RNS

24 September 2014

**Camco Clean Energy plc**

**("Camco Clean Energy" or the "Company")**

**Interim Results 2014**

Camco Clean Energy plc (AIM: CCE), the clean energy and energy storage company, today announces its results for the six months to 30 June 2014.

**Highlights:**

- Signing of manufacturing agreement with Jabil Circuit Inc. ("Jabil") and REDT Clean Energy Storage ("REDT")
  - On track to deliver first customer units in Q1 2015
- Africa Clean Energy business jointly appointed as investment advisor to the prestigious Green Africa Power LLP ("GAP") fund
- Two operating US biogas assets continue to perform well
- Portfolio of US carbon credits delivering in 2014 as anticipated with further additional deliveries expected before the end of the year providing a useful contribution to cash flow
- Significantly reduced net loss of €1.0m (H1 2013: net loss €2.7m), result comfortably ahead of management expectations
- Cash and cash equivalents of €3.0m (FY 2013: €4.5m) not including the proceeds of €1.9m received in July 2014 from the placing and open offer
- Revenue earned in the period of €4.8m (H1 2013: €5.0m) and gross profit of €2.5m (HY 2013: €2.5m) reflecting an increase from US activities including the Twin Falls Facility acquired at the end of 2013 and the start of the refocusing of the Africa activities towards higher margin activity

**Scott McGregor, CEO of Camco Clean Energy, said**:

"*This has been a period of considerable transformation for Camco. Our commercial developments in 2014 have so far exceeded the upper end of our expectations and our three business units have very exciting prospects. We look forward to the future with a high degree of confidence and are very excited about the opportunities in the pipeline. We will continue to focus on a tight control of costs so that the growth we anticipate from our core businesses flows through to results for the benefit of all shareholders."*

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**Chief Executive's Review**

*OVERVIEW*

We are very pleased with the corporate developments achieved in 2014 and we are excited about the prospects for all three of our core business units.

The signing of the manufacturing agreement with Jabil Circuit Inc. has given our REDT Storage business the cost effective manufacturing platform required to achieve volume commercial sales and we look forward to the first customer units being delivered in Q1 next year.

During the period our Africa Clean Energy business was jointly appointed as investment advisor to the prestigious GAP fund and a number of projects are under evaluation. We are actively looking at adding further complementary mandates to build on our over 25 years' expertise in the region and sector, enhancing our position as a leading manager in that area.

In addition, our two operating US biogas assets continue to perform well. In particular the Twin Falls Facility is trading well ahead of the Board's expectations at the time of acquisition at the end of 2013. Finally, our portfolio of US carbon credits are delivering in 2014 as anticipated with further additional deliveries expected before the end of the year, providing a contribution to cash flow.

We have recorded a significantly reduced loss as a result of tight cost control, a full period of income from the Jerome and Twin Falls Facilities, and a contribution from the legacy CER Carbon Business.

*FINANCIAL HIGHLIGHTS for the period ending 30 June 2014*

| | **Unaudited H1 2014** | **Unaudited H1 2013** | **Audited FY 2013** |
|---|---|---|---|
| | **€'m** | **€'m** | **€'m** |
| Revenue | 4.8 | 5.1 | 12.3 |
| Gross Profit/(loss) | 2.5 | 2.5 | 7.0 |
| Administrative expenses | (3.4) | (4.8) | (9.3) |
| Results from operating activities | (1.0) | (2.7) | (3.7) |
| Total comprehensive income | (1.0) | (2.8) | (3.8) |

- Significantly reduced net loss of €1.0m (H1 2013: net loss €2.7m); result comfortably ahead of management expectations.
- Cash and cash equivalents of €3.0m (FY 2013: €4.5m) not including the proceeds of €1.9m received in July 2014 from the placing and open offer.
- Revenue earned in the period of €4.8m (H1 2013: €5.0m) and gross profit of €2.5m (HY 2013: €2.5m) reflecting an increase from US activities including the Twin Falls Facility acquired at the end of 2013 and the start of the refocusing of the Africa activities towards higher margin activity (e.g. the recently announced investment advisory mandate for GAP), the benefits of which will start to come through in the second half of 2014.
- Administration expenses across the Group reduced to €3.4m (HY 2013: €4.8m). Administration expenses include depreciation on the Jerome and Twin Falls facilities of €0.5m (H2 2013: €0.4m solely in respect to the Jerome Facility).

*2014 OPERATIONAL HIGHLIGHTS*

- REDT* Clean Energy Storage

    - Manufacturing agreement (the “Agreement”) signed with Jabil, one of the world's leading manufacturing solutions companies. Agreement provides a scale manufacturing capability that enables REDT to accelerate its market deployment plans and expects to be in a position to commence commercial sales in the near future. Jabil contracted detailed technical due diligence, patent rights protection and market demand research on REDT’s product prior to entering into the Agreement.
    - Completion of the concept design of production optimised range of REDT products. The modular production range will allow REDT to provide systems for customers across multiple storage applications from 5kW to 5MW power batteries and from three hours to 12 hours of stored energy.
    - Production of the units for the Gigha 1.26MWh contract has been moved to Jabil's manufacturing facility and the product design changed from a bespoke building design to seven 15kW-180kWh containerised units. The change in design has significant advantages for the project and also allows REDT to accelerate the commoditisation of its large scale product range, a process which could otherwise have taken up to two years.
    - Supply materials have been ordered for the first ten customer production 5-30kWh units.
- Africa Clean Energy
    - Jointly selected by GAP as Investment Advisors for an African renewables investment fund following a highly competitive process
    - Growing pipeline of similar complementary activities giving confidence that alongside GAP, the business can be transitioned towards higher margin activity validating Camco Clean Energy's extensive experience in the African renewables sector.
- US Clean Energy
    - Twin Falls Facility (acquired in December 2013) trading ahead of forecasts made at the time of acquisition; Jerome Facility also performing to expectations.
    - Portfolio of agricultural methane methodology carbon credits (“CCOs”) starting to issue in volume with further material issuances expected in the second half of the year

* Camco Clean Energy plc, on a fully diluted basis, has an economic interest of 49% in REDT.

*OUTLOOK*

We look forward to the future with a high degree of confidence and are very excited about the opportunities in the pipeline. We will continue to focus on a tight control of costs so that the growth we anticipate from our core businesses flows through to results for the benefit of all shareholders.

**Financial Review**

**Change in segmentation for presentation of financial results**
To reflect the change in focus of the business since the completion of the restructuring at the end of 2013, the Group reports these results in new segments being US Activities, Africa Activities, REDH (CCE) Activities and Group. The segments are described in more detail in the relevant sections below.

**Overall Group result**
The Group reported a significantly reduced total comprehensive loss of €1.0m (H1: loss of €2.8m) which was principally due to a fall in administration expenses of €1.5m from H1 2013 to H1 2014.

Gross profit remained at €2.5m (H1 2013: €2.5m) and €7.0m in FY 2013) after an increase in income from US Activities, a reduction from Africa Activities and a only small decrease in Group Activities notwithstanding that the income generating element of Group Activities was effectively in hibernation in H1 2014 (as opposed to being active in H1 2013).

**US Activities segment**
The US Activities segment comprises our US Clean Energy projects business (being the Jerome Facility and Twin Falls facility), the US Carbon activities as well as the wider US project development activities.

*US Clean Energy projects business*

Revenue for the Jerome Facility was €1.03m (HY 2013: €0.92m excluding a one-off receipt received in 2013 of €0.3m in connection with the 2012 operation of the facility) and other income was €0.14m (HY 2013: €0.15m) reflecting the amortisation of deferred income in connection with the grant received in 2012. Cost of sales were €0.40m (HY 2013: €0.41m). Administration expenses were €0.53m (HY 2013: €0.55m) which includes depreciation of €0.43m (HY 2013: €0.45m). Interest expense for the period was €0.37m (HY 2013: €0.39m).

We were extremely pleased with the operation of the Twin Falls Facility with revenue being €0.43m in the first six months of our ownership. Cost of sales were €0.24m and administration expenses were €0.12m which includes depreciation of €0.06m.

As with 2013, we do continue to expect to see seasonality in the revenue from power generated from the Jerome facility with the second half of the year benefiting from the higher prices set out in the power purchase agreement. We also anticipate this being the case with the Twin Falls Facility.

Interest paid on the outstanding loan balance secured against the Jerome Facility was €0.37m (H1 2013: €0.4m) and amortization reduced to €0.10m (H1 2013 €0.19m) increasing the net cash generated by the facility.

*US Carbon*

The US Carbon business recorded revenues of €0.86m (H1 2013 €nil) and cost of sales of €0.45m (H1 2013 €nil) giving a gross profit of €0.41m.This revenue derives from the sale of credits delivered from the agricultural methane projects issued under the California Program (California Carbon Offsets - "CCOs").

As we referred to in our annual results, the CCOs under the agricultural methane methodology only started to be issued as CCOs towards the end of the second half of 2013 with the majority of our agricultural methane methodology credits having not had CCOs issued by the end of 2013. As we anticipated, such issuances have started to occur in H1 2013 and we have already been notified of further material issuances in H2 2014. Our policy remains to sell CCOs when they are issued and where possible lock-in in advance prices to mitigate potential CCO risk.

**Africa Activities segment**

The Africa Activities segment contains the clean energy consulting operation in Africa as well as the costs associated with setting up the recently won GAP mandate (with associated income from H2 2014).

The Africa Clean Energy Consulting business includes the five Group offices in Africa, the principle ones being Dar es Salaam (Tanzania), Johannesburg (South Africa) and Nairobi (Kenya).

Revenue for the period was €0.81m (H1 2013: €1.73m) and cost of sales were €0.33m (H1 2013: €0.85m). Administration expenses were €0.65m (H1 2013: €0.73m). In addition, there was a write back of a tax provision of €0.68m. At the end of the year, the Africa Clean Energy Consulting business had work in progress of €0.7m (FY 2013: €0.5m), deferred income of €0.1m (FY 2013: €0.2m) and direct project cost accruals of €0.2m (FY 2013: €0.2m). The major portion of the work in progress balance was received in cash by the end of August 2014.

The H1 2014 administration expenses include internal costs of c€0.1m incurred in refocusing the Africa activities towards higher margin activity (e.g. the recently announced investment advisory mandate for GAP which was secured in the first half of the year). Revenue will be earned in H2 2014 and beyond from these activities.

**REDH (CCE) segment**

The REDH (CCE) Activity reflects the portion of the Group's overhead spent on managing the REDH business.

In H1 2013 and FY 2013, the Group did not directly allocate internal cost to this activity and the prior year comparative numbers reflect limited external costs incurred and typically recovered from REDH.

However, as a result of the increasing focus on, and importance of, REDH, significant additional time and resource is being dedicated to this business. This segment reflects such internal cost but does not take account of the actual trading activities of REDH itself.

**Group segment**

The Group segment reflects the remaining Group costs as well as the legacy carbon business from which to date we have still been able to generate income and cash flow to help offset the overhead activities.

This segment recorded a gross profit of €0.74m (H1 2013: €0.56m) on revenues of €1.61m (H1 2013: €1.83m). This reflects income from our hibernated CDM carbon business and the EU ETS compliance services business.

Administration expenses were €0.89m (H1 2013: €2.61m) which in part reflects certain of these costs now being allocated to the REDT (CCE) Segment but the majority of the difference from strict cost control.

**Share of income from REDH**

For H1 2014, REDH recorded revenues of €1.15m with cost of sales of €0.74m leading to a gross profit of €0.41m. Administration expenses were €0.33m leading to a net profit if €0.07m. The Group's share of this profit is €0.04m. This income and activity reflect the work being done principally on the1.26MWh utility storage facility contract on the island of Gigha which is expected to continue until June 2015.

**Cash and cash equivalents**

At 30 June 2014, the Group had cash and cash equivalents of €3.0m (FY 2013: €4.5m) and no unsecured loans (FY 2013: €Nil).

This balance includes cash held in a debt reserve account in relation to the Jerome Facility of €1.175m (FY 2013: €1.0m) which is not available to the Group for general working capital purposes.

The key movements in cash during H1 2014 were: the repayment of borrowings (€0.1m); receipt from disposal of plant, property & equipment (€0.1m); interest paid (€0.4m); and cash absorbed from operations (€1.1m).

## Consolidated Statement of Financial Position

***at 30 June 2014***

| | Note | H1 2014 (unaudited) €'000 | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | | **15,327** | 15,496 | 15,581 |
| Intangible assets – carbon in specie | | **-** | 320 | - |
| Investments in associates and joint ventures | | **2,636** | 2,713 | 2,576 |
| Other investments | | **-** | 3 | - |
| Deferred tax assets | | **27** | 21 | 32 |
| | | **17,990** | 18,553 | 18,189 |
| **Current assets** | | | | |
| Prepayments and accrued income | 5 | **1,842** | 1,462 | 1,452 |
| Trade and other receivables | 6 | **880** | 1,311 | 1,368 |
| Cash and cash equivalents | 7 | **2,999** | 8,301 | 4,472 |
| | | **5,721** | 11,074 | 7,292 |
| **Total assets** | | **23,711** | 29,627 | 25,481 |
| **Current liabilities** | | | | |
| Loans and borrowings | 8 | **(327)** | (481) | (492) |
| Trade and other payables | 9 | **(3,493)** | (6,520) | (4,162) |
| Deferred Income | 10 | **(423)** | (307) | (434) |
| Tax payable | | **(180)** | (230) | (239) |
| | | **(4,423)** | (7,538) | (5,327) |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 8 | **(10,057)** | (10,737) | (9,884) |
| Deferred Income | 10 | **(3,929)** | (4,407) | (4,024) |
| | | **(13,986)** | (15,144) | (13,908) |
| **Total liabilities** | | **(18,409)** | (22,682) | (19,235) |
| **Net assets** | | **5,302** | 6,945 | 6,246 |

# Consolidated Statement of Financial Position (continued)

***at 30 June 2014***

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| **Equity attributable to equity holders of the parent** | | | |
| Share capital | **2,081** | 2,081 | 2,081 |
| Share premium | **75,640** | 75,640 | 75,640 |
| Share-based payment reserve | **701** | 301 | 646 |
| Retained earnings | **(73,337)** | (71,392) | (72,330) |
| Translation reserve | **217** | 329 | 209 |
| Own shares | **-** | (14) | - |
| **Total equity** | **5,302** | 6,945 | 6,246 |

# Consolidated Statement of Comprehensive Income

***for the six months to 30 June 2014***

| Continuing operations | Note | H1 2014 (unaudited) €'000 | Restated H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|---|
| | | | - | |
| **Revenue** | | **4,843** | 5,098 | 12,305 |
| Cost of sales | | **(2,351)** | (2,596) | (5,336) |
| **Gross profit** | | **2,492** | 2,502 | 6,969 |
| Other income | 3 | **84** | 590 | 1,377 |
| Other income – government grant income | | **139** | 145 | 276 |
| Administration expenses | | **(3,356)** | (4,820) | (9,347) |
| Impairment of investment in associates and joint ventures | | **-** | - | (3) |
| Restructuring charges | | **-** | - | (783) |
| Impairment of development costs | | **-** | - | (90) |
| Impairment of receivables | | **(85)** | - | (109) |
| **Results from operating activities** | | **(726)** | (**1,583**) | (1,710) |
| Financial income | | **8** | 175 | 169 |
| Financial expenses | | **(371)** | (683) | (1,447) |
| **Net financing income** | | **(363)** | (508) | (1,278) |
| **Share of profit/(loss) of equity accounted investees** | | **36** | (578) | (603) |
| **(Loss)/ profit before tax** | | **(1,053)** | (**2,669**) | (3,591) |
| Income tax | | **46** | (68) | (84) |
| **(Loss)/ profit from continuing operations** | | **(1,007)** | (2,737) | (3,675) |
| **Discontinued operations** | | | | |
| (Loss)/ profit from discontinued operation (net of tax) | | **-** | (72) | (72) |
| **(Loss)/profit for the period** | | **(1,007)** | (2,809) | (3,747) |
| **Other comprehensive income** | | | | |
| Exchange differences on translation of foreign operations | | **8** | 25 | (95) |
| **Total comprehensive income for the period** | | **(999)** | (2,784) | (3,842) |
| **Loss/ profit for the period attributable to:** | | | | |
| Equity holders of the parent | | **(1,007)** | (2,809) | (3,747) |
| **(Loss)/profit for the period** | | **(1,007)** | (2,809) | (3,747) |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of the parent | | **(999)** | (2,784) | (3,842) |
| **Total comprehensive income for the period** | | **(999)** | (2,784) | (3,842) |

# Consolidated Statement of Comprehensive Income

***for the six months to 30 June 2014***

| | Note | | | |
|---|---|---|---|---|
| **Basic (loss)/ profit per share in € cents** | | | | |
| From continuing operations | 2 | **(0.48)** | (1.41) | (1.89) |
| From continuing and discontinued operations | 2 | **(0.48)** | (1.45) | (1.93) |
| **Diluted (loss) / profit per share in € cents** | | | | |
| From continuing operations | 2 | **(0.48)** | (1.41) | (1.89) |
| From continuing and discontinued operations | 2 | **(0.48)** | (1.45) | (1.93) |

## Consolidated Statement of Changes in Equity (continued)

***for the 6 months to 30 June 2014***

| | Share Capital €'000 | Share premium €'000 | Share-based payment reserve €'000 | Retained Earnings €'000 | Translation reserve €'000 | Own shares €'000 | Total parent equity €'000 | Total equity €'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2014 | 2,081 | 75,640 | 646 | (72,330) | 209 | - | 6,246 | 6,246 |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | - | - | - | (1,007) | - | - | (1,007) | (1,007) |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences | - | - | - | - | 8 | - | 8 | 8 |
| **Total comprehensive income for the period** | - | - | - | (1,007) | 8 | - | (999) | (999) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| Share-based payments | - | - | 55 | - | - | - | 55 | 55 |
| Issuance of shares | - | - | - | - | - | - | - | - |
| Own shares | - | - | - | - | - | - | - | - |
| **Total contributions by and distributions to owners** | - | - | 55 | - | - | - | 55 | 55 |
| **Total transaction with owners** | - | - | 55 | - | - | - | 55 | 55 |
| **Balance at 30 June 2014** | 2,081 | 75,640 | 701 | (73,337) | 217 | - | 5,302 | 5,302 |

## Consolidated Statement of Changes in Equity

***for the six months to 30 June 2013***

| | Share Capital €'000 | Share premium €'000 | Share-based payment reserve €'000 | Retained Earnings €'000 | Translation reserve €'000 | Own shares €'000 | Total parent equity €'000 | Total equity €'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2013** | 1,897 | 75,565 | 301 | (68,583) | 304 | (14) | 9,470 | 9,470 |
| **Total comprehensive income for the period** | | | | | | | | |
| **Profit for the period** | - | - | - | (2,809) | - | - | (2,809) | (2,809) |
| **Other comprehensive income** | | | | | | | | |
| **Foreign currency translation differences** | - | - | - | - | 25 | - | 25 | 25 |
| **Total comprehensive income for the period** | - | - | - | (2,809) | 25 | - | (2,784) | (2,784) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| **Issuance of shares** | 184 | 75 | - | - | - | - | 259 | 259 |
| **Own shares** | - | - | - | - | - | - | - | - |
| **Total contributions by and distributions to owners** | 184 | 75 | - | - | - | - | 259 | 259 |
| **Total transaction with owners** | 184 | 75 | - | - | - | - | 259 | 259 |
| **Balance at 30 June 2013** | 2,081 | 75,640 | 301 | (71,392) | 329 | (14) | 6,945 | 6,945 |

## Consolidated Statement of Changes in Equity (continued)

***for the year ended 31 December 2013***

| | Share capital €'000 | Share premium €'000 | Share-based payment reserve €'000 | Retained earnings €'000 | Translation reserve €'000 | Own shares €'000 | Total parent equity €'000 | Total equity €'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2013 | 1,897 | 75,565 | 301 | (68,583) | 304 | (14) | 9,470 | 9,470 |
| **Total comprehensive income for the year** | | | | | | | | |
| Loss for the year | - | - | - | (3,747) | - | - | (3,747) | (3,747) |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences | - | - | - | - | (95) | - | (95) | (95) |
| **Total comprehensive income for the year** | - | - | - | - | - | - | (3,842) | (3,842) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | |
| Share-based payments | - | - | 359 | - | - | - | 359 | 359 |
| Issuance of shares | 184 | 75 | - | - | - | - | 259 | 259 |
| Own shares | - | - | (14) | - | - | 14 | - | - |
| **Total contributions by and distributions to owners** | 184 | 75 | 345 | - | - | 14 | 618 | 618 |
| **Balance at 31 December 2013** | 2,081 | 75,640 | 646 | (72,330) | 209 | - | 6,246 | 6,246 |

## Consolidated Statement of Cash Flow

***for the six months to 30 June 2014***

## Continuing and discontinued operations

| | Note | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated by operations | *(a)* | **(1,104)** | (3,175) | (4,487) |
| Income tax paid | | **-** | - | - |
| **Net cash from operating activities** | | **(1,104)** | (3,175) | (4,487) |
| **Cash flows from investing activities** | | | | |
| Disposal of discontinued operations, net of cash disposed | | **-** | (72) | (72) |
| Proceed from sales of investments | | **-** | 4,613 | 4,357 |
| Loan to joint venture | | **-** | (106) | (200) |
| Acquisition of property, plant & equipment | | **-** | - | (1,973) |
| Disposal of property, plant & equipment | | **84** | 724 | 1,241 |
| **Net cash from investing activities** | | **84** | 5,159 | 3,353 |
| **Cash flows from financing activities** | | | | |
| Proceeds from the issue of share capital | | **-** | 259 | 259 |
| Repayment of borrowings | | **(105)** | (4,507) | (4,711) |
| Interest received | | **9** | 7 | 11 |
| Interest paid | | **(369)** | (495) | (850) |
| **Net cash from financing activities** | | **(465)** | (4,736) | (5,291) |
| Net increase in cash and cash equivalents | | **(1,485)** | (2,752) | (6,425) |
| Cash and cash equivalents at 1 January | | **4,472** | 11,087 | 11,087 |
| Effect of exchange rate fluctuations on cash held | | **12** | (34) | (190) |
| **Cash and cash equivalents held** | | **2,999** | 8,301 | 4,472 |

# Notes to the Consolidated Statement of Cash Flow

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| **(a) Cash flows from operating activities** | | | |
| **Loss for the period** | **(1,007)** | (2,809) | (3,747) |
| Adjustments for: | | | |
| Depreciation | **504** | 648 | 1,097 |
| Gain on sale of fixed assets | **(84)** | (151) | (68) |
| Amortisation of deferred income | **(139)** | (146) | (276) |
| Impairment of investments in associates and joint ventures | **-** | - | 3 |
| Impairment of receivables | **85** | - | 109 |
| Share of (profit)/ loss of equity accounted investees | **(36)** | 25 | 603 |
| Loss on sale of discontinued operation, net of tax | **-** | 72 | 72 |
| Gain on sale of investment | **-** | - | (547) |
| Gain on sale of subsidiary | **-** | - | (762) |
| Share based payment transaction | **55** | - | 359 |
| Income tax expense | **(55)** | 57 | 56 |
| Finance cost | **360** | 489 | 839 |
| Foreign exchange loss/(gain) on translation | **(118)** | 25 | 229 |
| Restructuring costs | **-** | - | 783 |
| Impairment loss on development costs | **-** | 40 | 90 |
| Impairment of project plant and equipment | **-** | 108 | - |
| **Operating cash flows before movements in working capital** | **(435)** | (1,642) | **(**1,160) |
| **Changes in working capital** | | | |
| (Increase)/decrease in intangible assets | **-** | (7) | 313 |
| (Increase)/decrease in prepayments | **(185)** | (69) | 103 |
| Decrease/(increase) in trade and other receivables | **402** | (61) | (154) |
| Change in CDC accruals and CDC accrued income | **(385)** | (1,328) | (5,733) |
| (Increase)/decrease in accrued income – Non CDC | **(218)** | 189 | (447) |
| Decrease/(increase) in trade and other payables | **(283)** | (167) | 2,591 |
| (Increase) in financial assets | **-** | (90) | - |
| **Cash generated by operations** | **(1,104)** | (3,175) | (4,487) |

# Notes

### Significant accounting policies

Camco Clean Energy plc (the "Company") is a public company incorporated in Jersey under Companies (Jersey) Law 1991. The address of its registered office is Channel House, Green Street, St Helier, Jersey JE2 4UH. The consolidated interim financial report of the Company for the period from 1 January 2014 to 30 June 2014 comprises of the Company and its subsidiaries (together the "Group").

### Basis of preparation

The annual financial statements of the Group for the year ended 31 December 2013 have been prepared in accordance with IFRSs as adopted by the EU ("Adopted IFRSs"). The interim set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU. The interim set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2013. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2013.

This interim financial information has been prepared on the historical cost basis. The accounting policies applied are consistent with those adopted and disclosed in the annual financial statements for the period ended 31 December 2013. The accounting policies have been consistently applied across all Group entities for the purpose of producing this interim financial report.

The financial information included in this document does not comprise of statutory accounts within the meaning of Companies (Jersey) Law 1991. The comparative figures for the financial year ended 31 December 2013 are not the company's statutory accounts for that financial year within the meaning of Companies (Jersey) Law 1991. Those accounts have been reported on by the company's auditors and delivered to the Jersey Financial Services Commission. The report of the auditors was unqualified.

### Estimates

The preparation of the interim financial report in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Restatement

During the prior year, a decision was taken by management to disclose income from the US Government Grant separately. In the Consolidated Statement of Comprehensive Income, €145,000 was reclassified from Revenue to Other Income in HY 2013.

During the year, a reclassification error was noted in the Statement of Comprehensive Income. Management took the decision to reduce Other Income by €181,000 and reduce the Share of loss of equity accounted investees by the same amount.

## **Notes** (continued)

**1 Segmental Reporting**

**Operating segments**

The Group comprises of the following reporting segments:

1. **US Activities:** In America, CCE develops and designs and also builds, owns and operates (BOO) biogas projects generating energy from organic waste. The company also develops Californian offset projects. CCE currently owns the Jerome and Twin Falls facilities which produce sustainable energy generated by using agricultural methane from dairy farms.

2. **Africa Activities:** CCE Africa manages investment of public and private finance into clean energy projects. CCE has five offices across Africa and an office in London which provides consulting services, finance and develops clean energy projects across Africa. Currently this segment operates an investment advisory mandate to manage a debt facility for Green Africa Power (GAP).

3. **REDH (CCE):** The REDH (CCE) segment comprises aspects of the Group's overheads allocated to the management and development of the REDT energy storage business.

4. **Other:** This segment contains all remaining Group costs in addition to the Group's remaining carbon business.

Inter segment transactions are carried out at arm's length.

| | *US Activities H1 2014 (unaudited) €'000* | *Africa Activities H1 2014 (unaudited) €'000* | *REDH (CCE) H1 2014 (unaudited) €'000* | *Group H1 2014 (unaudited) €'000* | *Eliminations H1 2014 (unaudited) €'000* | *Total H1 2014 (unaudited) €'000* |
|---|---|---|---|---|---|---|
| Segment revenue | 2,413 | 808 | 25 | 1,611 | (14) | 4,843 |
| **Segment gross margin** | **1,248** | **480** | **25** | **739** | **0** | **2,492** |
| Other Income – gain on disposal | 84 | - | - | - | - | 84 |
| Other Income – deferred income | 139 | - | - | - | - | 139 |
| Segment administrative expenses | (1,338) | (654) | (451) | (858) | - | (3,301) |
| Restructuring charges | - | - | - | - | - | - |
| Impairment of development costs | - | - | - | - | - | - |
| Impairment of investment | - | - | - | - | - | - |
| **Segment result** | **133** | **(174)** | **(426)** | **(119)** | **-** | **(586)** |
| Unallocated income – gain on disposal | | | | | | - |
| Share-based payments | | | | | | (55) |
| Impairment of receivables | | | | | | (85) |
| **Results from operating activities** | | | | | | **(726)** |
| Finance income | | | | | | 8 |
| Finance expense | | | | | | (371) |
| Share of profit of equity accounted investees | | | | | | 36 |
| Taxation | | | | | | 46 |
| (Loss) from discontinued operation (net of income tax) | | | | | | **(1,007)** |
| **Loss for the period** | | | | | | |

## **Notes** (continued)

| | *Restated US Activities FY 2013 (unaudited) €'000* | *Restated Africa Activities FY 2013 (unaudited) €'000* | *Restated REDH (CCE) FY 2013 (unaudited) €'000* | *Restated Group FY 2013 (unaudited) €'000* | *Restated Total FY 2013 (unaudited) €'000* |
|---|---|---|---|---|---|
| Segment revenue | 3,263 | 2,929 | 61 | 6,052 | 12,305 |
| **Segment gross margin** | **1,748** | **1,348** | **61** | **3,812** | **6,969** |
| Other Income – gain on disposal | 68 | - | - | - | 68 |
| Other Income – deferred income | 276 | - | - | - | 276 |
| Segment administrative expenses | (2,672) | (1,275) | (46) | (4,995) | (8,988) |
| Restructuring charges | - | - | - | (783) | (783) |
| Impairment of development costs | (90) | - | - | - | (90) |
| Impairment of investment | - | - | - | (3) | (3) |
| **Segment result** | **(670)** | **73** | **15** | **(1,969)** | **(2,551)** |
| Unallocated income – gain on disposal | | | | | 1,309 |
| Share-based payments | | | | | (359) |
| Impairment of receivables | | | | | (109) |
| **Results from operating activities** | | | | | **(1,710)** |
| Finance income | | | | | 169 |
| Finance expense | | | | | (1,447) |
| Share of loss of equity accounted investees | | | | | (603) |
| Taxation | | | | | (84) |
| (Loss) from discontinued operation (net of income tax) | | | | | (72) |
| **Loss for the period** | | | | | **(3,747)** |

## **Notes** (continued)

| | *Restated US Activities H1 2013 (unaudited) €'000* | *Restated Africa Activities H1 2013 (unaudited) €'000* | *Restated REDH (CCE) H1 2013 (unaudited) €'000* | *Restated Group H1 2013 (unaudited) €'000* | *Restated Total H1 2013 (unaudited) €'000* |
|---|---|---|---|---|---|
| Segment revenue | 1,506 | 1,729 | 31 | 1,830 | 5,097 |
| **Segment gross margin** | **1,028** | **878** | **31** | **565** | **2,502** |
| Other Income – gain on disposal | 43 | - | - | - | 43 |
| Other Income – deferred income | 145 | - | - | - | 145 |
| Segment administrative expenses | (1,453) | (730) | (24) | (2,613) | (4,820) |
| Restructuring charges | - | - | - | - | - |
| Impairment of development costs | - | - | - | - | - |
| Impairment of investment | - | - | - | - | - |
| **Segment result** | **(237)** | **148** | **7** | **(2,048)** | **(2,130)** |
| | | | | | - |
| Unallocated income – gain on disposal | | | | | 547 |
| Share-based payments | | | | | - |
| Impairment of receivables | | | | | - |
| **Results from operating activities** | | | | | **(1,583)** |
| Finance income | | | | | 175 |
| Finance expense | | | | | (683) |
| Share of loss of equity accounted investees | | | | | (578) |
| Taxation | | | | | (68) |
| (Loss) from discontinued operation (net of income tax) | | | | | (72) |
| **Loss for the period** | | | | | (2,809) |

## **Notes** (continued)

### 2 Profit/(loss) per share

*Profit per share attributable to equity holders of the company is as follows;*

| | **H1 2014 (unaudited) € cents per share** | H1 2013 (unaudited) € cents per share | FY 2013 (audited) € cents per share |
|---|---|---|---|
| **Basic (loss)/ profit profit per share** | | | |
| From continuing operations | **(0.48)** | (1.41) | (1.89) |
| From continuing and discontinued operation | **(0.48)** | (1.45) | (1.93) |
| **Diluted (loss)/ profit per share** | | | |
| From continuing operations | **(0.48)** | (1.41) | (1.89) |
| From continuing and discontinued operation | **(0.48)** | (1.45) | (1.93) |
| **(Loss)/ profit used in calculation of basic and diluted loss per share-no dilutive effects** | **€'000** | €'000 | €'000 |
| From continuing operations | **(1,007)** | (2,737) | (3,675) |
| From continuing and discontinued operation | **(1,007)** | (2,809) | (3,747) |
| **Weighted average number of shares used in calculation** | | | |
| Basic | **208,127,166** | 194,064,665 | 194,316,128 |
| Diluted | **208,127,166** | 194,064,665 | 194,316,128 |

| *Weighted average number used in calculation (basic and diluted)*: | **H1 2014 (unaudited) Number** | H1 2013 (unaudited) Number | FY 2013 (audited) Number |
|---|---|---|---|
| Number in issue at start of period | **208,127,166** | 189,678,093 | 189,678,093 |
| Effect of new shares issued in the period | **-** | 4,638,035 | 4,638,035 |
| Weighted average of basic shares at end of period | **208,127,166** | 194,316,128 | 194,316,128 |

## **Notes** (continued)

### 3 Other income

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| Net gain on disposal of investment | **-** | 547 | 547 |
| Net gain on disposal of subsidiary | **-** | - | 762 |
| Net gain on disposal of fixed asset | **84** | 43 | 68 |
| | **84** | 590 | 1,377 |

### 4 Share based payments

During the period, the Group operated share-based incentive plans called the Long-Term Incentive Plan (the "LTIP") and the Camco 2006 Executive Share Plan. The expense recognised in the period in respect to the plans is set out below.

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| Long-Term Incentive Plan | **-** | - | - |
| Camco 2006 Executive Share Plan | **55** | - | 359 |
| | **55** | - | 359 |

The expense in relation to options currently granted under the plans is being recorded in 2013 and 2014. No further expenses associated with these options is expected to be incurred in 2015 or beyond.

### 5 Prepayments and accrued income

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| Prepayments | **350** | 292 | 164 |
| Accrued income – CDC accruals | **208** | - | 265 |
| Accrued income – US Carbon from Jerome Facility and Twin Falls Facility | **548** | 406 | 503 |
| Accrued income – other | **736** | 764 | 520 |
| | **1,842** | 1,462 | 1,452 |

### 6 Trade and other receivables

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| Trade receivables | **445** | 912 | 611 |
| Other receivables | **435** | 399 | 535 |
| Cash on deposit against bank guarantee | **-** | - | 222 |
| | **880** | 1,311 | 1,368 |

## **Notes** (continued)

### 7 Cash and cash equivalents

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| Cash on deposit | **1,824** | **5,037** | 3,492 |
| Cash held for restricted use* | **1,175** | **3,264** | 980 |
| **Cash and cash equivalents** | **2,999** | **8,301** | 4,472 |

* Included within cash and cash equivalents is a debt reserve balance of €1,175,000 (FY 2013: €980,000; H1 2013: €812,000) in relation to the Jerome facility.

At H1 2013, the balance also included €2,318,000 held in an Escrow account subject to the completion of the acquisition of the Twin Falls Facility.

### 8 Loans and borrowings

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Secured loans * | **10,057** | 10,737 | 9,884 |
| | **10,057** | 10,737 | 9,884 |
| **Current liabilities** | | | |
| Secured loans * | **327** | 481 | 492 |
| | **327** | 481 | 492 |
| Total Secured loans | **10,384** | 11,218 | 10,376 |

* The loans are secured are all held by and secured against the assets and operations of the Jerome Facility.

### 9 Trade and Other Payables

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| Trade payables and non CDC accruals | **2,633** | 1,683 | 2,917 |
| Other accruals – CDC accruals | **860** | 4,837 | 1,245 |
| | **3,493** | 6,520 | 4,162 |

### 10 Deferred Income

| | **H1 2014 (unaudited) €'000** | H1 2013 (unaudited) €'000 | FY 2013 (audited) €'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Deferred income - grant | **3,929** | 4,407 | 4,024 |
| | **3,929** | 4,407 | 4,024 |
| **Current liabilities** | | | |
| Deferred income - grant | **279** | 292 | 276 |
| Deferred income - other | **144** | 15 | 158 |
| | **423** | 307 | 434 |

## **Notes** (continued)

### 11 Post Balance Sheet Events

On 15 July 2014, the Company announced that it raised €1.25 million through the issue of 25,000,000 new ordinary shares at 4.0 pence (approximately €0.05) per share to new and existing investors ("Placing"). In addition, the Company raised an additional €0.65m through the issue of 13,007,947 ordinary shares at 4.0 pence (approximately €0.05) per share through an open offer to existing shareholders ("Open Offer").