POWERHOUSE ENERGY GROUP PLC

COMPANY NUMBER 03934451

ANNUAL REPORT AND CONSOLIDATED FINANCIALSTATEMENTS FOR THE YEAR ENDED 31DECEMBER2015

CONTENTS

Company Information 3
Chairman's Report 4
Directors' Report 7
Strategic Report 9
Directors' Responsibilities Statement 10
Independent Auditor's Report to the Members of PowerHouse Energy Group PLC 11
Company Statement of Comprehensive Income 13
Company Statement of Changes in Equity 13
Company Statement of Financial Position 14
Company Statement of Cash Flows 15
Notes to the Company Accounts 16
Independent Auditor's Report to the Members of PowerHouse Energy Group plc 24
Consolidated Statement of Comprehensive Income 26
Consolidated Statement of Changes in Equity 27
Consolidated Statement of Financial Position 28
Consolidated Statement of Cash Flows 29
Notes to the Consolidated Financial Statements 30

COMPANY INFORMATION

Directors	Robert KeithAllaun(Executive Chairman) Nigel Brent Fitzpatrick(Non-Executive Director) James John PrynGreenstreet(Non-Executive Director) Clive Nathan Carver (appointed 17 May 2016)
Company secretary	Nigel Brent Fitzpatrick
Company number	03934451
Registered office	55 Bingley Road Saltaire Shipley BD18 4SB
Website	www.powerhouseenergy.net
Bankers	HSBC 79 Piccadilly London W1J 8EU, United Kingdom
Nominated Adviser and Broker	WH Ireland 11 St James's Square Manchester M2 6WH
Registrar	Neville Registrars Limited Neville House, 18 Laurel Lane Halesowen B63 3DA, United Kingdom
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor 1 City Square Leeds LS1 2AL, United Kingdom

CHAIRMAN'S REPORT

Dear Shareholders

Thank you for supporting PowerHouse Energy Group plc for another year. As you are well aware, 2015 was a year of continued challenge as the Company has driven the development of an entirely new ultra-high temperature gasification technology. Our decision to begin the design of a newly engineered technology, from first principals, was not taken lightly. It was, however, the only way for the company to move forward with a commercially robust technology and begin to deliver on the next phase for PowerHouse.

I realise that at times it has felt like the company was operating in "suspended animation" or was "hibernating" and in many regards we were. All resources were being diverted to the development of on a replacement for the previous technology. Commercial discussions have all been contingent upon the successful completion of the G3-UHt.

The technical challenges inherent in developing the PowerHouse G3-UHt system, from scratch, were, at times, significant, however the engineering team persevered and has now completed a fully functional, nominal 2-5 tonne per day (tpd), system which is being demonstrated in Brisbane, Australia.

Developing the G3 System in approximately eighteen months, while longer than originally anticipated, was a tremendous improvement on the time for development of previous technologies embraced by the company.

2015 also saw the first infusion of capital to the Company sincethe Hillgrove Convertible Note. The Company was able to raise approximately £230,000 in private investment in December 2015, and has subsequently raised another £250,000 in March of 2016. This money has ensured that PowerHouse can operate independently for the foreseeable future and begin the building of its commercial team.

We anticipate that we will be basing a portion of our business development activities in Brisbane to liaise with the engineering team, and to provide specific feedstock testing for potential clients.

The Company is in active discussion with a number of potential clients who have been awaiting the completion of the G3-UHt. These client operations range in size from 5 tpd to 1000 tpd and include interest from Sydney, the UK, the middle East, Thailand and California among others. The Directors remain enthusiastic about the technology regardless of the delays we have faced, and recognize that the PHE G3-UHt System has the potential to be one of the most robust, cost-effective, operationally efficient, and flexible Gasification System on the market.

The Waste-to-Energy landscape continues to be an evolving and growing market. Demand in the market for alternatives to incineration and to landfill is increasing significantly. Landfill taxes are at an all time high and are expected to continue to grow, making alternatives like Ultra High Temperature Gasification very attractive. While incinerator are still being approved in some geographies, deployment of this technology is slowing as more environmentally friendly alternatives (like the PHE G3-UHt System) are coming to market.

The advantages of gasification are multiple. In addition to a reduced carbon dioxide footprint compared to incineration, Ultra High Temperature Gasification results in no leachable residue or ash- a significant problem faced by other pyrolysis and lower temperature gasification systems. Low temperature alternatives produce significant levels of highly toxic and potentially carcinogenic cyclic molecules. These toxins are imbued in the residues and ashes of lower temperature systems and require that the ash and residue be land-filled for hygiene and safety. This is not the case with the PHE approach.

Our Ultra High Temperature Gasification is designed to completely demolecularise the waste-stream, detoxifies the residue, and allows us to capture and recycle components of the waste-stream like Sulfur, Zinc, and other minerals.

CHAIRMAN'S REPORT (CONTINUED)

Another advantage to the PHE approach to Gasification is our ability to integrate a pressure swing absorber (PSA) into the gas recovery system and to generate a 99.99% pure stream of Hydrogen. The creation of this pure Hydrogen allowsPHE to participate in the burgeoning Hydrogen economy. California is building a string of service stations between Los Angeles and San Francisco to provide alternative fuels, like Hydrogen, for automobiles along this "Hydrogen Corridor."
Additionally, Hydrogen can be compressed and transported to other sites where it may be used. The Hydrogen will also be able to feed fuel cells and generate electricity at improved efficiencies to other alternatives in the market.

The PowerHouse Energy Group has been engaged in commercial explorations regarding longer-term opportunities to own and operate entire tip and transfer operations. These opportunities represent legitimate "infrastructure" for larger communities whereby our vision is to manage the collection of waste, the recycling and transfer of components of the waste-stream, gasification of appropriate components of the waste-stream, and finally the generation of electricity back to the community grid for use by consumers.

We continue to investigate alternative methods to finance and acquire some of these larger operations throughout South East Asia and Australia. We continue to build and develop third-party representative relationships to market and sell PHE technology and equipment throughout the EU, the United States, Australia, Africa, and Asia. We have inquiries from almost every continent regarding the G3-UHt System.

Specialized waste markets represent very large, and potentially very lucrative, markets for the use of the G3 System. Our ability to deal with medical, biological, and pharma waste is unparalleled. Our system's complete demolecularization capabilities allows us to manage very expensive and toxic waste-streams and to capture the energy value and completely detoxify the waste. Any resultant residue is completely non-toxic, non-leachable, and requires no specialized disposal. It has the consistency of talc.

Auto Shredder Residue (ASR) is another niche market that is extremely interesting due to the cost of eliminating the non-recyclable components of Automobile dismantling. Our ability to gasify the non-recyclable organic components of the ASR allows us to convert those organics into Synthesis Gas and fuel electrical generation for the operation of the dismantling operations, and send the excess electricity back to the grid.

Our commercial foci in 2016 will consist of opportunities in all of the above markets, both directly, and in support of partner relationships to successfully deploy the PHE G3 technology.

We're confident that construction of the first commercial facilities utilizing the PHE G3-UHt System will occur within the next 12 months. It has been a long and arduous journey for the Company, and for the shareholders. We're hopeful that the finalization of the technology will begin to lead to the commercial results of which we've been confident since the advent of the Company.

Hillgrove Investments Pty Ltd

Hillgrove Investments Pty Ltd (Hillgrove) support has been important to the Company throughout 2015. The Hillgrove Convertible Note (the Note) funded the engineering efforts that have resulted in the G3, and have provided additional resources for Company operations. This support has been provided by advances under a convertible loan note facility dated 19 June 2012. As at 31 December 2014, the amount owing to Hillgrove under the convertible loan note was £2,181,004. As at 31 December 2015, the amount owing under the convertible loan note is £2,938,636 Additionally, Hillgrove has made a commitment not to call the note for a period of at least one year from the publication of these financial statements.

CHAIRMAN'S REPORT (CONTINUED)

Current trading

The beginning of 2016has been an active and tumultuous time. Testing has been completed on the G3 and third party engineering verification is underway. The Company appointed a new Nominated Advisor, WH Ireland. Additionally we were able to finalise a deal with RenewMe which made them an active partner in the Company's success. We have also appointed a 3rd non-executive Director in Cliver Carver, whose experience in financial markets will be of tremendous value to the Company as we move forward to the next phase of our growth.

The Company is on firm footing for the foreseeable future. Cash-on-hand balance at the date of this report is approximately £320,000, representing approximately 17 months of company operations without requiring additional cash.

Outlook

PowerHouse Energy Group plc is poised to begin its recommencement. We have a technology that we believe is unparalleled in its capability, its efficiency, its economy, its environmental contribution, and of which we can feel proud. The Company has been steered through a very rough 4 years with the support of Hillgrove, and the conscientious advice of both Brent Fitzpatrick and James Greenstreet our non-executive directors. We are confident that PowerHouse Energy Group Plc can finally meet the promise that was envisioned when the Company was founded.

As always, we are continually grateful for your support.

Keith Allaun
Chairman
30 June 2016

DIRECTORS' REPORT

The Directors present their annual report along with the Company's financial statements and the consolidated financial statements for the year ended 31 December 2015. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and will be laid before the shareholders of the Company at the Annual General Meeting to be heldon 08 September 2016.

The subsidiary companies are currently in the process of being liquidated with the relevant authorities. While the subsidiary was closed in 2014 the consolidated accounts have been required to be prepared as the company still owns them at the year end. All assets and liabilities have been impaired in these accounts and there is no financial recourse to the company as a result of the liquidation.

Principal activities
The principal activities of the Group are to maintain minimal expenditures whilst it begins to fully exploit and commercially roll-out ournewly developed PHE G3-UHt Waste-to-Energy System. Our Ultra-high temperature gasification reactor converts waste materials such as non-recyclable plastic, bio-mass, and other waste streams into a high-quality, clean, synthesis gas composed primarily of hydrogen and carbon monoxide.

The newly engineered, designed, and constructed, PHE G3-UHt system is completed and in final testing. Demand for our new technology is increasing, with Australia, Asia, and the UK being principal drivers.

Review of developments and future prospects
A more thorough review of the development of the business together with an indication of future proposed developments is included in the Chairman's Report set out on pages4 to 6.

The Company financial statements for the year ended 31 December 2015 are set out on pages 13 to 22. The Company loss for the year after taxation amounted to £781,647 (2014: Loss of £2,549,999).The Group financial statements are set out on pages 25to 36. The Group profitfor the year after taxation amounted to $479,542 (Loss42014: $5,047,975). The net liabilities of the Company are £2,960,219(2014: £2,409,972) with the movement in the year set out on page 13. The net liabilities of the Group are $4,376,979(2014: $5,422,734) with the movement in the year set out on page 26.

The Directors do not recommend the payment of a dividend (2014: £nil).

Principal risks and uncertainties are discussed in note 13 to the Company financial statements.

There have been no significant events since the balance sheet date other than those discussed in this Directors' Report and the Strategic Report.

Research and development
The Groupand Company incurred no research and development related costs during the year (2014: £nil).

Substantial shareholdings
Shareholders holdingin excess of 3 per centof the issued share capital of the Company, which the Company was aware of as at 31 December 2015 were as follows:

	Number of ordinary shares of 0.5p each	**Percentage of voting rights**
Hargreaves Landsdown(Nominees) Limited	104,203,648	21.78
Pershing Nominees Limited	102,271,069	21.37
Renewme	90,932,961	15.96
SVS (Nominees) Limited Des: Pool	29,344,830	6.13
Roy Nominees Limited	25,284,508	6.51
TD Direct Investing Nominees (Europe) Limited	24,989,765	6.43
Hillgrove Investments Pty Limited	20,000,000	5.15

DIRECTORS' REPORT (CONTINUED)

Directors
The Directors, who served during the year, and subsequently, were as follows:

Robert Keith Allaun	Executive Chairman
Nigel Brent Fitzpatrick	Non-Executive Director
James John Pryn Greenstreet	Non-Executive Director
Clive Nathan Carver	Non-Executive Director (appointed 17 May 2016)

Corporate Governance
As AIM companies are not required to provide corporate governance disclosures, the Directors have chosen not to do so.

Payment to suppliers
The Group does not have a standard or code which deals specifically with the payment of suppliers. Total creditor days for the Company forthe year ended 31 December 2015 were82days (2014: 121 days) and for the Group 82days (2014: 120days).

Going concern basis
The Directors have considered all available information about the future events when considering going concern. The Directors have reviewed cash flow forecasts for 12 months following the date of these Financial Statements.

The cash balance held at 31 December 2015 of £175,750 is sufficient to ensure the company can pay its debts as they fall due. A further fundraise has been completed post year end increasing cash reserves. Based on this, the Directors believe it is appropriate to continue to adopt the going concern basis of accounting for the preparation of the annual financial statements.

Additionally Hillgrove Investments Pty Limited, as the holder of Convertible Loan Agreement, confirms that it will not seek repayment of any amounts due under the Note or Convertible Loan Agreements until at least 12 months beyond publication of the Company's 2015 annual financial statements.

The Directorscontinue to adopt the going concern basis of accounting for the preparation of the annual financial statements, further explanation is available in note 1.3 of the Company financial statements.

Auditor
Each of the persons being a Director at the date of approval of this report confirms that:

- So far as the director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of s.418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on 30 June 2016.

Keith Allaun
Director

STRATEGIC REPORT

Business review
The principal activity for PowerHouse Energy Group Plc was the engineering and redevelopment of the PHE G3-UHt System from first principles. During decommissioning of the former Pyromex Eiting facilities, major flaws were discovered in the previous designs which would lead, in our estimation, to a commercial failure were they to be perpetuated. Hence the redesign and rebuilding of the G3 System from the ground up. We have been very encouraged by early testing and commissioning results, and final testing should be completed in the near future.

Our continued enhancement and modeling of the processes have increased the efficiencies of the system and have allowed us to begin the pre-feasibility design and process flow of 1000+ tonne per day systems for infrastructure applications.

It is anticipated that the Company will begin to actively pursue commercial opportunities upon completion of the testing program. A significant number of potential customers have expressed interest in entering negotiations with the Company when we deem the System complete.

Corporate Governance:

The Company raised £250,000 in December 2015 for operating capital. The Company raised an additional £250,000 in February to expand its operating capital.

The Company has replaced its Nominated Advisor with WH Ireland.

The Directors were granted immediately vesting options by vote of the Shareholders at the Annual General Meeting held, 3rd December, 2015 as follows:

Keith Allaun, 6 Million Options at 0.75p
Brent Fitzpatrick, 5 Million Options at 0.75p
James Greenstreet, 4 Million Options at 0.75p

The Company established a AIM Rule Compliance Committee in early 2016 to ensure Compliance with AIM regulation.

The Company appointed Clive Carver as an additional Non-Executive Director in May of 2016. His appointment will be voted upon and confirmed at the upcoming Annual General Meeting, September 8, 2016.

The Company loss for the year is £781,647, (2014: lossof £2,549,999). Further details regarding financial performance are included in the Directors' Report on page 7.

The Company has no employees and has a board of 3 male directors.

Principal activities and review of developments
The Directors' Report contains details of the Company's principal activities and a review of significant developments.

Principal risks and uncertainties
The availability of funding remains a principal risk for the company. The company is dependent on continued financial support from Hillgrove Investments Pty Limited to maintain its minimal operational costs.

Further information on the Company's principal risks is detailed in note13 on page 22.

Approved by the Board of Directors and signed on behalf of the Board on 30 June 2016..

Keith Allaun
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

BY ORDER OF THE BOARD

Keith Allaun
Director
30 June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWERHOUSEENERGY GROUP PLC

We have audited the parent company financial statements of Powerhouse Energy Group plc for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial position, the Statement of Cash Flowsand the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWERHOUSE ENERGY GROUP PLC (CONTINUED)

Other matter

We have reported separately on the group financial statements of Powerhouse Energy Group plc for the year ended 31 December 2015. That report includes a disclaimer of opinion in respect of the audit evidence available to us and, as a result of this, we have been unable to express an opinion on the Group financial statements.

Simon Manning (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
30 June 2016

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**31 December 2015 £**	31 December 2014 £
Revenue		**-**	-
Administrative expenses	2	**(397,022)**	(1,182,488)
Restructuring costs	7	**-**	(1,038,026)
Operating loss		**(397,022)**	(2,220,514)
Finance costs	3	**(384,625)**	(329,485)
Loss before taxation		**(781,647)**	(2,549,999)
Income tax expense	4	**-**	-
Total comprehensive loss		**(781,647)**	(2,549,999)
Loss per share (pence)	5	**(0.20)**	(0.65)
Diluted loss per share (pence)	5	**(0.20)**	(0.65)

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	**Share premium £**	**Deferred shares (0.5p) £**	**Deferred shares (4.0p) £**	**Deferred shares (4.5p) £**	**Retained earnings £**	**Total £**
Balance at 1 January 2014	3,483,079	46,030,203		781,808	389,494	(51,814,353)	(1,129,769)
Transactions with equity participants:							
- Shares issued to settle liabilities	183,319	365,459		-	-	-	548,778
- Shares issued to settle liabilities	115,000	288,898					403,898
- Shares issued to settle liabilities	79,567	183,553		-	-	-	263,120
- Shares issued to settle liabilities	4,000	-					4,000
- Shares issued to settle liabilities	20,000	30,000		-	-		50,000
- Total comprehensive loss						(2,549,999)	(2,549,999)
Balance at 31 December 2014	3,884,965	46,898,113	-	781,808	389,494	(54,364,352)	(2,409,972)
Transactions with equity participants:							
- Share reorganisation	(1,942,483)		1,942,483				
- Shares issue	208,333	23,067					231,400
- Total comprehensive loss						(781,647)	(781,647)
Balance at 31 December 2015	2,150,815	46,921,180	1,942,483	781,808	389,494	(55,145,999)	(2,960,219)

The notes 1 to 16are an integral part of the financial information.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
ASSETS			
Non-current assets			
Property, plant and equipment	6	**-**	-
Investments	7	**-**	-
Total non-current assets		**-**	-
Current Assets			
Trade and other receivables	8	**1,451**	5,841
Cash and cash equivalents		**175,750**	25
Total current assets		**177,201**	5,866
Total assets		**177,201**	5,866
LIABILITIES			
Non-currentliabilities			
Loans	10	**(2,938,636)**	-
Current liabilities			
Trade and other payables	9	**(198,784)**	(234,834)
Loans	10	**-**	(2,181,004)
Total current liabilities		**(198,784)**	(2,415,838)
Net liabilities		**(2,960,219)**	(2,409,972)
EQUITY			
Share capital	11	**2,150,815**	3,884,965
Share premium		**46,921,180**	46,898,113
Deferred shares		**3,113,785**	1,171,302
Accumulated losses		**(55,145,999)**	(54,364,352)
Total deficit		**(2,960,219)**	(2,409,972)

The financial statements of PowerHouse Energy Group Plc, Company number 03934451, were approved by the board of Directors and authorised for issue on 30 June 2016and signed on its behalf by:

Keith Allaun
Director

The notes numbered 1 to 16are an integral part of the financial information.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£	£
Cash flows from operating activities		
Loss after taxation	**(781,647)**	(2,549,999)
Adjustments for:		
- Depreciation of property, plant and equipment	**-**	114
- Waiver of loan due from subsidiary	**-**	937,682
- Impairment of non-current assets	**-**	1,038,026
Changes in working capital:		
- Decreasein trade and other receivables	**4,390**	3,582
- (Decrease) in trade and other payables	**(36,050)**	(612,229)
- Increase in loan to subsidiary	**-**	(778,019)
Net cash used in operations	**(813,307)**	(1,960,843)
Cash flows from financing activities		
Proceeds on issue of shares	**231,400**	1,224,691
Finance costs	**(384,625)**	(329,485)
New loans raised	**1,142,257**	1,380,041
Repayment of borrowings	**-**	(358,794)
Net cash flows fromfinancing activities	**989,032**	1,919,453
Net increase/(decrease) in cash and cash equivalents	**175,725**	(41,390)
Cash and cash equivalents at beginning of year	**25**	41,415
Cash and cash equivalents at end of year	**175,750**	25

The notes numbered 1 to 16are an integral part of the financial information.

NOTES TO THE COMPANY ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

1.1. Basis of preparation

This financial information is for the year ended 31 December 2015and has been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use by the European Union and the Companies Act 2006. These accounting policies and methods of computation are consistent with the prior year.

1.2. Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgements or complexity, or areas where assumptions or estimates are significant to the financial statements such as the impairment of investments and going concern are disclosed withinthe relevant notes.

1.3. Going concern

The Directors have considered all available information about the future events when considering going concern. The Directors have reviewed cash flow forecasts for 12 months following the date of these Financial Statements.

The cash balance of £175,750 at 31 December 2015 is sufficient to ensure the company can pay its debts as they fall due. A further fundraise has been completed post year end increasing cash reserves. Based on this, the Directors believe it is appropriate to continue to adopt the going concern basis of accounting for the preparation of the annual financial statements.

Additionally Hillgrove Investments Pty Limited, as the holder of Convertible Loan Agreement, confirms that it will not seek repayment of any amounts due under the Note or Convertible Loan Agreements until at least 12 months beyond publication of the Company's 2015 annual financial statements.

1.4. Foreign currency translation

The financial information is presented in sterling which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued to the exchange rate at date of settlement or at reporting dates (as appropriate). Exchange gains and losses resulting from such revaluations are recognised in the Statement of Comprehensive Income statement.

Foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

1.5. Revenue

Revenue represents the amounts (excluding VAT) derived from the supply of management and administration services to the Company's subsidiary, PowerHouse Energy, Inc.Revenue is recognised when amounts fall due under the formalised contract.

1.6. Employee costs

The Company has no employees (2014: nil).

1.7. Operating Leases

The Companyhas no operating leases (2014: nil).

NOTES TO THE COMPANY ACCOUNTS (CONTINUED)

1.8. Finance income and expenses

Finance income and expenses are recognised as they are incurred or as a result of financial assets or liabilities being measured at amortised cost using the effective interest method. No finance expenses were incurred in the production of a qualifying asset (2014: nil).

1.9. Income tax expense

The tax expense for the period comprises current and deferred tax.

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.
A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.
Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.10. Plant, property and equipment

Plant, property and equipment is stated at cost less accumulated depreciation. Cost represents the cost of acquisition or construction, including the direct cost of financing the acquisition or construction until the asset comes into use.

Depreciation on plant, property and equipment is provided to allocate the cost less the residual value by equal instalments over their estimated useful economic lives of 3years.

The expected useful lives and residual values of plant, property and equipment are reviewed on an annual basis and, if necessary, changes in useful life or residual value are accounted for prospectively.

1.11. Other non-current assets

Other non-current assets representthe investmentin PowerHouse Energy, Inc. The investment is carried at costless accumulated impairment.Cost was determined using the fair value of shares issued to acquire the investment.

1.12. Trade and other receivables

Trade receivables are recognised at fair value. Subsequently they are carried at their initial recognition value less any impairment losses.

1.13. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are recognised and subsequently carried at fair value.

1.14. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15. Loans

Loans are financial obligations arising from funding received andused to support the operational costs of the Company. These are initially recognised at fair value. Loansare subsequently carried at amortised cost using the effective interest method.

1.16. Adoption of new and revised standards
New and revised standards adopted during the year and those standards and interpretations in issue but not yet effective are shown in note 1.21 to the Group financial statements.

1.17. Impairment
(i) Impairment review
At each balance sheet date, the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash generating unit is the group of assets identified on acquisition that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of assets or cash generating units is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversals of impairments
An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a changein the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have beendetermined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Administrative expenses
Included in administrative expenses are:

	2015	2014
	£	£
Directors' fees	**66,928**	100,000
Operating leases	**-**	-
Net foreign exchange profit/(loss)	**-**	(148)
Auditor's remuneration –Company's audit	**10,000**	10,000
Impairment loss recognised on loans receivable carried at amortised cost (note 10)	**-**	937,682

3. Finance costs

	2015	2014
	£	£
Otherloaninterest	**-**	75,159
Shareholder loan interest	**384,625**	254,326
	384,625	329,485

NOTES TO THE COMPANY ACCOUNTS (CONTINUED)

4. Income tax expense

As the Company incurred a loss, no current tax is payable (2014: £nil). In addition, there is no certainty about future profits from which accumulated tax losses could be utilised and accordingly no deferred tax asset has been recognised. Tax losses amount to £5,960,134 (2014: £5,178,487).The tax charge is lower (2014: lower) than the standard rate of tax. Differences are explained below.

	2015 £	2014 £
Current tax		
Loss before taxation	781,647	2,549,999
Tax credit at standard UK corporation tax rate of 21% (2014 – 21%)	164,146	535,500
Effects of:		
Expenses not deductible for tax purposes	(164,146)	(414,938)
Deferred tax not recognised	-	(120,562)
Income tax expense	-	-

5. Loss per share

	2015	2014
Total comprehensiveloss (£)	**(781,647)**	(2,549,999)
Weighted average number of shares	**390,094,921**	376,628,030
Weighted average number of dilutive shares	**2,732,739**	2,732,739
Loss per share in pence	**(0.20)**	(0.68)
Diluted loss per share in pence	**(0.20)**	(0.68)

6. Property, plant and equipment

	Office equipment £
Opening carrying value	**-**
Depreciation	**-**
Net carrying value	**-**

The cost value of fixed assets is £3,202 (2014: £3,202; 2013: £3,202 and 2012: £3,431).

Accumulated depreciation is £3,202 (2014: £3,202; 2013: £3,088 and 2012: £3,317).

7. Investments

Other non-current assets consist of the investment in PowerHouseEnergy, Inc and Pyromex AG.PowerHouse Energy, Inc. is incorporated in California in the United States of America and the Company holds 100 per cent of the common stock and voting rights of the subsidiary. Pyromex AG is based in Zug, Switzerland and the Company holds 100 per cent of the shares and voting rights of the subsidiary.

	2015 £	2014 £
Investment - Cost	**48,947,154**	48,947,154
Accumulated impairment	**(48,947,154)**	(47,909,128)
Impairment recognised in the year	**-**	(1,038,026)
	-	-

NOTES TO THE COMPANY ACCOUNTS (CONTINUED)

7. Investments (continued)

The cost of the PowerHouse Energy Incinvestment was determinedusing an issue price of 17.5 pence (the price of the Company's shares on re-listing after the reverse takeover) for the 273,766,456 shares issued to acquire PowerHouse Energy, Inc. During the year ended 31 December 2014 the investment in Pyromex AG was impaired to a nil carrying value due to the wind down of operations that commenced after this date.The investment in Powerhouse Energy Inc was already impaired to nil value at 1 January 2014.

8. Trade and other receivables

	2015	2014
	£	£
Other receivables	**1,451**	5,841
	1,451	5,841

9. Trade and other payables

	2015	2014
	£	£
Tradepayables	**28,182**	32,567
RenewMe Limited	**155,513**	171,447
Other accruals	**15,089**	30,820
	198,784	234,834

RenewMe Limited had been granted exclusive rights by Pyromex to use, own, assemble and install and operate Pyromex AG systems in territories also licensed to the Company's subsidiary PowerHouse Energy, Inc. The Company entered into a settlement agreement with RenewMe whereby the parties agreed to change the respective exclusive rights pertaining to the Pyromex technology. Under the original settlement agreement Powerhouse Energy, Inc. had the obligation to pay five instalments of EUR 200,000 annually beginning 30 June 2011. The Company guaranteed the obligations under the agreement of PowerHouse Energy, Inc. As PowerHouse Energy, Inc is unable to meets its obligations, all remaining amounts (EUR 800,000) due under the original settlement agreement have been recognised as a liability.

On 3 March 2014 the Company announced that a settlement had been reached with RenewMe to release its claimed geographical licenses to use our technology under a disputed royalty agreement with Pyromex and other claims against the company in return for €211,000 and the issue of 18,331,996 new Ordinary Shares in the Company. While the equity portion of that settlement has been satisfied, the cash payment has not been settled and the agreement has not been completed at the year end.

On 29 April 2016 the Company announced that a full and final settlement had been reached with Renewme to settle the remaining balance in exchange for the issue of 90,932,961 new Ordinary shares. This will release the Company from any and all previously disputed issues with Renewme. Upon issue of these shares Renewme will own 15.96% of the share capital.

Capital commitments not accrued for at the year end amounted to £100,000 (2014: £100,000) and related to plant and machinery that had not yet been received.

NOTES TO THE COMPANY ACCOUNTS (CONTINUED)

10. Loans

	2015 £	2014 £
Shareholder loan	**2,938,636**	2,181,004
	2,938,636	2,181,004

Classified as:

- Current		2,181,004
- Non-current	**2,938,636**	

On 2 April 2014 the Company negotiated a settlement to repay theotherloan in full by way of issue and allotment for 11,500,000 1 pence shares in the Company to Aspermont Limited.

Hillgrove Investments Pty Limited ("Hillgrove") has provided the Company with a convertible loan agreement amounting to £2,938,636 – which can be increased at Hillgrove's option. On 24February 2014 the Company announced that it had entered into a debenture with Hillgrove. The loan is secured by a debenture over the assets of the company, and carries interest of 15 per cent per annum. Hillgrove has the option at any time to convert the loan in part or whole at a conversion price of 1p per share. Hillgrove have provided aletter of support indicating they are willing to increase the loan amount pending any unforeseeable or material changes to the Company's current circumstances.

11. Share capital

	Ordinarysha e	Ordinary shares	Deferred shares	shares	pDeferreds e
Shares at 1 January 2014	348,307,92			17,373,523	9,737,353
Issue of shares tosettleliabilities	40,188,66				
Shares at 31 December 2014	**388,496,59**			**17,373,523**	**9,737,353**
Share reorganisation	(388,496,594)	388,496,594	388,496,594		
Issue of shares	-	41,666,667			
Shares at 31 December 2015		**430,163,261**	**388,496,594**	**17,373,523**	**9,737,353**
At 31 December 2015 (£)	**-**	**2,150,815**	**1,942,483**	**781,808**	**389,494**
At 31 December 2014 (£)	3,884,965	-	-	781,808	389,494

On 3 December 2015 the company approved a share reorganisation, whereby each of the ordinary 1p shares would be subdivided into one new Ordinary 0.5p share and one Deferred share of 0.5p. The new ordinary shares will have the same rights as are attached to the previous ordinary shares.

On 14December the company issued 41,666,667 new ordinary 0.5p shares for a consideration of 0.6p per share.

NOTES TO THE COMPANY ACCOUNTS (CONTINUED)

12. Convertible instruments

	Notes	*Average exercise price*	***Exercisable*** Currently	Within 1 year	1 to 5 years	**Total**
Driftwood	12.3	£0.120	2,956,929			**2,956,929**
			2,956,929			**2,956,929**

12.1. Warrants
No warrants are held (2014:nil).

12.2. Hillgrove
Hillgrove has the option at any time to convert its loan of£2,938,636in part or whole at a conversion price of 1p per share.

12.3. Driftwood
On 13 July 2011, PowerHouse Energy Group plc granted 2,956,929 options over ordinary shares to Driftwood Capital Pty Limited (as trustee for Driftwood Capital Unit Trust) exercisable as follows:

- 535,500 after 1 October 2013 at an exercise price of US$0.12 (£0.074) per share; and
- 2,421,429 after 1 April 2014 at an exercise price of US$0.21 (£0.130) per share.

12.4. Directors
On 8 December 2014, PowerHouse Energy Group plc granted 11,000,000 options over ordinary shares to the Board, under the PowerHouse Energy Group plc Unapproved Share Option Plan 2011. The options may be exercised between the Grant date and the tenth anniversary of the grant date and will lapse if not exercised during that period. No charge has been included in the Statement of Comprehensive Income as it is not currently foreseen that the options will vest.

The options have an exercise price of 2.5p per share.

The options were granted as follows:

Mr Keith Allaun – 5,000,000
Mr Brent Fitzpatrick – 3,000,000
Mr James Greenstreet – 3,000,000

13. Material risks

13.1. Requirement for further funds
In assessing the going concern, the Directors have reviewed cash flow forecasts for 12 months following the date of these accounts. The cash flow forecasts assumed no further funding of PowerHouse Energy, Inc. and Pyromex. The current cash reserves are considered sufficient to maintain the Company's reduced overhead and other planned events.

In the event the Company requires other equity financing, or the conversion option in the Hillgrove loan is exercised, remaining shareholders will be diluted.

NOTES TO THE COMPANY ACCOUNTS (CONTINUED)

14. Directors' Remuneration
The Directors who held office at 31 December 2015 had the following interests, including any interests of a connected person in the ordinary shares of the Company:

	Number of ordinary shares of 1.0p each	Percentage of voting rights
Nigel Brent Fitzpatrick	103,459	<0.1

The remuneration of the Directors of the Companypaid for the year or since date of appointment, if later, to 31 December 2015 is:

	2015 £ Salary/Fee	2015 £ Pension	2015 £ Benefits	2015 £ Total	2014 £ Total
Nigel Brent Fitzpatrick	8,250	-	-	8,250	-
James John Pryn Greenstreet	-	-	-	-	-
Robert Keith Allaun	58,678	-	-	58,678	100,000

Service contracts
Brent Fitzpatrick and James Greenstreet have service contracts which can be terminated by providing three months' written notice.

15. Related Parties
Hillgrove Investments Pty Limited is a related party by virtue of its shareholding in the Company.

During the year Hillgrove Investments Pty Limited loaned the company a further £373,007 and charged £384,625 interest. The balance outstanding at the year-end was £2,938,636 (2014: £2,181,004).

Transactions with other related parties were conducted on an arms' length basis and totalled £NIL (2014: £15,074).

16. Post balance sheet event
On 29 April 2016 the Company announced that a full and final settlement had been reached with Renewme to settle the remaining balance in exchange for the issue of 90,932,961 new Ordinary shares of 0.5p each. This will release the Company from any and all previously disputed issues with Renewme. Upon issue of these shares Renewme will own 15.96% of the share capital.

On 29 April 2016 the Company also announced that it was in receipt of a letter from Hillgrove Investments Pty Limited stating that it would not seek repayment of its loan for a period of 12 months from the date of these fianancial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWERHOUSE ENERGY GROUP PLC

We were engaged to audit the Group financial statements of PowerHouse Energy Group plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, theConsolidated Statement of Financial Position, the Consolidated Statement of Cash Flow and the related notes 1 to16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of theGroup financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.Because of the matter described in the basis for disclaimer of opinion on financial statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because we were unable to obtain accounting records in respect of PowerHouse Energy, Inc. and Pyromex Holding AG.As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning the state of the Group's affairs as at 31 December 2015and of its loss of the year then ended.

Disclaimer of opinion on financial statements

Because of the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the Group financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in theStrategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Groupfinancial statements.

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made.

Other matter

We have reported separately on the parent Company financial statements of PowerHouse Energy Group plc for the year ended 31 December 2015. The opinion in that report is unmodified.

Simon Manning (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
30 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**Year ended 31 December 2015 US$**	Year ended 31 December 2014 US$
Revenue		**-**	-
Cost of sales		**-**	-
Gross loss		**-**	-
Administrative expenses	2	**(602,918)**	(4,517,504)
Impairment of subsidiary		**1,666,552**	-
Operating Profit/(Loss)		**1,063,634**	(4,517,504)
Finance income		**-**	-
Finance expenses	4	**(584,092)**	(530,471)
Profit/(Loss) before taxation		**479,542**	(5,047,975)
Income tax credit	5	**-**	-
Profit/(Loss) after taxation		**479,542**	(5,047,975)
Foreign exchange gain arising on consolidation		**224,065**	142,995
Total comprehensive Profit/(Loss)		**703,607**	(4,904,980)
Total comprehensive Profit/(Loss)attributable to:			
Owners of the Company		**703,607**	(4,904,980)
Non-controlling interests		**-**	-
Loss per share (US$)	6	**<0.01**	<(0.01)

The notes numbered 1 to16are an integral part of the financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares and stock US$	Accumulated losses US$	Other reserves US$	Non-control-ling interests US$	Total US$
Balance at 1 January2014	81,188,059	(20,901,510)	(62,927,381)	-	(2,640,832)
Transactions with equity participants:					
- Shares issued to settle liabilities	285,978	-	570,116	-	856,094
- Shares issues to settle liabilities	179,400	-	450,681	-	630,081
- Shares issues to settle liabilities	124,125	-	286,343	-	410,468
- Shares issues to settle liabilities	6,240	-	-	-	6,240
- Shares issues to settle liabilities	31,200	-	46,800	-	78,000
Total comprehensive income:					
- Loss after taxation	-	(4,904,980)	-	-	(4,904,980)
- Foreign exchange arising on consolidation	-	-	142,195	-	142,195
Balance at 31 December 2014	**81,815,002**	**(25,806,490)**	**(61,431,246)**	**-**	**(5,422,734)**
Transactions with equity participants:					
- Share issue	308,041	-	34,107	-	342,148
Total comprehensive income:					
- Profitafter taxation	-	(1,204,363) 479,542	-	-	(1,204,363) 479,542
- Foreign exchange arising on consolidation	-		224,065	-	224,065
Balance at 31 December 2015	**82,123,043**	**(25,326,948)**	**(61,173,074)**	**-**	**(4,376,979)**

The notes numbered 1 to 16are an integral part of the financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	**31 December 2015 US$**	31 December 2014 US$
ASSETS			
Non-current assets			
Intangible assets	7	**-**	-
Property, plant and equipment	8	**-**	2,455
Total non-current assets		**-**	2,455
Current Assets			
Trade and other receivables	10	**2,146**	43,846
Cash and cash equivalents	11	**259,864**	816
Total current assets		**262,010**	44,662
Total assets		**262,010**	47,117
LIABILITIES			
Non-current liabilities			
Loans	13	**(4,345,067)**	-
Total non-current liabilities		**(4,345,067)**	-
Current liabilities			
Loans	13	**-**	(3,402,366)
Trade and other payables	14	**(293,922)**	(2,067,485)
Total current liabilities		**(293,922)**	(5,469,851)
Total liabilities		**(4,638,989)**	(5,469,851)
Net liabilities		**(4,376,979)**	(5,422,734)
EQUITY			
Shares and stocks		**82,123,043**	81,815,002
Other reserves		**(61,173,074)**	(61,431,246)
Accumulated losses		**(25,326,948)**	(25,806,490)
Non-controlling interests		**-**	-
Total deficit		**(4,376,979)**	(5,422,734)

The financial statements were approved by the board of Directors and authorised for issue on 30 June 2016and signed on its behalf by:

03934451

Keith Allaun
Director

The notes numbered 1 to16 are an integral part of the financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**Year ended 31 December 2015 US$**	Year ended 31 December 2014 US$
Cash flows from operating activities			
Proft/(Loss)before taxation		**479,542**	(4,904,980)
Adjustments for:			
- Impairment of non-current assets		**-**	2,087,081
- Depreciation and amortisation		**-**	662,705
- Foreign exchange revaluations		**224,065**	142,195
Changes in working capital:			
- (Decrease)/Increase in trade and other receivables		**41,700**	10,465
- (Decrease)/Increase in trade and other payables		**(1,773,563)**	(907,478)
- Taxation paid		**-**	-
Net cash used in operations		**(1,028,256)**	(2,910,012)
Cash flows from investing activities			
Disposal (purchase) of tangible and intangible assets		**-**	-
Net cash flows used in investing activities		**-**	-
Cash flows from financing activities			
Common stock issue (net of issue costs)		**342,148**	1,980,883
Finance income		**-**	-
Finance costs		**(584,092)**	(530,471)
Loans received/(repaid)		**1,529,290**	1,392,954
Net cash flows from financing activities		**1,287,346**	2,843,366
Net (decrease) / increase in cash and cash equivalents		**259,090**	(66,646)
Cash and cash equivalents at beginning of period		**816**	69,617
Foreign exchange on cash balances		**(42)**	(2,155)
Cash and cash equivalents at end of period		**259,864**	816

The notes numbered 1 to 16are an integral part of the financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to theGroup financial information.

1.1. Basis of preparation

This consolidated financial information is for the year ended 31 December 2015and has been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use by the European Union and the Companies Act 2006. These accounting policies and methods of computation are consistent with those used in prior years.

1.2. Consolidation and goodwill

Pyromex

On 8 August 2013, the Companyacquired the remaining 70% interest in Pyromex. Pyromex is accounted as a wholly owned subsidiary of the Group. The original 30 per cent was held as an investment which had been impaired to nil due to the uncertainties surrounding the technology.

During the year Pyromex AG has been formally liquidated and as such the balance sheet values held at 31 December 2014 have been impaired to nil.

1.3. Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgements or complexity, or areas where assumptions or estimates are significant to the financial statements such as the impairment of assets and going concern are disclosed with the notes

1.4. Foreign currency translation

The financial information is presented in US dollars which is the Group's functional currency.

1.4.1. Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued to the exchange rate at date of settlement or at reporting dates (as appropriate). Exchange gains and losses resulting from such revaluations are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses are presented in the income statement within 'administration expenses'.

1.4.2. Consolidation

The results and financial position of Group entities with a different functional currency to the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate of 31 December 2015;
- Income and expenses for each income statement are translated at average exchange rates over the period of consolidation; and
- the resulting exchange differences are recognised in other comprehensive income.

The principal rates used for translation are:	2015 Closing	2015 Average
British Pounds	[illegible]	[illegible]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.5. Going concern

The Directors have considered all available information about the future events when considering going concern. The Directors have reviewed cash flow forecasts for 12 months following the date of these Financial Statements.

The current cash balance of £175,750 is sufficient to ensure the company can pay its debts as they fall due. A further fundraise has been completed post year end increasing cash reserves. Based on this, the Directors believe it is appropriate to continue to adopt the going concern basis of accounting for the preparation of the annual financial statements.

Additionally Hillgrove, as the holder of Convertible Loan Agreement, confirms that it will not seek repayment of any amounts due under the Note or Convertible Loan Agreements until at least 12 months beyond publication of the Company’s 2015 annual accounts.

1.6. Employee costs

The group has no employees (2014: nil).

1.7. Operating Leases

The Group has no operatingleases (2014: nil).

1.8. Finance income and expenses

Finance income and expenses are recognised as they are incurred or as a result of financial assets or liabilities being measured at amortised cost using the effective interest method. No finance expenses were incurred in the production of a qualifying asset.

1.9. Income tax expense

The tax expense for the period comprises current and deferred tax.

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.
A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.10. Goodwill

Goodwill arose on the acquisition of Pyromex and represents the excess of the consideration transferred over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less any impairment losses recognised.

1.11. Intangible assets

Intangible assets arose on the acquisition of Pyromex and include trademarks andintellectual property related to the Pyromex technology. These were recognised at fair value at the acquisition date and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the fair value of the intangible assets over their estimated useful lives of 3 years. During the yearthe investment in Pyromex AG was impaired to a nil carrying value due to the wind down of operations that commenced after the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.12. Property, plant and equipment
Plant, property and equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition or construction, including the direct cost of financing the acquisition or construction until the asset comes into use.

Depreciation on plant, property and equipment is provided to allocate the cost less the residual value by equal instalments over their estimated useful economic lives of 3 to 7 years.

An item of plant, property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss is included in the Statement of Comprehensive Income.

1.13. Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs.

1.14. Trade and other receivables
Trade receivables are recognised at fair value. Subsequentlythey are carried at their initial recognition value lessany impairment losses.

1.15. Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

1.16. Deferred taxation
Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by IAS 12.

A deferred tax asset is recognised where, having regard to all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred income tax is recognisedon temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements.

Deferred tax assets or liabilities are not recognised if they arise from the initial recognition of goodwill or from initial recognition of an asset or liability that at the time of the transaction affects neither accounting nor taxable profit nor loss. Except, however, where an asset or a liability is initially recognised from a business combination a deferred tax asset or liability is recognised as appropriate.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.17. Loans
Loans are financial obligations arising from funding received from financiersand the founding stockholders. These wererecognised at fair value, net of any transaction costs incurred. Loans are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.18. Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course ofbusiness from suppliers.Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.19. Share capital and share premium
Proceeds from the issue ofcommon stock or ordinary and deferred shares have been classified as equity. Costs directly attributable to the issue of these equity instruments are shown as a deduction, net of tax, from the proceeds.

1.20. Share based payments
The Group has used share-based compensation, whereby the Group receives services from employeesor service providersin exchange for consideration for options in the share capital or shares of the Group. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the services received, unless that fair value cannot be reliably measured, in which case the fair value of the of the stock and shares issued is used.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

1.21. Adoption of new and revised standards
There have been no standards or interpretations that have been adopted that have affected the amounts reported in these financial statements. As at the date of approval of the financial information, the following standards and interpretations were in issue but not yet effective:

IFRS 9	Financial Instruments
IFRS 10 (amended)	Consolidated Financial Statements
IFRS 11 (amended)	Joint Arrangements
IFRS 12 (amended)	Disclosure of Interests in Other Entities
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income
IAS 16 (amended)	Property, Plant and Equipment
IAS 19 (revised)	Employee Benefits
IAS 27 (amended)	Separate Financial Statements
IAS 28 (amended)	Investments in Associates and Joint Ventures
IAS 38 (amended)	Intangible assets

In addition, there are certain requirements of Improvements to IFRSs which are not yet effective.

The Directors are still assessing the impact of the adoption of these standards on the Group's results but do not anticipate that there will be a material impact on the Group'sresults.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Administrative expenses

Included in administrative expenses are;

	2015 US$	2014 US$
Directors' fees	**101,637**	160,750
Auditor's remuneration – Company's audit	**15,186**	16,075
Impairment of Goodwill	**-**	1,874,735
Depreciation and amortisation	**-**	595,159

At 31 December 2015, the Group had no employees (2014: nil).

3. Employee benefits

	2015 US$	2014 US$
Wages and salaries	**-**	-
Total employee benefits	**-**	-

4. Finance expenses

	2015 US$	2014 US$
Shareholder loan interest	**584,092**	409,465
Other loan interest	**-**	121,006
Total finance expenses	**584,092**	530,471

5. Income tax credit

	2015 US$	2014 US$
Current taxation	**-**	-
Deferred taxation	**-**	-
Total taxation credit	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The tax charge is lower (2014: lower) than the standard rate of tax. Differences are explained below.

	2015 US $	2014 US $
Current tax		
Profit/(Loss) before taxation	479,542	(5,047,975)
Tax (charge)/credit at standard UK corporation tax rate of 21% (2014 – 21%)	(100,704)	1,060,075
Effects of:		
Expenses not deductible for tax purposes	349,976	(646,661)
Losses relieved	(249,272)	
Deferred tax not recognised	-	(413,414)
Income tax expense	-	-

6. Proft/(Loss) per share

	2015	2014
Profit/(Loss) after taxation–attributable to owners of the Company (US$)	**703,607**	(4,904,980)
Weighted average number of shares	**285,425,948**	285,425,948
Loss per share (US$)	**<(0.01)**	<(0.01)

7. Intangible assets

	Goodwill	Pyromex technology	Licence agreements	Total
At 1 January 2014				
Cost	4,035,356	2,087,081	990,840	**7,113,277**
Accumulated amortisation and impairment	(4,035,356)	(2,087,081)	(990,840)	**(7,113,277)**
Net carrying value	-	-	-	**-**
	-	-	-	**-**
Closing carrying value				
At31 December 2014				
Cost	4,035,356	2,087,081	990,840	**7,113,277**
Accumulated amortisation and impairment	(4,035,356)	(2,087,081)	(990,840)	**(7,113,277)**
At 1 January 2015	-	-	-	**-**
Closing carrying value				
At 31 December 2015				
Cost	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Goodwill was recognised as the excess of the fair value of the consideration determined in accordance with IFRS 3 accounting for reverse acquisitions over the fair value of the net liabilities acquired. Following the decision to wind down the Pyromex operation as discussed in the Directors' Report, the Goodwill has been impaired to a carrying value of nil.

Licence agreements represented the capitalised licence fees paid by PowerHouse Energy, Inc. to Pyromex and RenewMe for rights associated with the Pyromex technology.

8. Property, plant and equipment

	Pyromex equipment	Office equipment	Total
At 1 January 2014			
Cost	662,272	2,888	**665,160**
Accumulated depreciation	(662,272)	(433)	**(662,705)**
Opening carrying value	-	2,455	**2,455**
Depreciation	-	-	**-**
Pyromex loss of control	-	-	**-**
Closing carrying value	-	2,455	**2,455**
At 31 December 2014			
Cost	-	2,888	**2,888**
Accumulated depreciation	-	(433)	**(433)**
Net carrying value	-	2,455	**2,455**
Impairment	-	(2,455)	(2,455)
Foreign exchange fluctuations	-	-	-
At 31 December 2015	-	-	**-**

9. Inventories

The Group has no inventories (2014: nil).

10. Trade and other receivables

	2015 US$	2014 US$
Other receivables	**-**	34,734
VAT receivable	**2,146**	9,112
Total trade and other receivables	**2,146**	43,846

11. Cash and cash equivalents

Cash and cash equivalents consist solely of cash balances in bank accounts.

12. Deferred taxation

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of losses.

13. Loans

	Notes	2015 US$	2014 US$
Shareholder loan	13.1	**4,345,067**	3,402,366
Total loans		**4,345,067**	3,402,366
Classified as:			
- Current		**-**	3,402,366
- Non-current		**4,345,067**	

13.1. Shareholder Loan

Hillgrove Investments Pty Limited ("Hillgrove") has provided the PowerHouse EnergyGroup plc with a convertible loan agreement amounting to $4,345,067 – which can be increased at Hillgrove's option. The loan is secured by a debenture over the assets of the company, repayable on 8 October 2014 and carries interest of 15 per cent per annum.

Hillgrove have provided a letter of support indicating they are willing to increase the loan amount pending any unforeseeable or material changes to the Group's current circumstances.

14. Trade and other payables

	2015 US$	2014 US$
Trade creditors	**41,670**	1,701,144
RenewMe	**229,942**	316,721
Other accruals	**22,310**	49,620
Total trade and other payables	**293,922**	2,067,485
Trade and other payables are classified as:		
- Current	**293,922**	2,067,485
- Non-current	**-**	-

14.1. RenewMe

RenewMe Limited had been granted exclusive rights by Pyromex to use, own, assemble and install and operate Pyromex systems in territories also licensed to the Group's subsidiary PowerHouse Energy, Inc. The Group entered into a settlement agreement with RenewMe whereby the parties agreed to change the respective exclusive rights pertaining to the Pyromex technology. Under the original settlement agreement Powerhouse Energy, Inc. had the obligation to pay five instalments of EUR 200,000 annually beginning 30 June 2011. The Group guaranteed the obligations under the agreement of PowerHouse Energy, Inc. As PowerHouse Energy, Inc is unable to meets its obligations, all remaining amounts (EUR 800,000) due under the original settlement agreement have been recognised as a liability.

On 3 March 2014 the Group announced that a settlement had been reached with RenewMe to release its claimed geographical licenses to use our technology under a disputed royalty agreement with Pyromex and other claims against the company in return for €211,000 and the issue of 18,331,996 new Ordinary Shares in the Group. While the equity portion of that settlement has been satisfied, the cash payment has not been settled and the agreement has not been completed at the year end.

On 29 April 2016 the Company announced that a full and final settlement had been reached with Renewme to settle the remaining balance in exchange for the issue of 90,932,961 new Ordinary shares. This will release the Company from any and all previously disputed issues with Renewme. Upon issue of these shares Renewme will own 15.96% of the share capital.

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Capital commitments not accrued for at the year end amounted to £100,000 (2014: £100,000) and related to plant and machinery that had not yet been received.

15. Seasonality

The Group's business is not subject to any consistent seasonal fluctuations.

16. Directors' Remuneration and share interests

The Directors who held office at 31 December 2015 had the following interests, including any interests of a connected person in the ordinary shares of the Company:

	Number of ordinary shares of 1.0p each	Percentage of voting rights
Nigel Brent Fitzpatrick	103,459	<0.1

The remuneration of the Directors of the Company paid for the year or since date of appointment, if later, to 31 December 2015 is:

	2015 $ Salary/Fee	2015 $ Pension	2015 $ Benefits	2015 $ Total	2014 $ Total
Nigel Brent Fitzpatrick	-	-	-	-	-
James John Pryn Greenstreet	-	-	-	-	-
Robert Keith Allaun	161,000	-	-	161,000	161,000

Service contracts

Brent Fitzpatrick and James Greenstreet have service contracts which can be terminated by providing three months' written notice.