**5 July 2012**
Embargoed until 07:00

**AFC Energy PLC**

**("AFC Energy" or the "Company")**

**Interim Results**

AFC Energy (AIM: AFC), the industrial fuel cell power company, is pleased to announce its interim results for the six month period ended 30 April 2012.

**Key Highlights:**

- Installed two Beta systems, AFC Energy's second generation fuel cell technology, at AkzoNobel's chlor-alkali plant in Bitterfeld, Germany, and generating power.
- Beta+ system, engineered and optimised for volume production, commissioned and now installed for testing at Bitterfeld
- Technical and manufacturing teams strengthened
- Loan repaid by Waste2Tricity ("W2T") and received first fee instalment of commercialisation agreement
- Awarded grant as lead partner in prestigious EU-funded Project LaserCell
- Cash outflow of £1.5million ( H1 2011: £1.7 million)
- Cash balance at 30 April 2012: £4.49 million (30 April 2011: £3.65 million)
- Board strengthened by addition of Ian Williamson as chief executive and Sir John Sunderland as a non-executive director

**Post Period achievements:**

- Electrode life extended past three months for the first time, a major milestone for commercialisation of fuel cells for industrial applications
- Implemented Production Unit investment in preparation of increased production of fuel cells
- In June 2012 announced intention with Industrial Chemicals Limited ("ICL") to build UK's largest industrial fuel cell facility at ICL in Essex

**Tim Yeo, Chairman of AFC Energy, commented:**

"The year to date has been a period of very significant progress for the Company on its road to commercialisation under our new chief executive Ian Williamson. From generating industrial power using the Beta system and extending the life of our electrodes we have moved rapidly to deploy our commercial Beta+ system for trialling on-site with AkzoNobel, our long-standing partner. The recent agreement with ICL is testament both to that evolution as well as the attractiveness of AFC Energy's commercial model. We are working with a number of high quality partners who recognise the potential that AFC Energy's fuel cell offers their businesses. We are fully focused on achieving our goal as quickly as possible and the Board continues to look to the future with increasing confidence".

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**About AFC Energy**

Founded in 2006, AFC Energy plc is re-engineering proven alkaline fuel cell technology to reduce the cost of electricity. Alkaline fuel cells have been used on US and Russian manned space missions for decades to provide electrical power and drinking water. By using modern materials, design tools and manufacturing processes at scale, AFC Energy is developing fuel cells that will compete with conventional technologies such as turbines for electrical power generation. Today, AFC Energy is pursuing opportunities in several sectors where hydrogen is readily available including the chlorine, clean coal and waste-to-energy industries as well as applications for distributed/back-up power. For further information, please visit our website: www.afcenergy.com.

## Chairman's Statement

### Overview

The year to date has been a period of very significant progress for the Company on its road to commercialisation.

In late 2011 we installed two Beta Systems at our partner AkzoNobel’s chlor-alkali production facility in Bitterfeld, Germany and began to produce electricity from them as part of a rigorous trial programme. In addition, we were able to obtain detailed data about the performance of our electrodes and systems to understand what design improvements would need to be incorporated into the commercial iteration of our system.

We were also delighted, therefore, when the electrodes designated for that commercial system - the Beta+ - passed through the barrier of three months continuous operation in May. The results of these laboratory trials were seamlessly incorporated into our industrial development programme and have been rapidly deployed at Bitterfeld.

We have been able to integrate all our latest developments into the Beta+ system, commission them at Dunsfold and install two units at Bitterfeld in accordance with the timescale agreed with AkzoNobel, whose continued support and encouragement we are grateful for.

This has been a period when our technical team have excelled themselves and we have further strengthened it with a small number of key recruits who have already had a positive impact.

In March, we announced that we would be investing in an additional production facility at Dunsfold, Surrey. We have employed a skilled team who will use this facility to begin to manufacture units in much higher volumes. Our assessment of appropriate automated equipment and systems for future scale-up continues to gather pace.

### Our Partners

Waste2Tricity (“W2T”) has been a partner since 2009 and in April exercised its right to exclusively represent AFC Energy in the UK until 2022 for the integration of fuel cells with hydrogen derived from the plasma gasification of municipal solid waste. W2T is involved in developing a number of projects, the largest of which has been its involvement with the 49MW Tees Valley Renewable Energy Facility, a project led by Air Products.

The exercise of this right means AFC Energy receives a fee of £1 million, payable over four years of which £150,000 was received within the half-year.

AFC Energy is also the leader of a consortium of European companies on Project LaserCell, which is being supported under the EU’s research funding scheme, FP7. This project is designed to develop innovative technologies to enhance high-volume production of alkaline fuel cells. AFC Energy’s share of the non-refundable grant is €405,600.

AFC Energy remains in discussion with a number of other organisations in relation to future capacity, but there were no significant developments to report during the period.

Our work with AkzoNobel continues apace, as I have already mentioned. However, we have consistently stated our view that the chlor-alkali industry represents a very substantial opportunity for AFC Energy, so we were especially pleased to announce in late June, the project with ICL for a 1MW fuel cell facility at its new plant in Essex.

This is a tremendous validation of AFC Energy’s technology and also confirms the potential economics of the ESCO (Energy Service Company) model which the Company proposes to follow, whereby ICL will provide its hydrogen and purchase power under a long term power purchase agreement and AFC Energy will own, operate and maintain the fuel cell system.

**Intellectual Property**

To date, 16 families of patents have been filed by the Company and are actively proceeding towards grant decision, which can take several years in each case. The Board is pleased to report that it has been awarded the grant of its first patent and is confident that it will secure the grant of additional patents relating to its core technology in due course.

The Company regularly reviews its technical developments to determine whether it has made patentable inventions.

**Summary and Outlook**

The year to date has been a period of very significant progress for the Company on its road to commercialisation. From generating industrial power using the Beta System and extending the life of our electrodes we have moved rapidly to deploy our commercial Beta+ system for trialling on-site with AkzoNobel, our long-standing partner. Under the direction of our new CEO, Ian Williamson, the technical and commercial teams at AFC Energy have done a great job. We have continued to strengthen and broaden the technical team with the highest quality personnel. The commercial team continue to open up markets and specific opportunities for the deployment of our fuel cell systems, in readiness for the availability of our large-scale product. We also took the opportunity to further strengthen our Board with the appointment of Sir John Sunderland.

We were delighted that the Centre for Process Innovation (CPI), a respected British technology innovation centre serving the chemicals, pharmaceutical, biotechnology and energy markets, once again independently verified the Company's progress and the recent agreement with ICL is testament both to that evolution as well as the attractiveness of AFC Energy's commercial model. We are fortunate to be working with a number of high quality partners who recognise the potential that AFC Energy's fuel cell offers their businesses. We are fully focused on achieving our goal as quickly as possible and the Board continues to look to the future with increasing confidence.

**Tim Yeo**
Chairman
5 July 2012

**FINANCIAL REVIEW**

In the period, the Company received its first income from the commercialisation agreement with Waste2Tricity ("W2T") and also recorded grant income under the European Framework Programme 7 for Project LaserCell. These revenues almost wholly offset a modest rise in R&D costs, arising from the further strengthening of the Company's technical team.

During the six months to 30 April 2012, post-tax losses were £1.90 million (30 April 2011: £1.83 million). Included within the post-tax loss is an accounting (non-cash) profit charge for options and warrants previously issued. On a like-for-like basis, excluding this charge, the post-tax loss was £1.50 million (30 April 2010: £1.46 million).

The net cash outflow from operating and investing activities in the six months to 30 April 2012 was £1.48 million (30 April 2011: £1.69 million). This reduced outflow reflects the receipt of £152,000 from W2T in full repayment of an outstanding loan, with interest, and a continuing focus on the effective use of the Company's cash.

The Company's cash balance at 30 April 2012 was £4.49 million (30 April 2011: £3.65 million).

The Board of AFC Energy does not intend to declare a dividend in respect of this period.

**Statement of Comprehensive Income**

For the six months ended 30 April 2012

| | Note | Six months to 30 April 2012 £ Unaudited | Six months to 30 April 2011 Re-stated £ Unaudited | Year to 31 October 2011 £ Audited |
|---|---|---|---|---|
| **Revenue** | | 180,498 | 7,970 | 35,468 |
| Cost of sales | | 28,500 | - | 27,498 |
| **Gross profit/(loss)** | | 151,998 | 7,970 | 7,970 |
| Other Income | | - | - | 3,996 |
| Administrative expenses | | (2,296,936) | (2,007,774) | (4,402,158) |
| Analysed as: | | | | |
| Administrative expenses | | (1,898,844) | (1,645,092) | (3,711,686) |
| Equity-settled share-based payments | | (398,092) | (362,682) | (690,472) |
| **Operating loss** | | (2,144,938) | (1,999,804) | (4,390,192) |
| Financial income | | 44,575 | 12,358 | 44,930 |
| Share of profit/(loss) of Associate | | - | - | - |
| **Loss before taxation** | | (2,100,363) | (1,987,446) | (4,345,262) |
| Taxation | **3** | 201,457 | 156,995 | 354,822 |
| **Loss for the period and total comprehensive loss attributable to owners of the Company** | | (1,898,906) | (1,830,451) | (3,990,440) |
| **Basic loss per share** | **4** | (1.04)p | (1.06)p | (2.26)p |

All amounts relate to continuing operations.

**Statement of Financial Position**

As at 30 April 2012

| | Note | 30 April | 30 April | 31 October |
|---|---|---|---|---|

| | Note | 2012 | 2011 Re-stated | 2011 |
|---|---|---|---|---|
| **Non-current assets** | | **£** | **£** | **£** |
| | | Unaudited | Unaudited | Audited |
| Intangible assets | **5** | 181,246 | 332,225 | 149,498 |
| Property, plant and equipment | **6** | 595,604 | 755,915 | 824,264 |
| Investment in associate | | 2,500 | 2,500 | 2,500 |
| | | 779,350 | 1,090,640 | 976,262 |
| **Current assets** | | | | |
| Work in progress | | 96,242 | 123,740 | 96,242 |
| Trade and other receivables | **7** | 786,485 | 771,299 | 734,684 |
| Cash and cash equivalents | | 4,485,558 | 3,652,599 | 5,968,429 |
| | | 5,368,285 | 4,547,638 | 6,799,355 |
| **Total assets** | | 6,147,635 | 5,638,278 | 7,775,617 |
| **Equity and liabilities** | | | | |
| **Equity attributable to shareholders** | | | | |
| Share capital | **8** | 183,339 | 173,339 | 183,339 |
| Share premium | | 18,966,789 | 15,044,217 | 18,966,789 |
| Other reserves | | 2,218,577 | 1,492,695 | 1,820,485 |
| Retained loss | | (15,620,011) | (11,561,117) | (13,721,105) |
| **Total equity** | | 5,748,694 | 5,149,134 | 7,249,508 |
| **Current liabilities** | | | | |
| Trade and other payables | **9** | 398,941 | 489,144 | 526,109 |
| **Total equity and liabilities** | | 6,147,635 | 5,638,278 | 7,775,617 |

**Cash flow statement**

For the six months ended 30 April 2012

| | Six months to 30 April 2012 | Six months to 30 April 2011 Re-stated | Year to 31 October 2011 |
|---|---|---|---|
| **Cash flows from operating activities** | **£** | **£** | **£** |
| | Unaudited | Unaudited | Audited |
| Loss before tax for the period | (2,100,363) | (1,987,446) | (4,345,262) |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 254,800 | 181,302 | 377,258 |
| Loss on disposal of plant and equipment | - | - | - |

| | | | |
|---|---|---|---|
| Impairment of plant and equipment | - | - | 30,000 |
| Impairment of intangible assets | - | - | 191,379 |
| Equity-settled share-based payment expenses | 398,092 | 362,682 | 690,472 |
| Finance income | (44,575) | (12,358) | (44,930) |
| Share of (profit)/loss of Associate | - | - | - |
| **Cash flows from operating activities before changes in working capital and provisions** | (1,492,046) | (1,455,821) | (3,101,083) |
| Corporation tax received | - | - | 258,076 |
| Decrease/(increase) in trade and other receivables | 149,657 | (44,380) | (40,516) |
| (Decrease)/increase in trade and other payables | (127,168) | 112,660 | 149,625 |
| **Cash absorbed by operating activities** | (1,469,557) | (1,387,542) | (2,733,898) |
| **Cash flows from investing activities** | | | |
| Purchase of plant and equipment | (14,664) | (294,299) | (577,796) |
| Acquisition of patents | (43,225) | (23,635) | (43,094) |
| Interest received | 44,575 | 12,358 | 44,930 |
| **Net cash absorbed by investing activities** | (13,314) | (305,575) | (575,960) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of share capital | - | - | 3,999,822 |
| Share issue costs | - | - | (67,250) |
| **Net cash from financing activities** | - | - | 3,932,572 |
| Net (decrease)/increase in cash and cash equivalents | (1,482,871) | (1,693,117) | 622,713 |
| Cash and cash equivalents at the beginning of the period | 5,968,429 | 5,345,716 | 5,345,716 |
| **Cash and cash equivalents at the end of the period** | 4,485,558 | 3,652,599 | 5,968,429 |

**Statement of Changes in Equity**

As at 30 April 2012

| | **Share capital** | **Share premium** | **Other reserve** | **Retained loss** | **Total** |
|---|---|---|---|---|---|
| | **£** | **£** | **£** | **£** | **£** |
| | Audited | Audited | Audited | Audited | Audited |
| Balance at 1 November 2010 | 173,339 | 15,044,217 | 1,130,013 | (9,730,665) | 6,616,904 |
| Loss after tax for the period | - | - | - | (3,990,440) | (3,990,440) |
| Total recognised income and expense for the period | - | - | - | (3,990,440) | (3,990,440) |
| Issue of equity shares | 10,000 | 3,989,822 | - | - | 3,999,822 |
| Share issue expenses | - | (67,250) | - | - | (67,250) |
| Equity-settled share-based payments | - | - | 690,472 | - | 690,472 |
| Balance at 31 October 2011 | 183,339 | 18,966,789 | 1,820,485 | (13,721,105) | 7,249,508 |

| | Share capital | Share premium | Other reserve | Retained loss | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Balance at 1 November 2011 | 183,339 | 18,966,789 | 1,820,485 | (13,721,105) | 7,249,508 |
| Loss after tax for the period | - | - | - | (1,898,906) | (1,898,906) |
| Total recognised income and expense for the period | - | - | - | (1,898,906) | (1,898,906) |
| Equity-settled share-based payments | - | - | 398,092 | - | 398,092 |
| Balance at 30 April 2012 | 183,339 | 18,966,789 | 2,218,577 | (15,620,011) | 5,748,694 |

| | Share capital | Share premium | Other reserve | Retained loss | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Balance at 1 November 2010 | 173,339 | 15,044,217 | 1,130,013 | (9,730,665) | 6,616,904 |
| Loss after tax for the period | - | - | - | (1,830,451) | (1,830,451) |
| Total recognised income and expense for the period | - | - | - | (1,830,451) | (1,830,451) |
| Equity-settled share-based payments | - | - | 362,682 | - | 362,682 |
| Balance at 30 April 2011 | 173,339 | 15,044,217 | 1,492,695 | (11,561,116) | 5,149,134 |

Share capital is the amount subscribed for shares at their nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Other reserve represents the credit to equity in respect of equity-settled share-based payments.

Retained loss represents the cumulative loss of the Company attributable to equity shareholders.

**Notes forming part of the interim financial statements**

**1** ***Significant accounting policies***

*Details of the significant accounting policies are set out below*:

**a** ***Basis of preparation***

The interim results for the six months ended 30 April 2012 are unaudited. The interim results have been drawn up using the accounting policies and presentation consistent with those disclosed and applied in the annual report and accounts for the year ended 31 October 2011. The comparative information contained in the report does not constitute the accounts within the meaning of S240 of the Companies Act 1985 and section 435 of the Companies Act 2006. The accounting policies used in the interim statement are consistent with those used in the financial statements for the year ended 31 October 2011 and are in accordance with International Financial Reporting Standards.

The comparative period from 1 November 2010 to 30 April 2011 has been restated to reverse the previous equity accounting treatment in W2T. This has increased the prior year loss after tax by £4,580.

**b** ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue arising from the provision of services is recognised when and to the extent that the Company obtains the right to consideration in exchange for the performance of its contractual obligations.

**c** ***Development costs***

Development expenditure does not meet the strict criteria for capitalization under IAS38 and has been recognised as an expense.

**d** ***Intangible assets***

Expenditure on research activities is recognised in the income statement as an expense as incurred.
Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets is charged using the straight-line method to administrative expenses over the following period:
Patents 20 years

**e** ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment charges. Depreciation is charged to the income statement within cost of sales and administrative expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|---|---|
| – Leasehold improvements | 1 to 3 years |
| – Fixtures, fittings and equipment | 1 to 3 years |
| – Vehicles | 3 to 4 years |

**f** ***Leases***

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. Operating lease rentals are charged to income in equal annual amounts over the lease term.

**g** ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustment to tax payable in respect of previous years.

Deferred tax assets are not recognised due to the uncertainty of the period over which they will be recovered.

**h** ***Equity-settled share-based payments***

Certain employees (including Directors and senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (‘equity-settled transactions’).

The fair value is determined by an external valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘the vesting date’). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

**i** ***Financial Assets***

All of the Company’s financial assets are loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets at fair value and comprise trade and other receivables and cash and cash equivalents.

## 2 Segmental Analysis

The Company operated in the period in one operating segment, the development of fuel cells, and in two principal geographic areas, the United Kingdom and Europe. Revenue was derived from a customer in the UK and from European grant.

## 3 Taxation

| Recognised in the income statement: | **Six months to 30 April 2012** £ Unaudited | **Six months to 30 April 2011 Re-stated** £ Unaudited | *Year to 31 October* **2011** £ Audited |
|---|---|---|---|
| Research and development tax credit – current year | 201,457 | 156,995 | 354,822 |
| Research and development credit – prior year adjustment | - | - | - |
| Total tax credit | 201,457 | 156,995 | 354,822 |

*Reconciliation of effective tax rates*

| | | | |
|---|---|---|---|
| Loss before tax | (2,100,363) | (1,987,446) | (4,345,262) |
| Domestic rate of corporation tax | 24.8% | 27.7% | 26.7% |
| Tax using domestic rates of corporation tax | 521,590 | 550,523 | 1,160,185 |
| *Effect of:* | | | |
| Expenses not deductible for tax purposes | 172,133 | 102,793 | 186,110 |
| Research and development allowance | (200,113) | (133,126) | (348,630) |
| Research and development tax credit | 201,457 | 156,995 | 354,822 |
| Depreciation in excess of capital allowances | 14,271 | 1,421 | 72,090 |
| Losses surrendered for research and development | 400,227 | 310,626 | 730,217 |
| Other adjustments | - | - | - |
| Unutilised losses carried forward | 135,072 | 267,547 | 520,398 |
| Total tax credit for the period | 201,457 | 156,995 | 354,822 |

## 4 Loss per share

| | **Six months to 30 April 2012** Unaudited | *Six months to 30 April* 2011 Re-stated Unaudited | *Year to 31 October* 2011 Audited |
|---|---|---|---|
| The calculation of the basic loss per share is based on the net loss after tax attributable to the ordinary shareholders of £1,898,906 (30 April 2011: loss of £1,830,451; 31 October 2011: loss of £3,990,440) and a weighted average number of shares in issue for the period 1 November 2011 to 30 April 2012 of 183,338,672 (six months to 30 April 2011: 173,339,207; year to 31 October 2011: 176,559,336). | | | |
| **Loss per share** | (1.04)p | (1.06)p | (2.26)p |

**Diluted loss per share**

The diluted loss per share is the same as the basic loss per share, as the loss for the six months ended 30 April 2012 has an anti-dilutive effect.

## 5 Intangible assets

| | Patents |
|---|---|
| | £ |
| | Unaudited |
| ***Cost*** | |
| At 31 October 2010 | 397,711 |
| Additions | 23,635 |
| At 30 April 2011 | 421,346 |
| Additions | 19,460 |
| At 31 October 2011 | 440,806 |
| Additions | 43,225 |
| At 30 April 2012 | 484,031 |
| | |
| ***Amortisation*** | |
| At 31 October 2010 | 78,860 |
| Charge for the period | 10,261 |
| At 30 April 2011 | 89,121 |
| Charge for the period | 10,808 |
| Impairment | 191,379 |
| At 31 October 2011 | 291,308 |
| Charge for the period | 11,476 |
| At 30 April 2012 | 302,784 |
| | |
| ***Net book value*** | |
| At 30 April 2012 | 181,246 |
| At 30 April 2011 | 332,225 |
| At 31 October 2011 | 149,498 |

## 6 Property, plant and equipment

| | Leasehold improvements | Fixtures, fittings and equipment | Total |
|---|---|---|---|
| | £ | £ | £ |
| | Unaudited | Unaudited | Unaudited |
| ***Cost*** | | | |
| At 31 October 2010 | 184,009 | 1,254,278 | 1,438,286 |
| Additions | 26,025 | 268,274 | 294,299 |
| At 30 April 2011 | 210,033 | 1,522,552 | 1,732,585 |
| Additions | 6,164 | 277,334 | 283,498 |
| Re-classification | - | - | - |
| Disposals | - | - | - |
| At 31 October 2011 | 216,197 | 1,799,886 | 2,016,083 |
| Additions | - | 14,664 | 14,664 |
| At 30 April 2012 | 216,197 | 1,814,552 | 2,030,749 |
| ***Depreciation*** | | | |
| At 31 October 2010 | 157,070 | 648,560 | 805,630 |
| Charge for the period | 10,542 | 160,499 | 171,041 |
| At 30 April 2011 | 167,612 | 809,059 | 976,672 |
| Charge for the period | 10,725 | 174,422 | 185,147 |
| Impairment | - | 30,000 | 30,000 |
| At 31 October 2011 | 178,337 | 1,013,481 | 1,191,819 |
| Charge for the period | 9,574 | 233,750 | 243,324 |
| At 30 April 2012 | 187,911 | 1,247,233 | 1,435,144 |
| ***Net book value*** | | | |
| At 30 April 2012 | 28,286 | 567,318 | 595,604 |
| At 30 April 2011 | 42,422 | 713,493 | 755,915 |
| At 31 October 2011 | 37,860 | 786,404 | 824,264 |

## 7 Trade and other receivables

| | **30 April 2012** | *30 April* 2011 | *31 October* 2011 |
|---|---|---|---|
| | £ | £ | £ |
| | Unaudited | Unaudited | Audited |
| Trade receivables | - | 400 | - |
| Corporation Tax receivable | 556,279 | 415,071 | 354,822 |
| Other receivables | 93,342 | 257,266 | 306,121 |
| Prepayments | 136,864 | 98,562 | 73,741 |
| | 786,485 | 771,299 | 734,684 |

| 8 | Share capital | **30 April 2012** | *30 April* 2011 | *31 October* 2011 |
|---|---|---|---|---|
| | | £ Unaudited | £ Unaudited | £ Audited |
| | *Issued* | | | |
| | 183,338,762 Ordinary shares of 0.1p each | 183,339 | 173,339 | 183,339 |

| 9 | Trade and other payables | **30 April 2012** | *30 April* 2011 | *31 October* 2011 |
|---|---|---|---|---|
| | | £ Unaudited | £ Unaudited | £ Audited |
| | Trade payables | 154,701 | 221,265 | 322,241 |
| | Deferred income | 96,242 | 123,740 | 96,242 |
| | Other payables | 115,074 | 63,562 | 36,075 |
| | Accruals | 32,924 | 80,577 | 71,550 |
| | | 398,941 | 489,144 | 526,109 |

**Post Balance Sheet Events**

On 1 May 2012, the Company received a further £35,995 as the result of the exercise of 715,000 options and 400,000 warrants at a price of 3.13 pence per share. The new shares were admitted for trading on 1 May 2012.

**Related-party Transactions**

During the six months ended 30 April 2012:

- £23,496 (plus VAT) was invoiced by Cornerstone Capital Ltd (a company registered in England & Wales) for services of Simon Hunt as a Director of AFC Energy plc (April 2011: £12,623). Mr Hunt is also a Director and shareholder of Cornerstone Capital Ltd. At 30 April 2012, the sum owing to Cornerstone Capital Ltd was nil (April 2011: £ nil).

- £12,500 (plus VAT) was invoiced by Richards & Appleby Ltd (a company registered in England & Wales) for services of Mitchell Field as a Director of AFC Energy plc (April 2011: £2,083). Mr Field is also a Director and shareholder of Richards & Appleby Ltd. At 30 April 2012, the sum owing to Richards & Appleby Ltd was £2,083 (April 2011: £2.083).

- £40,379 (plus VAT) was invoiced by Hudson Raine Ltd (a company registered in England & Wales) for services including David Marson as a Director of AFC Energy plc (April 2011: £46,826). Mr Marson is also a Director and shareholder of Hudson Raine Ltd. At 30 April 2012, the sum owing to Hudson Raine Ltd was £7,742 (April 2011: £14,263).

- £62,000 (plus VAT) was invoiced by Cranwood Management Ltd (a company registered in England & Wales) for consultancy services (April 2011: £89,000). The company is owned by Adam White. Members of Mr White's family are nominated beneficiaries of the Age of Reason Foundation, which is a major shareholder in the Company. At 30 April 2012, the sum owing to Cranwood Ltd was nil (April 2011: £19,000)

- £13,400 (ex VAT) was invoiced by Locana Corporation Ltd (a company registered in England & Wales) for consultancy services (April 2011: £ nil). Mr Tim Yeo is a Director and shareholder of Locana Corporation Ltd. At 30 April 2012, the sum owing to Locana Corporation Ltd was nil (April 2011: £nil).

- £152,500 was received from Waste2Tricity (a company registered in England & Wales) in full repayment, with associated interest, of a loan made to Waste2Tricity Ltd ("W2T") in 2009. A further £150,000 was received as the first instalment of a non-refundable appointment fee of £1 million payable under the terms of a Commercialisation Agreement with W2T announced on 11 April 2012. The Company owns a 25% share of Waste2Tricity. The Shareholders in Waste2Tricity include Adam White, Eturab Corporation and Ian Balchin. Members of the White family are nominated beneficiaries of the Age of Reason Foundation. Both the Age of Reason Foundation and Eturab Corporation are substantial Shareholders in AFC Energy. Ian Balchin's shareholding in Waste2Tricity was granted in lieu of payment for work done for Waste2Tricity before he was employed by AFC Energy.

**Publication of Non-Statutory Accounts**

The financial information contained in this interim statement does not constitute accounts as defined by the Companies Act 2006. The financial information for the preceding period is based on the statutory accounts for the year ended 31 October 2011. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

Copies of the interim statement may be obtained from the Company Secretary, AFC Energy PLC, Unit 71.4 Dunsfold Park, Cranleigh, Surrey GU6 8TB, and can be accessed from the company's website at www.afcenergy.com.