



## OUR COMPANY

Biomass could supply as much as 50% of the world's primary energy needs by 2050. The Heliuss Group will be at the forefront of these developments by delivering sustainable energy from biomass. Using its extensive knowledge of renewable energy markets and biomass energy technologies, Heliuss Energy is developing both large (50–65MWe) and small modular (5–7MWe) biomass-powered electricity generation plants.

## OUR STRATEGY

The Group was established to install and operate biomass fired renewable electricity generation plants. These will help meet the growing need for cleaner, reliable power from renewable fuels that help to overcome the issues of climate change associated with fossil fuels like coal and oil. The management team has significant experience in the energy, manufacturing, biomass and agribusiness sectors, with extensive knowledge of renewable energy markets, biomass energy technologies and related economics.

Our power plants will be sited where the availability of the feedstock is optimised. For larger 50–65MWe plants this means having the right transport infrastructure, while our modular GreenSwitch™ 5–7MWe plants are designed to be located where sustainable and renewable feedstocks are readily available, such as breweries and distilleries, avoiding the costs of transporting

wet feedstocks. GreenSwitch™ will generate onsite electricity and export any surplus to the local electricity network, providing potential customers with an environmentally sustainable and economic method of utilising processing by-products.

Heliuss Energy is also working to develop similar sites in Southern Africa, which is facing an ever-growing energy crisis. The current power output of countries such as South Africa is now close to installed capacity and the use of biomass is forecast to increase significantly. Heliuss is in discussions with Eskom, one of the largest electricity exporters in South Africa, and with the Governments of the Kingdom of Swaziland and Zambia, with respect to power supply and the upgrading and construction of existing and new power plants.

01	HIGHLIGHTS
02	CHAIRMAN'S STATEMENT TO MEMBERS
04	CONSOLIDATED INCOME STATEMENT
05	CONSOLIDATED BALANCE SHEET
06	CONSOLIDATED CASH FLOW STATEMENT
07	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
08	NOTES TO THE INTERIM FINANCIAL REPORT
12	GENERAL INFORMATION

## HIGHLIGHTS

Section 36 consent awarded for  
65MWe Stallingborough project.

Agreement signed with Combination  
of Rothes Distillers for a 5MWe plant.

Admitted to London stock market.

Secured further funding of £2.0 million.

## CHAIRMAN'S STATEMENT TO MEMBERS



ALEX WORRALL, NON-EXECUTIVE CHAIRMAN

In my last report I detailed the considerable achievements that Helius Energy plc had made during the financial year ended September 2007. I am pleased to tell you in this interim report for the six months ended 31 March 2008, that the rate of progress has been maintained and considerable further advancements have been made with both the Stallingborough 65MWe project at the port of Immingham and the 5MWe CHP power station project with the Rothes Group of multi-national Distilleries in Scotland.

In particular I am delighted that The Secretary of State approved our Stallingborough Section 36 planning application on 16 June 2008. We are now in the process of finalising project and mezzanine finance which had been contingent upon consent.

The granting of Stallingborough Section 36 planning is the first of many such Helius power facilities planned for different parts of the country.

Key features of the Stallingborough project:

- sited at the Port of Immingham on the Humber Estuary;
- 65MWe of renewable energy generating capacity;
- sufficient to provide the power needs of 120,000 homes;
- using 350,000 tonnes dry biomass as fuel – mainly wood, spent grains and oilseed cake;
- saving around 450,000 tonnes of CO<sub>2</sub> emissions per annum.

In addition the Company has continued to make good and steady progress on its other activities in Africa. As previously noted our long-term vision for Helius Energy plc is to be acknowledged as a market leader in the production of power from environmentally sustainable biomass in the major markets of the UK, Europe and Southern Africa, and to provide this power at a price value

## UK FLAGSHIP BIOMASS PROJECT

Sited at the Port of Immingham on the Humber estuary

65MWe of renewable energy generating capacity

Sufficient for 120,000 UK homes

Using 350,000 dry tonnes biomass as fuel – mainly wood, spent grains and oilseed cake

Saving circa 450,000 tonnes of CO<sub>2</sub> emissions per year



Our long-term vision for Helius Energy plc is to be acknowledged as a market leader in the production of power from environmentally sustainable biomass in the major markets of the UK, Europe and Southern Africa.



relationship unmatched by any competitors. I and my fellow directors believe that we have again during the period continued to make significant strides to achieving that objective.

The Group delivered an operating loss of £1.0 million compared with £1.2 million for the corresponding period of 2006/07 resulting in a loss per share of 1.66p (H1 2006/07 1.86p). Cash used in operating activities of £0.7 million against £1.3 million for the comparable period last year, the decrease reflecting strict control of corporate costs. Cash used in investing activities was £1.3 million compared with £0.5 million for the corresponding period last year, this increase reflecting the high level of activity on project development of both the 65MWe flagship project at Stallingborough, and the 5MWe project in Rothes.

Period end net cash stood at £0.6 million down from £2.1 million at the year end. Since the half year end, on 2 April 2008, the Group secured a convertible loan facility of £2.0 million in order to support working capital requirements.

Since the formation of the Company, Helius has successfully transitioned from a start-up company to one engaged in the design and construction of a power facility. With our initial planning application for Stallingborough secured we face the future with confidence. I would like to thank the growing number of shareholders for their continuing interest and ongoing support of Helius Energy plc.

ALEX WORRALL  
Non-Executive Chairman

## CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2008

	Note	Six months ended 31 March 2008 £	Six months ended 31 March 2007 £	Year ended 30 September 2007 £
Revenue		—	16,089	25,478
Cost of sales		<b>(1,245)</b>	(7,984)	(6,735)
<b>Gross (loss)/profit</b>		<b>(1,245)</b>	8,105	18,743
Other administrative expenses		<b>(894,693)</b>	(1,080,436)	(1,962,421)
Share-based payment costs		<b>(187,445)</b>	(125,726)	(338,383)
Impairment of intangible fixed assets		—	—	(900,000)
<b>Total administrative expenses</b>		<b>(1,082,138)</b>	(1,206,162)	(3,200,804)
<b>Operating loss</b>		<b>(1,083,383)</b>	(1,198,057)	(3,182,061)
Finance income		<b>39,883</b>	16,310	75,588
Finance expenses		<b>(125,842)</b>	(31,586)	(136,524)
<b>Loss before tax</b>		<b>(1,169,342)</b>	(1,213,333)	(3,242,997)
Tax expense		—	—	—
<b>Loss for the period attributable to equity holders of the parent</b>		<b>(1,169,342)</b>	(1,213,333)	(3,242,997)
Basic and diluted loss per share attributable to equity holders of the parent company (pence)	2	<b>(1.66)</b>	(1.86)	(4.90)

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

## CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008

	31 March 2008 £	31 March 2007 £	30 September 2007 £
<b>Non-current assets</b>			
Property, plant and equipment	<b>2,654,374</b>	538,833	1,278,676
Intangibles	—	900,000	—
<b>Total non-current assets</b>	<b>2,654,374</b>	1,438,833	1,278,676
<b>Current assets</b>			
Trade and other receivables	<b>120,319</b>	149,309	126,645
Cash and cash equivalents	<b>580,132</b>	2,120,882	2,223,812
<b>Total current assets</b>	<b>700,451</b>	2,270,191	2,350,457
<b>Total assets</b>	<b>3,354,825</b>	3,709,024	3,629,133
<b>Current liabilities</b>			
Trade and other payables	<b>(659,737)</b>	(322,216)	(515,679)
<b>Total current liabilities</b>	<b>(659,737)</b>	(322,216)	(515,679)
<b>Non-current liabilities</b>			
Loan	<b>(2,322,848)</b>	(561,111)	(1,552,713)
<b>Total liabilities</b>	<b>(2,982,585)</b>	(883,327)	(2,068,392)
<b>Net assets</b>	<b>372,240</b>	2,825,697	1,560,741
<b>Equity</b>			
Issued capital	<b>3,636,379</b>	3,373,596	3,869,942
Merger reserve	<b>1,850,225</b>	1,850,225	1,850,225
Convertible debt reserve	<b>82,672</b>	—	55,713
Retained deficit	<b>(5,197,036)</b>	(2,398,124)	(4,215,139)
<b>Total equity</b>	<b>372,240</b>	2,825,697	1,560,741

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 2008

	Six months ended 31 March 2008 £	Six months ended 31 March 2007 £	Year ended 30 September 2007 £
<b>Operating activities</b>			
Loss for the period	(1,169,342)	(1,213,333)	(3,242,997)
Impairment of intangibles	—	—	900,000
Depreciation	6,038	1,710	6,958
Finance Income	(39,883)	(16,310)	(75,588)
Finance expense	125,842	31,586	136,524
Share option costs	187,445	125,726	338,383
<b>Loss before changes in working capital and provisions</b>			
	(889,900)	(1,070,621)	(1,936,720)
Decrease in trade and other receivables	6,327	10,610	33,274
Increase/(decrease) in trade and other payables	144,059	(223,868)	(30,405)
<b>Net cash absorbed in operating activities</b>			
	(739,514)	(1,283,879)	(1,933,851)
<b>Investing activities</b>			
Purchase of property, plant and equipment	(1,381,736)	(537,634)	(1,282,725)
Interest received	39,883	16,310	75,588
<b>Net cash used in investing activities</b>			
	(1,341,853)	(521,324)	(1,207,137)
<b>Financing activities</b>			
Share (buyback)/issue	(233,563)	2,735,010	3,231,348
Loan stock issued net of fees	750,000	650,000	1,650,000
Interest paid and Finance Expense	(78,750)	(20,475)	(78,098)
Cash acquired on acquisition of DPS Limited	—	600,000	600,000
Legal and professional fees of listing	—	(52,014)	(52,014)
<b>Net cash from financing activities</b>			
	437,687	3,912,521	5,351,236
Net (decrease)/increase in cash and cash equivalents	(1,643,680)	2,107,318	2,210,248
Cash and cash equivalents at the beginning of the period	2,223,812	13,564	13,564
<b>Cash and cash equivalents at the end of the period</b>			
	580,132	2,120,882	2,223,812

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2008

	Convertible debt reserve £	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
<b>2007</b>						
<b>Changes in equity</b>						
Balance at 1 October 2006	—	530,000	—	410,833	(1,310,525)	(369,692)
Loss for the period and total recognised income and expense for the period	—	—	—	—	(3,242,997)	(3,242,997)
Share-based payments	—	—	—	—	338,383	338,383
Issue of share capital	—	182,524	3,157,418	—	—	3,339,942
Issue of convertible debt net of issue costs	55,713	—	—	—	—	55,713
Acquisition in period	—	—	—	1,439,392	—	1,439,392
<b>Balance at 30 September 2007</b>	<b>55,713</b>	<b>712,524</b>	<b>3,157,418</b>	<b>1,850,225</b>	<b>(4,215,139)</b>	<b>1,560,741</b>
<b>2007</b>						
<b>Changes in equity</b>						
Balance at 1 October 2006	—	530,000	—	410,833	(1,310,525)	(369,692)
Loss for the period and total recognised income and expense for the period	—	—	—	—	(1,213,333)	(1,213,333)
Share-based payments	—	—	—	—	125,734	125,734
Issue of share capital	—	168,831	2,674,765	—	—	2,843,596
Acquisition during the period	—	—	—	1,439,392	—	1,439,392
<b>Balance at 31 March 2007</b>	<b>—</b>	<b>698,831</b>	<b>2,674,765</b>	<b>1,850,225</b>	<b>(2,398,124)</b>	<b>2,825,697</b>
<b>2008</b>						
<b>Changes in equity</b>						
Balance at 1 October 2007	55,713	712,524	3,157,418	1,850,225	(4,215,139)	1,560,741
Loss absorbed and total recognised income and expense for the period	—	—	—	—	(1,169,342)	(1,169,342)
Share-based payments	—	—	—	—	187,445	187,445
Shares issued in the period	—	250	2,750	—	—	—
Share buy back	—	(6,526)	(230,037)	—	—	(236,563)
Issue of convertible debt net of issue costs	26,959	—	—	—	—	26,959
<b>Balance at 31 March 2008</b>	<b>82,672</b>	<b>706,248</b>	<b>2,930,131</b>	<b>1,850,225</b>	<b>(5,197,036)</b>	<b>372,240</b>

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. ACCOUNTING POLICIES

#### Basis of preparation

This 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 2007 and those which management expects to apply in the Group's full financial statements to 30 September 2008.

This interim financial report is unaudited. The comparative financial information set out in this interim financial report does not constitute the Group's statutory accounts for the period ended 30 September 2007 but is derived from the accounts. Statutory accounts for the period ended 30 September 2007 have been delivered to the Registrar of Companies. The auditors have reported on those accounts. Their audit report was unqualified and did not contain any statements under Section 237(2) or (3) Companies Act 1985. The audit report in respect of the accounts for the period ended 30 September 2007, whilst unqualified, included an emphasis of matter drawing attention to the material uncertainty which may cast doubt about the Group's ability to continue as a going concern.

#### Going concern

The interim financial report has been prepared on a going concern basis which assumes the Group has sufficient funds available to enable it to continue to trade and meet its obligations as they fall due for the foreseeable future. The Group expects to commence construction of the Stallingborough project in 2008 and is confident that it will be able to secure development fees and recover development costs for this project which will provide working capital to fund future project development. However in order to mitigate any uncertainties over funding and delays to the project programme and therefore development fees, management have secured a convertible loan facility of £2.0 million and overdraft facilities of £300,000.

## 1. ACCOUNTING POLICIES CONTINUED

### Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost.

The difference between the fair value of the convertible debt instrument as a whole and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

### Taxation

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

## NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED

**2. LOSS PER SHARE**

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

	<b>6 months ended 31 March 2008 £</b>	6 months ended 31 March 2007 £	Year ended 30 September 2007 £
<b>Loss</b>			
Loss used in calculating basic and diluted loss per share for the period	<b>(1,169,342)</b>	(1,213,333)	(3,242,997)
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>70,601,468</b>	65,091,712	66,122,199

There are 7,581,772 potentially dilutive options over the ordinary shares at 31 March 2008 (2007: 6,981,366 options). There is potentially dilutive convertible debt issued with a gross capital value of £2.5 million at 31 March 2008 (2007: £750,000). Both of the above instruments are potentially dilutive but are not included in the calculation of diluted earnings per share because they were anti-dilutive for the period as their conversion to ordinary shares would decrease the loss per share.

**Dividends**

No dividends were declared in the period.

### 3. EVENTS AFTER THE BALANCE SHEET DATE

On 2 April 2008, Africa Bi-Fuels Pty Ltd agreed to provide the Company with facilities of up to £2 million in aggregate.

Africa Bi-Fuels Pty Ltd has the right, at any time or times prior to the first anniversary of Admission, to call for the conversion of the amount outstanding under the facilities into ordinary shares at a price of 22p per share.

The Group has also agreed an overdraft facility of £300,000 with its bankers.

On the 16 June 2008 the Group obtained Section 36 consent for its flagship 65MWe power plant in Stallingborough, North East Lincolnshire.

No other matter or circumstance has arisen since 31 March 2008, which has significantly affected, or may significantly affect the operations of the Group.

## GENERAL INFORMATION

### DIRECTORS

Alex Worrall FCCA (Non-Executive Chairman)

John Barclay Forrest OBE, FRAGS (Non-Executive Director)

Demetri Pappadopoulos BA ECONOMICS, BACHELOR LAW LLB (Non-Executive Director)

John Seed (Managing Director)

Alan Lyons ACMA (Financial Director)

Dr Adrian Bowles MEI, CENG, PhD, BSc (ENG) (Technical Director)

Christopher Corner BSc, MSc, MBA (Commercial Director)

Michelle Morris (Executive Director)

### COMPANY SECRETARY

Michelle Morris

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ISO 14001  
Produced at a mill that holds  
ISO 14001 certification



Fully recyclable and  
biodegradable



Elemental chlorine free



Printed on Revive 75, which contains at least 75% recovered fibre and is produced at a mill that holds the ISO14001 certificate for environmental management. The pulp is bleached using a combination of Elemental Chlorine Free (ECF) and Totally Chlorine Free (TCF) methods.



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