercial opportunities with relevant counterparties. All of Heliuss Energy's UK projects will benefit from the proposed changes to the Renewable Obligation Certificate banding detailed in the recent UK White Paper on Energy as they will qualify for additional environmental credits. This will help to improve the commercial viability of our UK portfolio of projects.



...we have made excellent progress in developing and implementing our plans and strategies to deliver value from development of both larger 65 MWe and smaller 5 MWe “GreenSwitch” biomass power stations



It has always been recognised that due to its significant opportunities and potential, we would seek to raise funds in Southern Africa for use in that continent. Discussions on this, together with the recruitment of high calibre staff and the formation of the BEE Group necessary to deal with state owned industries, have progressed well.

#### FINANCES

During the six months the Company raised £2.4 million net of expenses. Net cash at 31 March was £2.1 million, the loss for the half year was £1.2 million which reflects continuing investment for future growth and is in line with our plan.

Since the half year the Company has called down a further £1 million of its loan facility.

#### MANAGEMENT

The management of the Company has been strengthened through the period by a number of key appointments. At Board level, Alan Lyons was appointed to replace Elizabeth Payne, and Demetri Pappadopoulos joined to oversee development opportunities in Southern Africa.

On behalf of the Board I would like to take this opportunity to thank our executive management, our project teams, our partners and advisors for the hard work and support over the period that has enabled Helius to achieve so much in so short a time.

A D WORRALL  
Chairman  
11 June 2007

## CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2007

	Six months ended 31 March 2007 £	Period ended 31 March 2006 £	Period ended 30 September 2006 £
<b>Continuing operations</b>			
Revenue	16,089	—	—
Cost of sales	(7,984)	(2,520)	(24,852)
<b>Gross profit/(loss)</b>	<b>8,105</b>	(2,520)	(24,852)
Administrative expenses	(1,080,436)	(227,615)	(1,290,530)
Other administrative expenses	(125,726)	—	(95,664)
<b>Operating loss</b>	<b>(1,198,057)</b>	(230,135)	(1,411,046)
Other gains and losses			
Finance income	16,310	960	5,180
Finance expenses	(31,586)	(87)	(323)
<b>Loss before tax</b>	<b>(1,213,333)</b>	(229,262)	(1,406,189)
Tax	—	—	—
<b>Loss for the period</b>	<b>(1,213,333)</b>	(229,262)	(1,406,189)
Basic and diluted loss per share attributable to equity holders of the parent company (pence)	(1.86)	(2,292.62)	(4.65)

The above consolidated income statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	31 March 2007 £	31 March 2006 £	30 September 2006 £
<b>Current assets</b>			
Inventories	501,445	—	—
Trade and other receivables	149,309	154,617	159,919
Cash and cash equivalents	2,120,882	85,368	13,564
<b>Total current assets</b>	<b>2,771,636</b>	239,985	173,483
<b>Non-current assets</b>			
Property, plant and equipment	37,388	734	2,909
Intangibles	900,000	—	—
<b>Total non-current assets</b>	<b>937,388</b>	734	2,909
<b>Total assets</b>	<b>3,709,024</b>	240,719	176,392
<b>Current liabilities</b>			
Trade and other payables	(322,216)	(129,148)	(546,084)
<b>Total current liabilities</b>	<b>(322,216)</b>	(129,148)	(546,084)
<b>Non-current liabilities</b>			
Loan	(561,111)	—	—
<b>Total liabilities</b>	<b>(883,327)</b>	(129,148)	(546,084)
<b>Net assets/(liabilities)</b>	<b>2,825,697</b>	111,571	(369,692)
<b>Equity</b>			
Issued capital	3,373,596	340,833	530,000
Merger reserve	1,850,233	—	410,833
Retained deficit	(2,398,132)	(229,262)	(1,310,525)
<b>Total equity</b>	<b>2,825,697</b>	111,571	(369,692)

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2007

	Six months ended 31 March 2007 £	Period ended 31 March 2006 £	Period ended 30 September 2006 £
<b>Operating activities</b>			
Net loss from operations	(1,213,333)	(229,262)	(1,406,189)
Adjustments for:			
Depreciation	1,710	245	378
Finance income	(16,310)	(960)	(5,180)
Finance expense	31,586	87	323
Share option costs	125,726	—	95,664
<b>Loss before changes in working capital and provisions</b>	<b>(1,070,621)</b>	<b>(229,890)</b>	<b>(1,315,004)</b>
Decrease/(increase) in inventories	(501,445)	—	—
Decrease/(increase) in trade and other receivables	10,610	(154,617)	(67,516)
Increase/(decrease) in trade and other payables	(223,868)	129,148	546,084
<b>Net cash used in operating activities</b>	<b>(1,785,324)</b>	<b>(255,359)</b>	<b>(836,436)</b>
Interest paid and finance expenses	(120,475)	(87)	(323)
<b>Net cash outflow from operating activities</b>	<b>(1,905,799)</b>	<b>(255,446)</b>	<b>(836,113)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(36,189)	(979)	(3,287)
Interest received	16,310	960	5,180
<b>Net cash from/(used in) investing activities</b>	<b>(19,879)</b>	<b>(19)</b>	<b>1,893</b>
<b>Financing activities</b>			
Share issue	2,735,010	340,833	848,430
Loan stock issued	750,000	—	—
Cash acquired on acquisition of DPS Limited	600,000	—	—
Legal and professional fees of listing	(52,014)	—	—
<b>Net cash from financing activities</b>	<b>4,032,996</b>	<b>340,833</b>	<b>848,430</b>
Net increase/(decrease) in cash and cash equivalents	2,107,318	85,368	13,564
Cash and cash equivalents at the beginning of the period	13,564	—	—
<b>Cash and cash equivalents at the end of the period</b>	<b>2,120,882</b>	<b>85,368</b>	<b>13,564</b>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

## NOTES FOR THE FINANCIAL STATEMENT

### 1. GENERAL INFORMATION

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC Interpretations) using accounting policies and practices consistent with those applied in the September 2006 annual report and accounts. The interim statements have neither been reviewed nor audited by the Group's auditors.

The financial information contained in this report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

The figures for the period ended 30 September 2006 have been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditors' report for the 2006 accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

### 2. SEGMENT INFORMATION

All of the reported revenue and operational results for the period derive from the Group's continuing electricity generation operations.

### 3. TAXATION

No liability to tax is expected to have arisen during this period.

### 4. LOSS PER SHARE

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

	<b>Six months ended 31 March 2007 £</b>	Period ended 31 March 2006 £	Period ended 30 September 2006 £
<b>Loss</b>			
Loss used in calculating basic and diluted loss per share for the period	<b>(1,213,333)</b>	(229,262)	(1,406,189)
<b>Number of shares</b>			
Weighted average number of Ordinary Shares for the purpose of basic and diluted loss per share	<b>65,091,712</b>	10,000	30,247,561

The above figures are not affected by any dilutive share options as no share options have been issued in the period.

### 5. DIVIDENDS

No dividends were declared in the period.

## NOTES FOR THE FINANCIAL STATEMENT

### 6. INVENTORIES

Inventories are initially recognised at cost and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

The inventories carried at the balance sheet date represent the costs incurred to date on the development of the site at Stallingborough.

### 7. ISSUED CAPITAL

#### Share capital of the Company

On 20 October 2006, Helius Energy acquired the entire issued share capital of Distributed Power Systems Limited (DPS) from General Capital Venture Finance Limited (GCVF). The consideration for the purchase of the shares was satisfied by the Company allotting and issuing to GCVF 5,300,000 Ordinary Shares of £0.01 as initial consideration. Deferred consideration was also payable such that immediately prior to Admission GCVF was entitled to hold 10% of the fully diluted share capital of the Company (excluding options and the Placing Shares). In satisfaction of GCVF's entitlements under the acquisition agreement a further 760,770 shares were issued to GCVF.

On 31 January 2007, Helius Energy placed 7,826,929 1p shares at 26p each and was admitted to the Alternative Investment Market (AIM).

On 31 January 2007, the Company issued 384,615 shares to GCVF in settlement of a £100,000 loan arrangement fee.

On 31 January 2007, the Company issued 2,307,705 shares to holders of convertible loan notes. The consideration received for the convertible loan notes was £600,000. This amount has been treated as a cash receipt of share capital during the period.

On 5 February 2007, Helius Energy placed a further 303,030 1p shares at 33p each.

The authorised and issued share capital of the Company at the date of these accounts is as follows:

	Authorised number	£	Issued (fully paid) number	£
Ordinary Shares	100,000,000	1,000,000	69,883,050	698,830

All of the existing Ordinary Shares are fully paid.

### 8. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents (which are presented on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

## 9. BUSINESS COMBINATIONS

On 20 October 2006, Helius Energy acquired the entire issued share capital of DPS from GCVF. The consideration for the purchase of the shares was satisfied by the Company allotting and issuing to GCVF 5,300,000 Ordinary Shares of £0.01 as initial consideration. Deferred consideration was also payable such that immediately prior to Admission GCVF was entitled to hold 10% of the fully diluted share capital of the Company (excluding options and the Placing Shares). In satisfaction of GCVF's entitlements under the acquisition agreement a further 760,770 shares were issued to GCVF.

## 10. CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

## 11. INTANGIBLES

DPS was purchased on the 3 October 2006. The fair value of the consideration for the acquisition was £1,500,000 satisfied through an initial issue of 5,300,000 1p Ordinary Share in Helius Energy plc and a further issue of 760,770 shares immediately prior to the admission of the Company's shares to AIM. The directors have provisionally assessed the fair value of the intellectual property of patents and processes in DPS as being £900,000.

In accordance with the requirements of IFRS 3, a formal valuation of the intellectual property will be undertaken in the twelve months following the date of acquisition. This review could potentially result in a change in the carrying value in the balance sheet.

## 12. SUBSEQUENT EVENTS

On 15 January 2007, GCVF agreed to provide the Company with facilities of up to £2.5 million in aggregate.

GCVF has the right, at any time or times prior to the third anniversary of Admission, to call for the conversion of the amount outstanding under the facilities into Ordinary Shares at the Placing Price. If the amount outstanding under the facilities is not converted into Ordinary Shares then it is repayable upon demand. The loan carries a fixed interest rate of 9% on the first £1.75 million and is repayable either in cash on the third anniversary of the admission to AIM or is convertible into 1p Ordinary Shares up to this date at the Placing Price. The loan is secured by a debenture over the assets of the Company. On the 31 March 2007, the Company drew down £750,000 of this facility. On the 11 May 2007, the Company drew down the £1 million balance of the loan facility. The further £750,000 standby facility has yet to be drawn down.

No other matter or circumstance has arisen since 31 March 2007, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.



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#### Registered office

Helius Energy plc  
South Tees Business Centre  
Middlesbrough TS6 6TL  
United Kingdom  
Tel: +44 (0)1642 438540

#### Grimsby office

Administrative Centre  
Europarc Innovation Centre  
Innovation Way  
Grimsby  
North East Lincolnshire  
DN37 9TT  
United Kingdom  
Tel: +44 (0)1472 500393

#### London office

15 Old Bailey  
London  
EC4M 7EF  
United Kingdom  
Tel: +44 (0)20 3008 2470

#### South Africa office

Helius Energy Africa (Pty) Ltd  
1st Floor, 52 Grosvenor Road  
Sable House, Fairway Office Park  
Bryanston, Johannesburg 2021  
South Africa  
Tel: +27 11 267 5860

[enquiries@heliusenergy.com](mailto:enquiries@heliusenergy.com)  
[www.heliusenergy.com](http://www.heliusenergy.com)