25 June 2014

AFC Energy PLC

("AFC Energy", “AFC” 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 2014.

Highlights

- Signed up Air Products as strategic partner for Power-Up, the 0.5MW project in Germany
- £1.2 million, non-refundable licence agreed with Waste2Tricity International (Thailand) Ltd
- First order for a fuel cell received from Powerhouse Energy Group plc (PHE)
- MOU signed to accelerate fuel cell uptake in Thailand
- MOU signed with Allied New Technologies, Florida
- Hazard and Operability Study (HAZOP) for KORE system completed by Foster Wheeler
- KORE system components on order
- Cash balance at 30 April 2014: £4.96 million (30 April 2013: £8.90 million)

Post period achievements

- Commenced assembly of the first KORE system
- Permitting required for site integration at Air Products, Stade has begun

Tim Yeo, Chairman of AFC Energy, commented: “AFC Energy has reached a milestone in its lifecycle and is moving rapidly from R&D to the production of a large-scale commercial product for the generation and supply of electricity to industry. The Company is focused on the successful delivery of its flagship Power-Up project and aligning the outcomes of the project with a clearly defined commercialisation programme aimed at South East Asia and the chlor-alkali sectors where hydrogen is readily available as a surplus clean fuel source.

“Interest levels in our low cost fuel cell system can be demonstrated by the number, breadth and standing of the organisations with whom we are now engaged. We are active worldwide and are in ongoing dialogue with several prospective partners that should see the debut of AFC Energy’s fuel cell across several locations in the short to medium term.”

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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 platinum free, advanced 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

AFC Energy continued to implement a twin-track strategy aimed at ongoing optimisation of its fuel cell's operating performance while further advancing the Company's commercial project pipeline. Solid progress was made to gear up towards the rollout of the Power-Up project at Stade, in northern Germany with balance-of-plant (BoP) for our first commercial system – the 'KORE' – moving to construction phase and due for completion later this year, as planned. In parallel work continued apace at our headquarters in Dunsfold, Surrey with the partial automation of our fuel cell volume production process which dramatically improves scale, productivity and efficiency of our manufacturing capability.

As announced previously, the start of Power Up – which is supported by the EU – was delayed by the decision to change our partners from ICL to Air Products. Ultimately the change has put us in a much stronger position to develop the KORE in one of our target international markets. Importantly, AFC has engaged other world-class partners to help deliver this project and the KORE. One of them – Foster Wheeler – completed its initial HAZOP study in December 2013 validating our design concepts and facilitating this next stage of development.

The project is now in full flow with components being delivered to Dunsfold for the first KORE system. Onsite in Germany we have completed all preparation works. Our pipeline connection to the Air Products hydrogen system is planned for the third quarter and we are in the middle of permitting discussions for the structures we require. Our partner for final delivery of the project is at the selection stage. So, although it may have been a slow start, we are now very much firing on all cylinders to get the first KORE BoP completed. This is expected at the end of 2014.

The Company views its prime geographic focus as South East Asia with strong interest from Thailand, South Korea and Singapore. There is clearly a very high demand for our type of fuel cell, amongst others, and the appetite for fuel cells dwarfs other world markets. We expect to begin taking our initial orders in this region over the next six month period.

Our low-cost production facility for the electrodes has continued to perform well with a steady increase in volumes. The Power-Up project, in particular, will see the need for increased fuel cell numbers via (eventually) in-line production as well as more automated processes for assembly. We have now taken receipt of our automated extruder, which will be integral to the production of over 100 cells in each stack and our robot is ready and waiting at its manufacturer, GB Innomech, to ensure accurate assembly. We expect our 'semi-automated' production line to be operating in the third quarter.

While South East Asia is our primary market of focus at present, given the supportive regulatory and fiscal environments afforded in the region, there has been good progress in other areas as well. We have made our first move into the US market with a Memorandum of Understanding (MOU) with Allied New Technologies to assess the capability of using fuel cells with stored hydrogen – a by-product at one of their chlor-alkali production facilities.

We have continued to expand our partnership with Waste2tricity (W2T), where we own a 23% stake, and have entered into a commercialisation agreement with Waste2Tricity International (Thailand) Ltd, (a wholly owned subsidiary of W2T) and granted them exclusive long term rights for the application of our technology to the waste-to-energy market in Thailand. Under the terms of the agreement, AFC Energy will receive a non-refundable appointment fee of £1.2 million payable in stages over four years.

In addition, an MOU was signed between AFC Energy, Waste2Tricity International (Thailand) Ltd and Alter NRG Corporation to advance a number of large scale energy-from-waste (EfW) projects in Thailand, to investigate ways to assemble fuel cells in Thailand, to reduce the timeline of fuel cells being integrated into waste plants, and to lobby the Thai government for fuel cell incentives.

Our work on EfW projects has shown the real need for an alternative solution to existing waste solutions and technology. W2T continues to drive forward into different countries and we do expect further licence fees to materialise as projects are identified.

Finally and importantly, we announced our first order (for the Beta+ fuel cell test system) from Powerhouse Energy, the waste-to-energy systems company, which will be delivered when PHE's facility comes onstream. The system will be utilised, together with PHE's ultra-high temperature gasification technology, with hydrogen extracted from the produced syngas being passed through AFC's fuel cell test system to generate clean energy. AFC Energy will receive £150,000 from PHE for the supply of its Beta+ fuel cell test system with a deposit of £50,000 paid in the form of PHE shares and the balance becoming payable after delivery. The system will consist of two fuel cell cartridges with further cartridges, additional maintenance or potential increases in capacity being provided for an additional fee.

Intellectual property

The Company's patent portfolio continues to grow. As we have been developing our larger system we have been able to identify a number of novel concepts which warrant protection. Our patents around the cartridge itself continue to increase and become more specific as we focus on other parameters which affect the longer term performance of our fuel cells. The Company currently has 30 families of patent applications.

Management and Board

There was one change during the period - in November 2013 - when Ian Balchin stepped down from the Board to pursue other personal business interests. After the period-end, Jane Dumeresque, our Finance Director, also decided to step down to pursue other interests and the Company is in the process of recruiting her replacement.

Outlook

AFC Energy has reached a milestone in its lifecycle and is moving rapidly from R&D to the production of a large-scale commercial product for the generation and supply of electricity to industry. The Company is focused on the successful delivery of its flagship Power-Up project and aligning the outcomes of the project with a clearly defined commercialisation programme aimed at South East Asia and the chlor-alkali sectors where hydrogen is readily available as a surplus clean fuel source.

Excellent technical progress continued to be made even as a tight grip on costs was maintained over the period. The implementation of a semi-automated fuel cell manufacturing process will transform our production capabilities, improving efficiencies, volumes and quality control, while reducing the cost base of the technology.

Interest levels in our low cost fuel cell system can be demonstrated by the number, breadth and standing of the organisations with whom we are now engaged. We are active worldwide and are in ongoing dialogue with several prospective partners that should see the debut of AFC Energy's fuel cell across several locations in the short to medium term.

Tim Yeo

Chairman

25 June 2014

Financial Review

During the six months to 30 April 2014, post-tax losses were £2.16 million (30 April 2013; £2.34 million). In the period, the Company continued to recognise income from its commercialisation agreement with W2T and Waste2Tricity International (Thailand) Ltd and grant income under the European Framework Programme 7 for Laser-cell, Power Up, and Alkammonia projects, and the TSB CleanComm project. Direct labour and material costs associated with these projects were recognised in cost of sales.

Administrative expenses plus cost of sales rose by £0.62 million as a consequence of the further strengthening of the Company's technical and manufacturing teams and the creation of the infrastructure to support the scale up to commercial manufacture.

In accordance with company policy where warrants/options are cancelled and will not vest an amount is credited back to reserves. During the period £0.35 million was credited back which resulted in a credit for the period of £0.2 million (2013: debit £0.38 million)

The net cash outflow in the six months to 30 April 2014 was £2.00 million (30 April 2013: £2.03 million) reflecting the Company's careful control of operating and capital costs, and the receipt of the R&D tax credit.

The cash balance at 30 April 2014 was £4.96 million (30 April 2013 £8.90 million).

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

Statement of Comprehensive Income

For the period ended 30 April 2014

	Note	Six months to 30 April 2014 £ Unaudited	Six months to 30 April 2013 £ Unaudited	Year to 31 October 2013 £ Audited
Revenue		455,702	101,374	759,441
Cost of sales		(566,097)	(38,362)	(542,924)
Gross profit/(loss)		(110,395)	63,012	216,517
Other Income		1,332	-	8,990
Administrative expenses		(2,182,065)	(2,680,266)	(4,842,468)
Analysed as:				
Administrative expenses		(2,391,227)	(2,295,393)	(4,459,053)
Equity-settled share-based payments		209,162	(384,873)	(383,415)
Operating loss		(2,291,128)	(2,617,254)	(4,616,961)
Financial income		43,367	60,964	114,374
Share of profit/(loss) of Associate		-	-	-
Loss before taxation		(2,247,761)	(2,556,290)	(4,502,587)
Taxation	**3**	91,543	214,252	365,939
Loss for the financial year and total comprehensive loss attributable to owners of the Company		(2,156,218)	(2,342,038)	(4,136,648)
Basic loss per share	**4**	(0.97)p	(1.08)p	(1.88)p

All amounts relate to continuing operations. ,

Statement of Financial Position

As at 30 April 2014

	Note	Six months to 30 April 2014 £	Six months to 30 April 2013 £	Year to 31 October 2013 £
Assets		Unaudited	Unaudited	Audited
Non-current assets				
Intangible assets	**5**	213,958	249,801	180,733
Property, plant and equipment	**6**	792,650	713,984	858,806
Investment in associate		52,500	2,500	52,500
		1,059,108	966,285	1,092,039
Current assets				
Inventory and work in progress		143,098	117,224	174,469
Trade and other receivables	**7**	1,276,594	993,218	1,717,808
Cash and cash equivalents		4,962,291	8,899,139	6,961,338
		6,381,983	10,009,581	8,853,615
Total assets		7,441,091	10,975,866	9,945,654
Capital and reserves attributable to owners of the Company				
Equity attributable to shareholders				
Share capital	**8**	223,375	221,449	223,325
Share premium		27,567,923	27,360,501	27,566,408
Other reserves		2,583,342	2,793,962	2,792,504
Retained deficit		(23,808,296)	(19,862,468)	(21,652,078)
Total equity		6,566,344	10,513,444	8,930,159
Current liabilities				
Trade and other payables	**9**	874,747	462,422	1,015,495
Total equity and liabilities		7,441,091	10,975,866	9,945,654

Cash flow statement

For the period ended 30 April 2014

	Six months to 30 April	Six months to 30 April	Year to 31 October
	2014	**2013**	**2013**
	£	**£**	**£**
	Unaudited	Unaudited	Audited
Cash flows from operating activities			
Loss before tax for the period	(2,247,761)	(2,556,290)	(4,502,587)
Adjustments for:			
Depreciation and amortisation	163,985	243,193	464,432
Impairment of plant and equipment	-	-	-
Impairment of intangible assets	-	-	118,314
Equity-settled share-based payment expenses	(209,162)	384,873	383,415
Finance income	(43,367)	(60,964)	(114,374)
Cash flows from operating activities before changes in working capital and provisions	(2,336,305)	(1,989,188)	(3,650,800)
Corporation tax received	361,174	-	-
Decrease/(increase) in trade and other receivables	171,583	(70,742)	(674,421)
Decrease/(increase) in Inventory and WIP	31,371	(20,982)	(47,450)
(Decrease)/increase in trade and other payables	(140,748)	24,713	577,786
Cash absorbed by operating activities	(1,912,925)	(2,056,199)	(3,794,885)
Cash flows from investing activities			
Purchase of plant and equipment	(92,413)	(123,096)	(471,292)
Increase in Investment	-	-	(50,000)
Acquisition of patents	(38,641)	(56,025)	(123,136)
Interest received	43,367	60,964	114,374
Net cash absorbed by investing activities	(87,687)	(118,157)	(530,054)
Cash flows from financing activities			
Proceeds from the issue of share capital	1,565	138,045	350,828
Cost of issue of share capital	-	-	-
Net cash from financing activities	1,565	138,045	350,828
Net (decrease)/increase in cash and cash equivalents	(1,999,047)	(2,036,311)	3,974,111
Cash and cash equivalents at start of the period	6,961,338	10,935,449	10,935,449
Cash and cash equivalents at the end of the period	4,962,291	8,899,138	6,961,338

Statement of Changes in Equity

As at 30 April 2014

	Share capital £ Audited	Share premium £ Audited	Other reserve £ Audited	Retained loss £ Audited	Total £ Audited
Balance at 1 November 2012	217,299	27,221,606	2,409,089	(17,515,430)	12,332,564
Loss after tax for the period	-	-	-	(4,136,648)	(4,136,648)
Total recognised income and expense for the period	-	-	-	(4,136,648)	(4,136,648)
Issue of equity shares	6,026	344,802	-	-	350,828
Equity-settled share-based payments	-	-	383,415	-	383,415
Balance at 31 October 2013	223,325	27,566,408	2,792,504	(21,652,078)	8,930,159

	Share capital £ Unaudited	Share premium £ Unaudited	Other reserve £ Unaudited	Retained loss £ Unaudited	Total £ Unaudited
Balance at 1 November 2013	223,325	27,566,408	2,792,504	(21,652,078)	8,930,159
Loss after tax for the period	-	-	-	(2,156,218)	(2,156,218)
Total recognised income and expense for the period	-	-	-	(2,156,218)	(2,156,218)
Issue of equity shares	50	1,515	-	-	1,565
Equity-settled share-based payments	-	-	(209,162)	-	(209,162)
Balance at 30 April 2014	223,375	27,567,923	2,583,342	(23,808,296)	6,566,344

	Share capital £ Unaudited	Share premium £ Unaudited	Other reserve £ Unaudited	Retained loss £ Unaudited	*Total £ Unaudited*
Balance at 1 November 2012	217,299	27,221,606	2,409,089	(17,515,430)	*12,332,564*
Loss after tax for the period	-	-	-	(2,342,038)	(2,342,038)
Total recognised income and expense for the period	-	-	-	(2,342,038)	(2,342,038)
Issue of equity shares	4,150	138,895	-	-	143,045
Share issue expenses	-	(5,000)	-	-	(5,000)
Equity-settled share-based payments	-	-	384,873	-	384,873
Balance at 30 April 2013	221,449	27,355,501	2,793,962	(19,857,468)	10,513,444

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/debit 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 2014 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 2013. 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 2013 and are in accordance with International Financial Reporting Standards.

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. Licence income is recognised in accordance with the substance of the agreement. When a licence has the right to use certain technology for a period of time, this is usually recognised on a straight-line basis over the life of the agreement in accordance with IAS 18. Revenue based grants are recognised in the profit and loss account in the same period as the expenditure to which the grant relates.

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 the Income Statement on a straight-line basis 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***

The Company awards share options and warrants to certain Directors and employees to acquire shares of the Company.

The fair value of options and warrants granted is recognised as an employee expense with a corresponding increase/decrease in equity.

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.

3	**Taxation**	**Six months to 30 April 2014**	**Six months to 30 April 2013**	*Year to 31 October* **2013**
		£	£	£
	Recognised in the income statement:	Unaudited	Unaudited	Audited
	Research and development tax credit – current year	91,543	214,252	365,939
	Research and development credit – prior year adjustment	-	-	-
	Total tax credit	91,543	214,252	365,939
	Reconciliation of effective tax rates			
	Loss before tax	(2,247,761)	(2,566,290)	(4,502,587)
	Domestic rate of corporation tax	23%	23.8%	23.42%
	Tax using domestic rates of corporation tax	(516,985)	(608,397)	(1,054,506)
	Effect of:			
	Expenses not deductible for tax purposes	49,302	92,525	126,099
	Research and development enhanced deduction	(106,338)	(463,563)	(432,843)
	Research and development tax credit	91,543	214,252	365,939
	Depreciation in excess of capital allowances	(2,267)	16,898	3,642
	Losses surrendered for research and development	191,408	463,562	779,117
	Other adjustments	-	-	-
	Unutilised losses carried forward	384,880	498,975	578,491
	Total tax credit for the period	91,543	214,252	365,939

4	**Loss per share**	**Six months to 30 April**	*Six months to 30 April*	*Year to 31 October*
		2014	2013	2013
		Unaudited	Unaudited	Audited
	The calculation of the basic loss per share is based on the net loss after tax attributable to the ordinary shareholders of £2,156,218 (30 April 2013: loss of £2,342,038; 31 October 2013: loss of £4,136,648) and a weighted average number of shares in issue for the period 1 November 2013 to 30 April 2014 of 223,325,459 (six months to 30 April 2013: 217,861,421; year to 31 October 2012: 220,570,011).			
	Loss per share	(0.97)p	(1.08)p	(1.88)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 2014 has an anti-dilutive effect.

5 Intangible assets

	Patents
	£
	Unaudited
Cost	
At 31 October 2012	514,762
Additions	56,025
At 30 April 2013	570,787
Additions	67,111
At 31 October 2013	637,898
Additions	38,641
At 30 April 2014	676,539
Amortisation	
At 31 October 2012	307,250
Charge for the period	13,737
At 30 April 2013	320,987
Charge for the period	17,864
Impairment	118,314
At 31 October 2013	457,165
Charge for the period	5,416
At 30 April 2014	462,581
Net book value	
At 30 April 2014	213,958
At 30 April 2013	249,801
At 31 October 2013	180,733

6	Property, plant and equipment	Leasehold improvements	Fixtures, fittings and equipment	Motor Vehicles	Total
		£	£	£	£
		Unaudited	Unaudited	Unaudited	Unaudited
	Cost				
	At 31 October 2012	216,197	2,238,469	-	2,454,666
	Additions	5,315	117,781	-	123,096
	At 30 April 2013	221,512	2,356,250	-	2,577,762
	Additions	-	337,701	10,495	348,196
	At 31 October 2013	221,512	2,693,951	10,495	2,925,958
	Additions	51,364	41,049	-	92,413
	At 30 April 2014	272,876	2,735,000	10,495	3,018,371
	Depreciation				
	At 31 October 2012	196,578	1,437,743	-	1,634,321
	Charge for the period	9,029	220,427	-	229,456
	At 30 April 2013	205,607	1,658,170	-	1,863,777
	Charge for the period	7,450	189,220	6,705	203,375
	At 31 October 2013	213,057	1,847,390	6,705	2,067,152
	Charge for the period	10,185	146,636	1,748	158,569
	At 30 April 2014	223,242	1,994,026	8,453	2,225,721
	Net book value				
	At 30 April 2014	49,634	740,974	2,042	792,650
	At 30 April 2013	15,905	698,080	-	713,984
	At 31 October 2013	8,455	846,561	3,790	858,806

7	Trade and other receivables	**30 April 2014**	*30 April* 2013	*31 October* 2013
		£	£	£
		Unaudited	Unaudited	Audited
	Trade receivables	6,300	9,600	7,200
	Corporation Tax receivable	457,338	575,281	726,969
	Other receivables	812,956	408,337	983,639
		1,276,594	993,218	1,717,808

8	**Share capital**	**30 April 2014**	*30 April* 2013	*31 October* 2013
		£ Unaudited	£ Unaudited	£ Audited
	Issued			
	223,374,907 Ordinary shares of 0.1p each	223,375	221,449	223,325

9	**Trade and other payables**	**30 April 2014**	*30 April* 2013	*31 October* 2013
		£ Unaudited	£ Unaudited	£ Audited
	Trade payables	338,729	176,856	569,227
	Deferred income	126,039	34,048	68,744
	Other payables	219,590	182,736	116,248
	Accruals	190,389	68,782	261,276
		874,747	462,422	1,015,495

Related-party Transactions

During the six months ended 30 April 2014:

- £3,800 (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 2013: £12,500). Mr Field is also a Director and shareholder of Richards & Appleby Ltd. At 30 April 2014, the sum owing to Richards & Appleby Ltd was £2,850 (April 2013: £2,083).

- £78,000 (plus VAT) was invoiced by Cranwood Management Ltd (a company registered in England & Wales) for consultancy services (April 2013:£ 72,000). 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 2014, the sum owing to Cranwood Ltd was £nil (April 2013: £nil)

- £20,100 (ex VAT) was invoiced by Locana Corporation Ltd (a company registered in England & Wales) for consultancy services (April 2013: £ 16,750). Mr Tim Yeo is a Director and shareholder of Locana Corporation Ltd. At 30 April 2014, the sum owing to Locana Corporation Ltd was £3,350 (April 2013: £2,792).

- £4,400 was invoiced by Eugene Tenenbaum for services as a Director of AFC Energy plc (April 2013: £6,222). At 30 April 2014, the sum owing to Eugene Tenenbaum was £733 (April 2013: £1,667).

- £4,400 was invoiced by Eugene Shvidler for services as a Director of AFC Energy plc (April 2013: £6,222). At 30 April 2014, the sum owing to Eugene Shvidler was £733 (April 2013: £1,667).

- £11,117 was invoiced by Linc Energy Ltd (a company registered in Australia) for the services of Adam Bond as Director of AFC Energy plc (April 2013: £10,000). Linc Energy Ltd is a major shareholder in the Company. At 30 April 2014 the amount owing to Linc Energy Ltd was £3,334 (April 2013: £1,667).

- £5,700 (plus VAT) was invoiced by John Sunderland Associates Ltd (a company registered in England & Wales) for the services of Sir John Sunderland as a Director of AFC Energy plc (April 2013: £12,500). Sir John Sunderland is also a Director and Shareholder of John Sunderland Associates Ltd. At 30 April 2014, the sum owing to John Sunderland Associates Ltd was £950 (April 2013: £2,083).

- £9,327 (plus VAT) was invoiced by Stellar Accountants Ltd (a company registered in England & Wales) for accountancy and bookkeeping services (April 2013: £6,870). Mrs Pauline Williamson, wife of Ian Williamson, is a Director and Shareholder of Stellar Accountants Ltd. At 30 April 2014, the sum owing to Stellar Accountants Ltd was £235 (April 2013: £nil).

-£1,298 (plus VAT) was invoiced by Chelsea Football Club for the provision of facilities for the Company's AGM (2013: £1,271). Eugene Tenenbaum is also a Director of Chelsea Football Club. At 30 April 2014, the sum owing to Chelsea Football Club was £642 (April 2013: £639).

- £155,000 was received from Waste2Tricity Ltd (a company registered in England & Wales) in respect of licence fees. The Shareholders in Waste2Tricity Ltd include Age of Reason Foundation, Adam White, Eturab Corporation, Ervington Investments and Ian Balchin. Members of the White family are nominated beneficiaries of the Age of Reason Foundation. The Age of Reason Foundation, Eturab Corporation and Ervington Investments are substantial Shareholders in the Company. Ian Balchin's shareholding in W2T was granted in lieu of payment for work done for W2T before he was employed by the Company. At 30 April 2014, the sum owing from Waste2Tricity Ltd was £nil (April 2013: £nil).

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 2013. 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.