

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO THE SAME WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

23 December 2009

**Recommended offer  
by  
Nviro Cleantech Plc  
for  
Southbank UK Plc**

**Summary**

- The boards of Nviro Cleantech Plc ('Nviro') and Southbank UK Plc ('Southbank') announce that they have reached agreement on the terms of a recommended offer for the whole of the issued and to be issued share capital of Southbank.
- Under the terms of the Offer, for every 7,149 Southbank Shares held, each Southbank shareholder will be entitled to 100 Consideration Shares (post Share Capital Consolidation).
- In view of the size of Southbank in relation to the size of Nviro and the fundamental change to Nviro's business as a result of the proposed transaction, the Acquisition constitutes a reverse takeover under AIM Rules and, as such, will require the approval of Nviro Shareholders at an Extraordinary General Meeting scheduled to take place on 15 January 2010.
- Under the Offer, Southbank Shareholders will hold (in aggregate) approximately 52.68 per cent. of the Enlarged Group, allowing for exercise of the Southbank Options, existing Nviro Shareholders will hold approximately 26.34 per cent. and subscribers to the Placing approximately 20.98 per cent. of the Enlarged Group.
- To support the transaction, the Nviro Group has conditionally raised approximately £4.0 million (before expenses) pursuant to a Placing which forms part of the Proposals. At the Placing Price of 76 pence per Nviro Share (post Share Capital Consolidation), the Offer values each Southbank Share at approximately 1.063p and the entire issued and to be issued share capital of Southbank at approximately £10.05 million.
- Based on the AIM closing price of 5.5p per Nviro Share (pre Share Capital Consolidation) on 19 November 2009, being the last business day before the announcement of a possible offer and commencement of the Offer period, the Offer values each Southbank Share at approximately 0.769p. On this basis the Offer values the entire issued and to be issued share capital of Southbank at approximately £7.27 million.
- The Southbank Directors, who have been so advised by Akur Partners LLP ("Akur"), consider the terms of the Offer to be fair and reasonable. In providing advice to the Southbank Directors, Akur has taken into account the commercial assessments of the Southbank Directors. Accordingly, the Southbank Directors unanimously recommend that Southbank Shareholders accept the Offer, as they have irrevocably undertaken to accept (or procure the acceptance of) the Offer in respect of their aggregate shareholdings and those of their immediate families and associated interests, amounting to, in aggregate, 201,547,824 Southbank Shares, representing approximately 21.33 per cent. of the issued and to be issued share capital of Southbank. This figure includes options over Southbank Shares that the directors have irrevocably committed to exercise prior to acceptance of the Offer, by no later than 18 January 2010 being the first closing date of the Offer.

- In addition to the irrevocable undertakings to accept (or procure the acceptance of) the Offer received from the directors of Southbank, their immediate families and associated interests, Nviro has received irrevocable undertakings to accept (or procure the acceptance of) the Offer from certain other Southbank Shareholders in respect of an aggregate holding of 178,547,824 Southbank Shares representing approximately 18.89 per cent. of Southbank's issued and to be issued share capital. This figure includes options over Southbank Shares that these other shareholders have irrevocably committed to exercise prior to acceptance of the Offer, by no later than 18 January 2010 being the first closing date of the Offer.
- Should the proposed transaction be approved by the Nviro Shareholders, it will result in a change of Nviro's name and the appointment of a new board of directors.
- It is anticipated that Admission will take place no sooner than 20 January 2010.

Chris Every, the CEO of Nviro, said:

"By aligning our Company with an engineering group with significant revenues in the global energy sector, we believe that not only can the interests of Nviro's IPR be advanced but the interests of our Shareholders can also be best protected. The Board of Nviro therefore fully supports the Proposals."

Ewan Lloyd Baker, the CEO of Southbank said:

"It has always been Southbank's declared intention to transition from the Channel Islands Stock Exchange to AIM at the appropriate time. This proposed transaction now allows us to fulfil that ambition. More importantly, the proposed transaction will provide us with access to a key institutional shareholder base that both understands the markets in which we operate but can also provide the support to achieve our longer term growth ambitions. The Board of Southbank believes that the proposed transaction will create greater liquidity for our shareholders, allow the company to strengthen its balance sheet and in turn underpin the immediate prospects of our core operating business, Hayward Tyler, which employs some 334 staff and which in the first six months of 2009 had revenues of over £18 million."

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The above summary should be read in conjunction with and is subject to, the full text of this Announcement (including its appendices) set out below. Appendix I sets out the conditions and further principal terms of the Offer. Appendix II contains the sources and bases of certain information used in this

summary and in the following Announcement. Appendix III contains details of the irrevocable undertakings. Appendix IV contains definitions of certain terms used in this summary and the following Announcement.

Neither the above summary nor the full text of this Announcement constitutes or forms part of an offer to purchase or subscribe for any securities. The Offer will be made solely by the Offer Document, Admission Document and (in the case of Nviro Shares held in certificated form) the Form of Acceptance, which together will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

Grant Thornton Corporate Finance, a division of Grant Thornton UK LLP is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to Nviro and to no one else in connection with the matters described in this document. Persons receiving this document should note that Grant Thornton will not be responsible to anyone other than Nviro for providing the protections afforded to customers of Grant Thornton nor for providing advice in relation to the Offer or any other matter referred to herein.

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Akur, is acting exclusively as financial adviser to Southbank and to no one else in connection with the matters described in this document. Persons receiving this document should note that Akur will not be responsible to anyone other than Southbank for providing the protections afforded to customers of Akur nor for providing advice in relation to the Offer or any other matter referred to herein.

#### *Rule 2.10 of the City Code*

In accordance with Rule 2.10 of the City Code, Nviro confirms that it has 66,093,190 ordinary shares of 0.1 pence each in issue and admitted to trading on AIM under the ISIN code IM00B1Z8BS02.

In accordance with Rule 2.10 of the City Code, Southbank confirms that it has 774,880,175 ordinary shares of 0.02 pence each in issue and admitted to trading on CISX under the ISIN code GB00B11YB607.

#### *Dealing Disclosure Requirements*

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Nviro or Southbank, all "dealings" in any "relevant securities" of Nviro or Southbank (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction.

This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Nviro or Southbank, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of Nviro or Southbank by the Nviro or Southbank, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk)

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities. Terms in quotation marks are defined in the City Code, which can also be found on the Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Takeover Panel.

In accordance with Rule 19.11, a copy of this announcement can be found at [www.nvirocleantech.com](http://www.nvirocleantech.com)

*Cautionary Note Regarding Forward Looking Statements*

This Announcement contains certain forward-looking statements with respect to (amongst other things) the financial condition, results of operations and business of the Southbank and certain plans and objectives of the Nviro Board. These forward-looking statements, without limitation, can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'Southbank', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. These statements are based on assumptions and assessments made by the Nviro Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements, which are not guarantees of future performance.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Announcement. Southbank and Nviro assume no obligation to update or correct the information contained in this Announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and service of this Announcement shall not give rise to any implication that there has been no change in the facts set out in this Announcement since such date. Nothing contained in this Announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of Southbank except where expressly stated.

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23 December 2009

**Recommended offer  
by  
Nviro Cleantech Plc  
for  
Southbank UK Plc**

**1. Introduction**

On 20 November 2009, an announcement was made by the Nviro Board setting out the terms of a possible offer for the entire issued and to be issued share capital of Southbank. The Boards of Nviro and Southbank are pleased to announce that they have now agreed the terms of a recommended offer to be made by Nviro for the entire issued and to be issued share capital of Southbank.

Nviro is offering to acquire, on the terms and subject to the conditions set out in Appendix I of this Announcement, all of the issued and to be issued Southbank Shares on the following terms (post Share Capital Consolidation, details of which are provided later in this Announcement):

**For every 7,149 Southbank Shares 100 Consideration Shares**

and so in proportion for any number of Southbank Shares held. Fractions of Consideration Shares will not be allotted to Southbank Shareholders. Entitlements to Consideration Shares will be rounded down to the nearest Consideration Share.

A holder of Southbank Shares held through a nominee should note that his entitlement in relation to fractions of New Ordinary Shares will depend on his contractual arrangements with the relevant nominee.

At the Placing Price of 76 pence per Nviro Share (post Share Capital Consolidation), the Offer values each Southbank Share at approximately 1.063p and the entire issued and to be issued share capital of Southbank at approximately £10.05 million.

Based on the AIM closing price of 5.5p per Nviro Share (pre Share Capital Consolidation) on 19 November 2009, being the last business day before the announcement of a possible offer and commencement of the Offer period, the Offer values each Southbank Share at approximately 0.769p. On this basis the Offer values the entire issued and to be issued share capital of Southbank at approximately £7.27 million.

The Nviro Group has conditionally raised approximately £4.0 million (before expenses) pursuant to a Placing which forms part of the Proposals. Further details of the Proposals will be set out in the Offer Document and Admission Document. Following the Offer becoming or being declared unconditional (save for Admission) application will be made for the Enlarged Share Capital to be admitted to trading on AIM. Whilst every effort will be made to ensure this application is successful there can be no guarantee that this will be the case. In particular, as a condition to Admission the Company will be required to confirm to the London Stock Exchange that it has sufficient working capital for its present requirements, that is, at least 12 months following Admission. If for any reason the Placing does not proceed then Admission will not occur. As Admission of the Consideration Shares to trading on AIM is a condition of the Offer, if the Placing does not proceed there is a significant risk that the Acquisition will not complete.

Full acceptance of the Offer by holders of existing Southbank Shares will result in the issue of up to 13,218,225 Consideration Shares, representing approximately 52.68 per cent. of the Enlarged Share

Capital. The minimum number of Consideration Shares capable of being issued pursuant to the Offer, if the acceptance condition is satisfied, is 9,913,669. In both cases these figures assume no variation to the terms of the Offer, the allotment of the Placing Shares, no further allotment of Southbank Shares and that all outstanding share options have been exercised in respect of Southbank Shares.

In view of the size of Southbank in relation to the size of Nviro and the fundamental change to the Company's business, the Acquisition constitutes a reverse takeover under the AIM Rules for Companies. The Acquisition also constitutes a reverse takeover under the City Code.

## **2. Recommendation**

The Southbank Directors, who have been so advised by Akur, consider the terms of the Offer to be fair and reasonable. In providing advice to the Southbank Directors, Akur has taken into account the commercial assessments of the Southbank Directors. Accordingly, the Southbank Directors unanimously recommend that Southbank Shareholders accept the Offer, as they have irrevocably undertaken to accept (or procure the acceptance of) the Offer in respect of their aggregate shareholdings and those of their immediate families and associated interests, amounting to, in aggregate, 201,547,824 Southbank Shares, representing approximately 21.33 per cent. of the issued and to be issued share capital of Southbank. This figure includes options over Southbank Shares that the directors have irrevocably committed to exercise prior to acceptance of the Offer, by no later than 18 January 2010 being the first closing date of the Offer.

## **3. Background to and reasons for recommending the Offer**

In considering the merits of the Offer, the Southbank Directors have taken into account:

- the implied value of the Offer and relative shareholdings in the Enlarged Group – under the Offer, Southbank Shareholders will hold (in aggregate) approximately 52.68 per cent. (allowing for exercise of the Southbank Options), existing Nviro Shareholders approximately 26.34 per cent. and subscribers to the Placing approximately 20.98 per cent. of the Enlarged Group.
- continuity of management – from Admission, all current directors of Southbank will become Directors of the Enlarged Group, including Southbank's Chairman John May, its CEO Ewan Lloyd-Baker and its Finance Director, Nick Flanagan.
- expectation of greater liquidity for shareholders – the Admission of the Enlarged Group to AIM could provide a more liquid market for current Southbank Shareholders. The Placing and Acquisition also introduces a significant institutional shareholder base to the Enlarged Group.
- the net proceeds of the Placing would give the Enlarged Group improved access to working capital in comparison to Southbank's current position, providing a greater opportunity for management to fulfil Hayward Tyler's (Southbank's main operating subsidiary) existing order book.
- the Enlarged Group intends to use £3.0 million of the net proceeds of the Placing to pay down existing Southbank debt, which stood at £14.8 million as at 30 June 2009. The Southbank Directors consider this to be a more appropriate level of gearing, which would have taken some time for Southbank to achieve through its trading activities.

Southbank Shareholders should be aware that Southbank's existing debt facilities of approximately £14.1 million are on demand and its on demand overdraft facilities, which stood at an approximate net overdraft balance of £3.7 million as at 9 December 2009, become repayable in full on 30 April 2010. Conditional on completion of the Acquisition, Placing, Admission and the repayment of debt from the proceeds of the Placing in an amount of £3.0 million, Southbank's Directors have successfully negotiated new committed debt facilities of £11.1 million until 15 January 2012. In the event that the Acquisition, Placing and Admission do not take place Southbank does not at the present time have the financial resources available to meet an obligation to repay the overdraft facilities on 30 April 2010 should that repayment be enforced.

The Southbank Board believes that Southbank's future growth prospects will be enhanced by being part of a larger group with lower levels of balance sheet gearing, enhanced working capital and improved shareholder liquidity. As a result, the Southbank Board considers that the terms of the Offer are in the best interests of Southbank Shareholders.

#### **4. Background to and reasons for the Offer**

Since Nviro's admission to AIM in August 2007 it has been engaged in commercialising Clean Technologies. Over the last two years, Nviro has focused its attention and investment primarily on its Clean Fuel technology, Vertus. The other projects in the Group have continued on agreed investment programmes and have absorbed limited cash investment by comparison, but they have continued to be satisfactorily developed in this time.

During the final quarter of 2008 Vertus suffered a combination of setbacks at its first commercial pilot site which was under construction at Cincinnati Bulk Terminals' ("CBT") riverside site in Cincinnati, Ohio, USA. By the end of 2008 it became apparent that such re-engineering of the Vertus technology was substantially increasing the capital and operating costs of the site under construction in Cincinnati. In addition, the impact of the economic situation in the coal marketplace for the Ohio region, the uncertainties and unexpected changes in the US Clean Air legislation and rapidly falling gas prices culminated in a reduction of the margins between Environmental Protection Agency Air Quality compliant and non-compliant coals by ten times in just one month (source: Energy Information Administration ("EIA") figures, January 2009). This prompted the directors of Nviro to reconsider the economic viability of the CBT project going forward and led to a strategic review of the Nviro's business which was completed in March 2009.

Further to the strategic review, it became clear that it would be very challenging to continue to build a commercial, cost-effective plant on the CBT site and in May 2009 Nviro's withdrawal from the site was initiated by mutual agreement with CBT.

Following the strategic review, a detailed evaluation of Vertus technology's performance, in a range of defined conditions, was undertaken to establish its ability to respond to the changes being demanded from the market place given current economic conditions and legislative requirements. Completed in May 2009, the evaluation period confirmed, through testing a wide range of fuels from all ranks of coal and biomass, that the technology has a number of issues that weakened its previously perceived capability as a broad spectrum treatment technology for coal prior to combustion. However, the evaluation demonstrated that Vertus still has the ability to provide solutions to the Clean Fuel market.

As a result of the above, the directors of Nviro concluded that in order for Nviro to continue to pursue the development of Vertus technology, with the remaining cash position and in the prevailing economic climate, there was a need to implement strategic partnerships in the energy market place. A number of options for strategic alliances with potential power industry and resource based entities were considered with the intention of securing a stronger corporate entity and more certain future for Nviro.

Nviro entered into discussions with Southbank and initially the discussions were focused on potential co-operation between Nviro and Southbank in both the common ground of marketing to major utilities and abilities in engineering and synergies in capital engineering project management skills. These discussions have now developed to cover the Proposals.

The Proposed Directors intend to focus the resources of the Enlarged Group on the business of Southbank's main operating subsidiary, Hayward Tyler. They will continue to pursue the opportunities which the Nviro Directors have been developing to Out-license the Vertus. Should these licensing discussions not reach a satisfactory conclusion the Proposed Directors intend to cease development of the Vertus technology.

The Hayward Tyler business operates across a number of markets. Hayward Tyler engineers, manufactures and sells products and services to the following market segments of the energy sector:

- power generation (traditional fossil fired)
- power generation (nuclear)
- power generation (Clean Coal)
- oil and gas (top-side)
- oil and gas (subsea)
- renewables (tidal)

The Proposed Directors believe that significant opportunities for growth exist within the energy sector and that by focusing on expanding within the above market segments the Enlarged Group is expected to have the potential for significant organic growth via its Hayward Tyler subsidiary. The Proposed Directors believe that in order to capitalise on these opportunities the Enlarged Group needs to be able to provide Hayward Tyler with additional financial resource and support for its expanding global ambitions. The Enlarged Group intends to use the proceeds of the Placing to ensure that a more appropriate capital structure is in place to help facilitate this growth.

Nviro has no specific plans for the redeployment of assets, office locations or employees, save for disclosed in this Announcement. The future of the Nviro employees directly involved with the fuels business is linked to ongoing discussions with third parties which the Proposed Directors hope will come to fruition in early 2010. This may result in a transfer of employment to a third party business under standard UK terms. For those remaining employees not linked to the fuels business redundancy has been provided for. Nviro offices in London and the USA are currently on monthly notice and will be closed with any remaining activity moving in to the structure of the Enlarged Group.

Further information about Nviro's strategy will be set out in the Offer Document and Admission Document.

## **5. Information on Nviro**

Nviro Cleantech Limited was established in October 2005 with the objective of investing in a number of environmental clean technology projects and applying the necessary resources to assist in the commercialisation of the technologies. Nviro Cleantech plc, an Isle of Man incorporated company was formed in May 2006 and is the parent company of Nviro Cleantech Limited and its subsidiaries. Nviro Cleantech plc was admitted to AIM in August 2007 with a portfolio of five technologies.

The Nviro Group is focused on commercialising clean technologies, such as renewable energy, waste recycling, emissions control, and air quality monitoring to benefit the global environment. The concept of Clean Technologies embraces a diverse range of technologies, services and processes that are inherently designed to provide superior environmental performance at lower costs and greatly reduce or even eliminate adverse environmental impacts.

The Nviro Group provides the necessary capital, management and technical skills and resources to assist in bringing these technologies to market. The Nviro Group invests in early-stage technology and In-licenses the technology together with rights to use and develop the IPR. Market access can take a variety of forms including sales, service contracts, managed service agreements or Out-licensing.

Further details on Nviro's financial information will be set out in the Offer Document and Admission Document.

## **6. Information on Southbank**

The Southbank Group provides niche engineering solutions for the global energy sector and provides a wide range of products and services to a variety of power generation industries.

The directors of Southbank are encouraged by the continuing improvement in the performance of Hayward Tyler, both in terms of revenue growth and operating profit growth. Trading in Hayward Tyler's

Manufacturing Division continues to improve in terms of units shipped although there remain issues relating to potential delays in the shipping of some units. These delays have been exacerbated due to tightened credit conditions meaning that working capital management remains a key focus in the business. Debtor levels have reduced slightly with the decrease in the proportion of longer term debtors being a key focus. Creditor levels have increased slightly although are still below historic levels. Stock levels have increased, mainly as a result of the focus of the Manufacturing Division to build up to shipping a number of important units prior to the year end.

Trading in Hayward Tyler's Services Division remains strong with the US operations enjoying significant profitable growth and the order book for the UK operations continuing to hit record levels. The Proposed Directors believe that an appropriate cost structure exists to ensure Hayward Tyler's longer term revenue and profitable growth. The wider macro economic environment, particularly the continued GDP growth of India and China also provide positive indications for the power market. Whilst this market remains competitive in India, due to a large part because of the emphasis placed on open tenders, the Proposed Directors believe that Hayward Tyler is well placed to continue to benefit from the region's growth.

Further details on Southbank's financial information will be set out in the Offer Document and Admission Document.

## **7. Share Capital Consolidation**

At an extraordinary general meeting of Nviro, due to take place at 11 am on 15 January 2010 at Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP, one of the resolutions proposed is to give effect to the Share Capital Consolidation. On the implementation of the Share Capital Consolidation Nviro Shareholders on the register of members at the record date, which is expected to be the close of business (London time) on 15 January 2010, will exchange 10 Existing Ordinary Shares for 1 New Ordinary Share and so in proportion for any other number of Existing Ordinary Shares then held.

Apart from having a different nominal value, each New Ordinary Share resulting from the Share Capital Consolidation will carry the same rights as an Existing Ordinary Share.

All Consideration Shares issued pursuant to this Offer will be issued as New Ordinary Shares.

Unless a holding of Existing Ordinary Shares is exactly divisible by 10, a Shareholder will have a fractional entitlement to a New Ordinary Share following the Share Capital Consolidation. Any fractional entitlements will not be allotted to Shareholders and will be aggregated into New Ordinary Shares and sold in the market for the benefit of the Company.

Further information regarding the Share Capital Consolidation will be set out in the Offer Document and Admission Document.

## **8. Southbank management and employees**

If the Offer becomes or is declared unconditional, the current board of directors of Nviro have agreed to resign and will be replaced by the current board of Southbank, save for Mr Every who will remain with Nviro in a non-executive capacity.

Southbank values the skills, knowledge and expertise of its existing management and employees. The Proposed Directors intend to focus the resources of the Enlarged Group on the business of Southbank's main operating subsidiary, Hayward Tyler and therefore expects them to play an important part in the further development and growth of the Enlarged Group.

The Proposed Directors will also continue to pursue the opportunities which the Nviro Directors have been developing to license the Vertus technology. However should these licensing discussions not reach a satisfactory conclusion the Proposed Directors intend to cease development of the Vertus technology which would necessarily result in some restructuring of the Enlarged Group's workforce.

The future of the Nviro employees directly involved with the fuels business is linked to ongoing discussions with third parties which the Proposed Directors hope will come to fruition in early 2010. This may result in a transfer of employment to a third party business under standard UK terms. For those remaining employees not linked to the fuels business redundancy has been provided for. The rights, including pension rights, of Nviro and Southbank Group employees will be fully safeguarded.

The Nviro Directors have agreed to resign their positions with the Company subject to and with effect from Admission, whereupon the Proposed Directors' appointments shall commence with immediate effect.

#### ***Southbank Directors' Arrangements***

A summary of the existing and revised service contracts and appointment letters of Proposed Directors who are also Southbank Shareholders are set out below. Further information in respect of directors and employees (including Southbank Directors Nicholas Winks and Nick Flanagan) will be set out in the Offer Document and Admission Document.

#### ***John May***

John May is engaged by Southbank under a consultancy agreement dated 30 January 2006 as a non-executive director and chairman. His engagement commenced on 30 January 2006. He is currently entitled to fees of £50,000 per annum. His engagement may be terminated by either party giving the other not less than 3 months' notice in writing.

Subject to Admission, John May has agreed to act as Chairman and non-executive director pursuant to a letter of appointment with the Company dated 22 December 2009 pursuant to which he will be required to provide up to 48 days service per annum and he will receive a consultancy fee of £55,000 per annum. The appointment is terminable on 6 months' written notice. Mr May's arrangements provide for no benefits upon termination of his contract.

#### ***Ewan Lloyd-Baker***

Ewan Lloyd-Baker is employed by Southbank as an executive director and chief executive officer. He is currently entitled to aggregate fees of £162,000 for his services to Southbank and Hayward Tyler. Some of these fees are paid to First Merchant Capital UK Limited, a company which Ewan Lloyd-Baker is a director of. His engagement may be terminated by either party giving the other not less than 1 month's notice in writing.

Subject to Admission, Ewan Lloyd-Baker has agreed to act as the chief executive officer pursuant to a service contract with the Company dated 22 December 2009 pursuant to which he will receive an annual salary of £180,000. Under this agreement he has committed to work at such times and for such periods as are necessary for the efficient discharge of his duties as the needs of the Company dictate. Mr Lloyd-Baker is not restricted under his service agreement to pursue his other business interests provided that such interests do not compete with those of the Company. The agreement is terminable on 12 months' written notice and provides for no benefits upon such termination of his contract. From termination, he will be subject to certain restrictions for a period of 12 months, including restrictions on competing with the interests of the Company.

In the opinion of Akur the terms of the Proposed Directors' arrangements including the above amendments are fair and reasonable so far as independent Southbank Shareholders are concerned.

## **9. Irrevocable Commitments**

Nviro has received irrevocable undertakings to accept (or procure the acceptance of) the Offer from the directors of Southbank in respect of their aggregate shareholdings and those of their immediate families and associated interests, amounting to, in aggregate, 201,547,824 Southbank Shares, representing approximately 21.33 per cent. of the issued and to be issued share capital of Southbank. This figure includes options over Southbank Shares that the directors have irrevocably committed to exercise prior to

acceptance of the Offer, by no later than 18 January 2010 being the first closing date of the Offer.

In addition to the irrevocable undertakings received to accept (or procure the acceptance of) the Offer from the directors of Southbank, their immediate families and associated interests, Nviro has received irrevocable undertakings to accept (or procure the acceptance of) the Offer from certain other Southbank Shareholders in respect of an aggregate holding of 178,547,824 Southbank Shares representing approximately 18.89 per cent. of Southbank's issued and to be issued share capital. This figure includes options over Southbank Shares that these other shareholders have irrevocably committed to exercise prior to acceptance of the Offer, by no later than 18 January 2010 being the first closing date of the Offer.

These irrevocable undertakings will cease to be binding in the event of the Offer lapsing or being withdrawn.

Further details have been set out in Appendix III of this Announcement.

## **10. Non-solicitation Agreement**

On 19 November 2009 Nviro and Southbank entered into an Offer Letter which consists of non-solicitation and exclusivity agreements. The terms of the Offer Letter include non solicitation and exclusivity clauses, which will expire on 31 December 2009 (unless agreed otherwise by the boards of Nviro and Southbank) together with clauses relating to break fees and indemnity fees that will survive termination of the exclusivity period.

### ***Break fee arrangements***

With effect from 19 November 2009 Southbank agrees to pay to Nviro a break fee equal to 1 per cent of the value of the fully diluted share capital of Southbank (to be calculated on the basis of the Offer price) if:

- another offer for the whole or part of the Southbank Group is announced and that competing offer subsequently becomes or is declared unconditional;
- the Southbank board withdraws or adversely modifies the terms of its recommendation of the Offer (in circumstances where there has not been a material adverse change of deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Nviro Group) or agrees or resolves to recommend a competing offer and the Offer does not become effective; or
- Southbank, or any member of the Southbank Group or any of its respective directors, officers, employees, advisers or consultants is in breach of any of the non solicitation provisions in the Offer Letter.

With effect from 19 November 2009 Nviro agrees to pay to Southbank a break fee equal to 1 per cent of the value of the fully diluted share capital of Nviro (to be calculated on the basis of the Offer price) if:

- the Nviro board withdraws or adversely modifies the terms of the Offer (in circumstances where there has not been a material adverse change of deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Southbank Group) or does not continue to recommend the Offer to the Nviro Shareholders.

### ***Non solicitation***

With effect from 19 November 2009 neither party shall, and procures that none of their employees, directors, officers, advisors or consultants shall directly or indirectly solicit, initiate or encourage the submission of proposals, indications of interest or offers of any kind or otherwise seek to procure any competing offer, disclose any information to any third party in relation to a competing offer or enter into or participate in any discussions or negotiations or otherwise communicate with any person in relation to any

possible competing offer.

### ***Exclusivity***

With effect from 19 November 2009 each party must not, and ensure that their employees, agents and advisors must not participate in third party negotiations, seek, encourage, or respond to any approach that might lead to third party negotiations, enter into any indicative offer, agreement or arrangement pursuant to any third party negotiations or disclose any information (not in the public domain) about itself to any party that may wish to enter into third party negotiations with that company. For the purpose of the Offer Letter third party negotiations include negotiations regarding any investments in Nviro or Southbank, the acquisition in whole or in part of the issued share capital of the Nviro Group or Southbank Group, the acquisition of any party of the business of Nviro or Southbank or any member of the Nviro Group or Southbank Group or the acquisition of any of the major assets of any members of the Nviro Group or Southbank Group.

### ***Indemnity in respect of exclusivity clause***

If Nviro breaches the terms of the exclusivity clause it agrees to indemnify Southbank for all costs, fees and expenses incurred in connection with the investigation of Nviro, the negotiation of the Offer Letter and all other documents connected with the Offer, with the maximum liability of Nviro capped at 1 per cent of the fully diluted share capital of Nviro (to be calculated on the basis of the Offer price).

If Southbank breaches the terms of the exclusivity clause it agrees to indemnify Nviro for all costs, fees and expenses incurred in connection with the investigation of Southbank, the negotiation of the Offer Letter and all other documents connected with the Offer, with the maximum liability of Southbank capped at 1 per cent of the fully diluted share capital of Southbank (to be calculated on the basis of the Offer price).

Nothing in the Offer Letter shall oblige either Nviro or Southbank to pay any amount which the Panel determined would not be permitted by Rule 21.2 of the Code.

## **11. Financial effects of the Acquisition**

To date neither Nviro nor Southbank has paid dividends on their shares and as such a comparison of gross income is not possible. Further details including the effects of the Offer on the assets of the Enlarged Group will be set out in the Offer Document and Admission Document.

## **12. Southbank Options**

Each of the Southbank Optionholders has entered into an irrevocable undertaking in respect of their Southbank Options and pursuant to the terms of this agreement has agreed to exercise their Southbank Options by no later than 18 January 2010, being the first closing date of the Offer.

## **13. Cancellation of Southbank's CISX Listing and compulsory acquisition**

If the Offer becomes or is declared unconditional in all respects and if sufficient acceptances are received, Nviro intends to apply the provisions of sections 979 to 982 (inclusive) of the 2006 Act to acquire compulsorily any remaining Southbank Shares on the same terms as the Offer.

In addition, as soon as it is appropriate to do so, and subject to the conditions of the Offer having been satisfied or (if capable of waiver) waived and subject to any applicable legal or regulatory requirements, Nviro intends to procure that Southbank applies to CISX for the cancellation of the admission of the Southbank Shares to the Official List of CISX. Your acceptance of the Offer will also constitute your agreement to this application being made.

**The cancellation of the admission to trading of Southbank Shares on CISX will significantly reduce the liquidity and marketability of Southbank Shares which are not acquired under the Offer and their value may be materially and adversely affected as a consequence.**

**14. Advice given to the Nviro Board under Rule 3.2 of the City Code**

Due to the size of Southbank in relation to Nviro, the Acquisition constitutes a reverse takeover for the purposes of the AIM Rules for Companies. In addition, the Acquisition constitutes a reverse takeover for the purposes of the City Code. In accordance with the City Code, where the Offer made is a reverse takeover, the board of the offeror company must take independent advice.

Littlejohn is acting as the independent financial adviser to Nviro pursuant to Rule 3.2 of the City Code. Grant Thornton, which is also acting as financial adviser to Nviro, has an audit relationship with Southbank and, as a consequence, with respect to the Acquisition, is not an independent adviser in accordance with Rule 3.2 of the City Code. The Nviro Board, who have been so advised by Littlejohn, consider the terms of the Offer to be fair and reasonable.

In providing advice to the Nviro Board, Littlejohn and Grant Thornton have taken into account the Nviro Directors' commercial assessments.

**15. General**

The Offer Document, containing the full terms of the Offer, will be posted with the Admission Document to Southbank Shareholders as soon as possible, but in any event, within 28 days of today's date. It is expected that Nviro's General Meeting will take place on or around 15 January 2010 and the first closing date of the Offer is expected to be shortly after the date of the Nviro General Meeting. The Certificates for Consideration Shares will be posted within 14 days of the later of the first closing date of the Offer, the date the Offer becomes or is declared wholly unconditional or the date of receipt of an acceptance complete in all respects.

The conditions to the Offer are set out in Appendix I to this Announcement and, together with certain further terms of the Offer, will also be set out in full in the Offer Document and, in the case of certificated Southbank Shares, in the Form of Acceptance. In deciding whether to accept the Offer, Southbank Shareholders should rely on the information contained in, and follow the procedures described in, the Offer Document and, if applicable, the Form of Acceptance.

## APPENDIX I

### CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

#### PART A: Conditions of the Offer

The Offer is subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on 18 January 2010 (or such later time(s) and/or date(s) as Nviro may, subject to the rules of the City Code, decide) in respect of not less than 75 per cent. (or such lower percentage as Nviro may decide) in nominal value of the Southbank Shares to which the Offer relates, provided that this condition will not be satisfied unless Nviro and/or its wholly owned subsidiaries shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Southbank Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Southbank, including for this purpose (except to the extent otherwise agreed by the Panel) any such voting rights attaching to any Southbank Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise; and for this purpose:
  - (i) the expression “Southbank Shares to which the Offer relates” shall be construed in accordance with sections 979 to 982 of the 2006 Act;
  - (ii) Southbank Shares which have been unconditionally allotted shall be deemed to carry the voting rights which they will carry upon issue; and
  - (iii) valid acceptances shall be deemed to have been received in respect of Southbank Shares which are treated for the purposes of section 979 of the 2006 Act as having been acquired or contracted to be acquired by Nviro by virtue of acceptances of the Offer;
- (b) the passing by Nviro Shareholders of resolutions to be proposed at a general meeting of Nviro to approve: the Acquisition, all resolutions necessary for Nviro to issue the Consideration Shares and the Placing Shares (including relating to the increase in Nviro’s authorised share capital, the grant of power of allotment and the disapplication of pre-emption rights in respect of the allotment and issue of Consideration Shares and the Placing Shares and for the future grant of options), a 10 for 1 consolidation of share capital, to remove certain borrowing restrictions and the restriction on directors’ fees, and a change of name to Specialist Energy Group plc;
- (c) the admission of the Consideration Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
- (d) no Third Party having intervened and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might reasonably be expected (in any case to an extent which is material in the context of the Nviro Group or the Southbank Group, as the case may be, taken as a whole) to:
  - (i) make the Offer, its implementation or the acquisition or proposed acquisition by Nviro or any member of the Wider Nviro Group of any shares or other securities in, or control or management of, Southbank or any member of the Wider Southbank

Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict, or delay the same or impose additional conditions or obligations with respect to the Offer or such acquisition, or otherwise impede, challenge or interfere with the Offer or such acquisition, or require amendment to the terms of the Offer or the acquisition or proposed acquisition of any Southbank Shares or the acquisition of control of Southbank or the Wider Southbank Group by Nviro or any member of the Wider Nviro Group.

- (ii) limit or delay the ability of any member of the Wider Nviro Group or any member of the Wider Southbank Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Southbank Group or any member of the Wider Nviro Group;
  - (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Nviro Group of any shares or other securities in Southbank;
  - (iv) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Nviro Group or by any member of the Wider Southbank Group of all or any portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
  - (v) except pursuant to Chapter 3 of Part 28 of the 2006 Act, require any member of the Wider Nviro Group or of the Wider Southbank Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
  - (vi) limit the ability of any member of the Wider Nviro Group or of the Wider Southbank Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Nviro Group or of the Wider Southbank Group;
  - (vii) result in any member of the Wider Southbank Group or the Wider Nviro Group ceasing to be able to carry on business under any name under which it presently does so; or
  - (viii) otherwise adversely affect the business, assets, profits, financial or trading position or prospects of any member of the Wider Southbank Group or of the Wider Nviro Group, and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;
- (e) all notifications and filings which are necessary or are reasonably considered appropriate by Nviro having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in each case in connection with the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Southbank or any other member of the Wider Southbank Group by any

member of the Wider Nviro Group or the carrying on by any member of the Wider Southbank Group of its business;

- (f) all Authorisations which are necessary or are reasonably considered necessary or appropriate by Nviro in any relevant jurisdiction for or in respect of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Southbank or any other member of the Wider Southbank Group by any member of the Wider Nviro Group or the carrying on by any member of the Wider Southbank Group of its business having been obtained, in terms and in a form reasonably satisfactory to Nviro, from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider Southbank Group has entered into contractual arrangements in each case where the absence of such Authorisation would have a material adverse effect on the Southbank Group taken as a whole and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same;
- (g) except as publicly announced by Southbank (by the delivery of an announcement to a Regulatory Information Service) prior to 23 December 2009 or as fairly disclosed in writing to Nviro by or on behalf of Southbank prior to 23 December 2009, there being, since 31 December 2008, no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Southbank Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Southbank or any other member of the Wider Southbank Group by any member of the Wider Nviro Group or otherwise, could or might reasonably be expected to result in, (in any case to an extent which is or would be material in the context of the Southbank Group taken as a whole):
  - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Southbank Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated repayment date or the ability of any member of the Wider Southbank Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Southbank Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Southbank Group thereunder, being, or becoming capable of being terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
  - (iv) any asset or interest of any member of the Wider Southbank Group being or falling to be disposed of or ceasing to be available to any member of the Wider Southbank Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Southbank Group otherwise than in the ordinary course of business;
  - (v) any member of the Wider Southbank Group ceasing to be able to carry on business under any name under which it presently does so;

- (vi) the creation of liabilities (actual or contingent) by any member of the Wider Southbank Group;
  - (vii) the rights, liabilities, obligations or interests of any member of the Wider Southbank Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated, adversely modified or affected; or
  - (viii) the financial or trading position or the prospects of the value of any member of the Wider Southbank Group being prejudiced or adversely affected, and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, could result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this condition (g) in any case to an extent which is or would be material in the context of the Southbank Group taken as a whole;
- (h) since 31 December 2008 and except as disclosed in Southbank's annual report and accounts for the year then ended or in Southbank's interim results for the six months ended 30 June 2009 or as otherwise publicly announced by Southbank (by the delivery of an announcement to a Regulatory Information Service) prior to 23 December 2009 or as otherwise fairly disclosed in writing to Nviro by or on behalf of Southbank prior to 23 December 2009 no member of the Wider Southbank Group having:
- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities other than as between Southbank and wholly-owned subsidiaries of Southbank or pursuant to the exercise of options in Southbank;
  - (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
  - (iii) recommended, declared, paid or made any bonus, dividend or other distribution whether payable in cash or otherwise (other than to Southbank or a wholly-owned subsidiary of Southbank);
  - (iv) made or authorised any change in its loan capital;
  - (v) (other than any acquisition or disposal in the ordinary course of business or a transaction between Southbank and a wholly-owned subsidiary of Southbank) merged with, demerged or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same (which in any case is material in the context of the Southbank Group taken as a whole);
  - (vi) issued or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material in the context of the Southbank Group taken as a whole;

- (vii) entered into, varied or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
  - A is of a long term, onerous or unusual nature or magnitude or which is or could involve an obligation of such nature or magnitude; or
  - B could restrict the business of any member of the Wider Southbank Group; or
  - C is other than in the ordinary course of business, and which in any case is material in the context of the Southbank Group taken as a whole;
- (viii) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider Southbank Group otherwise than in the ordinary course of business which in any case is material in the context of the Southbank Group taken as a whole;
- (ix) entered into or varied the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any member of the Wider Southbank Group;
- (x) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the Southbank Group taken as a whole;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in any case with a material adverse effect on the Southbank Group taken as a whole;
- (xii) waived or compromised any claim which is material in the context of the Southbank Group taken as a whole;
- (xiii) made any alteration to its memorandum or articles of association which is material in the context of the Offer;

- (xiv) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition (h);
  
- (i) since 31 December 2008 and except as disclosed in Southbank's annual report and accounts for the year then ended or in Southbank's interim results for the six months ended 30 June 2009 or as otherwise publicly announced by Southbank (by the delivery of an announcement to a Regulatory Information Service) prior to 23 December 2009 or as otherwise fairly disclosed in writing to Nviro by or on behalf of Southbank prior to 23 December 2009:
  - (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider Southbank Group which in any case is material in the context of the Southbank Group taken as a whole;
  - (ii) no contingent or other liability of any member of the Wider Southbank Group having arisen or become apparent or increased which in any case is material in the context of the Southbank Group taken as a whole;
  - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Southbank Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Southbank Group which in any case is material in the context of the Southbank Group taken as a whole; and
  - (iv) (other than as a result of the Offer) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider Southbank Group which in any case is material in the context of the Southbank Group taken as a whole;
  
- (j) Nviro not having discovered:
  - (i) that any financial or business or other information concerning the Wider Southbank Group disclosed at any time by or on behalf of any member of the Wider Southbank Group, whether publicly, to any member of the Wider Nviro Group or otherwise, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before 23 December 2009 by disclosure either publicly or otherwise to Nviro to an extent which in any case is material in the context of the Southbank Group as a whole;
  - (ii) that any member of the Wider Southbank Group is subject to any liability (actual or contingent) which is not disclosed in Southbank's annual report and accounts for the financial year ended 31 December 2008 and which in any case is material in the context of the Southbank Group taken as a whole; or

- (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Southbank Group to an extent which is material in the context of the Southbank Group taken as a whole;

For the purpose of these conditions:

- “**Third Party**” means any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
- a Third Party shall be regarded as having “**intervened**” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and “**intervene**” shall be construed accordingly;
- “**Authorisations**” means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals;
- “**Wider Nviro Group**” means Nviro and its subsidiaries and subsidiary undertakings and associated undertakings (including any company in which any member of the Nviro Group is interested or any undertaking in which Nviro and such undertakings (aggregating their interests) have a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking); and
- “**Wider Southbank Group**” means Southbank and its subsidiaries and subsidiary undertakings and associated undertakings (including any company in which any member of the Southbank Group is interested or any undertaking in which Southbank and such undertakings (aggregating their interests) have a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking).

Subject to the requirements of the Panel, Nviro reserves the right to waive, all or any of the above conditions, in whole or in part, except condition (a).

Conditions (b) to (j) (inclusive) must be fulfilled, or (if capable of waiver) be waived by midnight on the 21st day after the later of the first closing date of the Offer and the date on which condition (a) is fulfilled (or in each case such later date as Nviro may, with the consent of the Panel, decide), failing which the Offer will lapse. Nviro shall be under no obligation to waive (if capable of waiver); to determine to be or remain satisfied or to treat as fulfilled any of conditions (b) to (j) (inclusive) by a date earlier than the latest date specified above for the fulfilment of that condition.

If the Panel requires Nviro to make an offer for Southbank Shares under the provisions of Rule 9 of the City Code, Nviro may make such alterations to the conditions of the Offer, including to condition (a), as are necessary to comply with the provisions of that Rule.

If the Offer lapses it will cease to be capable of further acceptance. Southbank Shareholders who have accepted the Offer and Nviro shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.

## **APPENDIX II**

### **BASES OF CALCULATIONS AND SOURCES OF INFORMATION**

- (a) The value attributed to the issued and to be issued share capital of Southbank is based upon the 774,880,175 Southbank Shares in issue on the disclosure date and 170,095,648 options over Southbank Shares and 66,093,190 Nviro Shares in issue on the disclosure date.
- (b) All prices quoted for Nviro Shares are closing mid-market prices and are derived from the AIM section of the Daily Official List.
- (c) References to a percentage of Southbank Shares are based on the number of Southbank Shares in issue as set out in (a) above, unless stated otherwise.

## APPENDIX III

### IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings to accept the Offer have been given to Nviro by the following persons in respect of the following holdings of Southbank Shares, on a fully diluted basis. These figures includes options over Southbank Shares that these shareholders have irrevocably committed to exercise prior to acceptance of the Offer, by no later than 18 January 2010 being the first closing date of the Offer.

#### (a) Southbank Directors and members of their families

<i>Name</i>	<i>No of Southbank Shares</i>	<i>% (fully diluted basis)</i>
Ewan Lloyd-Baker	174,347,824	
John May	3,000,000	
Tristan Lloyd-Baker	24,200,000	
<b><i>SUB-TOTAL</i></b>	<b><i>201,547,824</i></b>	<b><i>21.33%</i></b>

#### (b) Other Shareholders

<i>Name</i>	<i>No of Southbank Shares</i>	<i>% (fully diluted basis)</i>
Apsley Estates Limited	93,500,000	
The Nouveau Trust	85,047,824	
<b><i>SUB-TOTAL</i></b>	<b><i>178,547,824</i></b>	<b><i>18.89%</i></b>
<b>TOTAL</b>	<b>380,095,648</b>	<b>40.22%</b>

All of the irrevocable undertakings will remain binding in the event of a higher offer being made for Southbank, but will cease to be binding if the Offer lapses or is withdrawn.

## APPENDIX IV - DEFINITIONS

In this document, unless the context requires otherwise, the following expressions shall have the following meanings:

“2006 Act”	the Companies Act 2006 (as amended);
“Acquisition”	the proposed acquisition of all of the issued and to be issued share capital of Southbank by Nviro pursuant to the Offer;
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
“Admission Document”	the document comprising an AIM admission document and a document equivalent to a prospectus under paragraph 1.2.2 (2) of the Prospectus Rules relating to Nviro which accompanies this document;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules for Companies”	the rules of the London Stock Exchange governing the admission of securities to trading on and the regulation and operation of AIM;
“Akur”	Akur Partners LLP, Rule 3 adviser to Southbank;
“Announcement”	this document made in accordance with Rules 2.5 and 2.10 of the City Code
“Business Day”	a day on which the London Stock Exchange is open for the transaction of business;
“certificated” or “in certificated form”	a share or security which is not in uncertificated form;
“CISX”	the Channel Islands Stock Exchange;
“City Code” or “Code”	the City Code on Takeovers and Mergers;
“Clean Fuel”	a new generation of energy processes that reduce air emissions and other pollutants from fuels and in particular coal
“Clean Technology”	technologies developed by biological, computational, and physical scientists and engineers that enable better use of natural resources and significantly reduce ecological impact and which are intended to be developed, tested, presented for marketing authorisation and ultimately sold as a clean technology;
“Company” or “Nviro”	Nviro Cleantech plc;
“Consideration Shares”	the 13,218,225 New Ordinary Shares (assuming full acceptance of the Offer) to be issued by the Company as consideration pursuant to the Offer;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator in accordance with which securities may be held and transferred in uncertificated form;

“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755);
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Daily Official List”	the Daily Official List of the London Stock Exchange;
“Electronic Acceptance”	the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document;
“Enlarged Group”	the Nviro Group following completion of the Acquisition;
“Enlarged Share Capital”	the entire issued share capital of the Company following the issue of the Consideration Shares and the Placing Shares;
“ESA instruction”	an Escrow Account Adjustment Input (AESN), transaction type;
“ESA”	(as described in the CREST manual issued by Euroclear);
“Escrow Agent”	Share Registrars in its capacity as escrow agent (as described in the CREST manual issued by Euroclear);
“Euroclear”	Euroclear UK & Ireland Limited;
“Existing Ordinary Shares”	the 66,093,190 ordinary shares of 0.1p each in the capital of the Company in issue as at the date of this document;
“Fairfax”	Fairfax I.S. PLC, financial adviser to Nviro;
“Form of Acceptance”	the form of acceptance relating to the Offer accompanying this document, which may only be completed by holders of Southbank Shares in certificated form;
“FSA”	the Financial Services Authority;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“Grant Thornton”	Grant Thornton Corporate Finance Limited, a division of Grant Thornton UK LLP, financial adviser to Nviro;
“Hayward Tyler”	Hayward Tyler Group Limited and its subsidiaries;
“Offer Letter”	Offer letter signed by (1) Nviro and (2) Southbank dated 19 November 2009;
“In-licence”	industry term for licensing IPR of certain technologies from third parties and the terms “In-licensed” and “In-licensing” shall be

	construed accordingly;
“IPR”	intellectual property rights;
“Littlejohn”	Littlejohn LLP, Rule 3 adviser to Nviro;
“London Stock Exchange”	London Stock Exchange PLC;
“Manufacturing Division”	the division that comprises the original manufacturing business of Hayward Tyler;
“member account ID”	the identification code or number attached to any member account in CREST;
“Nviro Directors” or “Nviro Board”	the directors of Nviro at the date of this document;
“Nviro Group”	Nviro and its subsidiaries and/or (where the context requires) any one or more of them;
“Nviro Shares”	Existing Ordinary Shares or, where relevant, New Ordinary Shares
“Nviro Shareholder” or “Shareholder”	a holder of Existing Ordinary Shares or, where relevant, New Ordinary Shares;
“New Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company resulting from the Share Capital Consolidation;
“Offer”	the recommended offer dated 23 December 2009 by Nviro for the whole of the issued and to be issued share capital of Southbank on the terms and subject to the conditions set out in this document including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer;
“Offer Period”	the period commencing 20 November 2009 (being the date of the announcement of the Rule 2.4 announcement) until whichever of the following shall be the latest: (i) 1.00 p.m. on 18 January 2010; (ii) the date on which the Offer lapses; or (iii) the date on which the Offer becomes or is declared unconditional as to acceptances;
“Out-license”	industry term for licensing IPR of certain technologies and products to third parties and the terms “Out-licensed” and “Out-licensing” shall be construed accordingly;
“Panel” or “Takeover Panel”	The Panel on Takeovers and Mergers;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Placing”	the conditional placing by Fairfax on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement dated 22 December 2009;
“Placing Agreement”	the conditional agreement dated 22 December 2009 between (1) Nviro (2)

	the Directors and Proposed Directors (3) Fairfax and (4) Grant Thornton Corporate Finance, relating to the Placing
“Placing Price”	76 pence per Placing Share;
“Placing Shares”	5,263,200 New Ordinary Shares to be allocated and issued pursuant to the placing;
“Proposals”	the Offer, the Placing, the Share Capital Consolidation and Admission;
“Prospectus Rules”	the rules made by the FSA pursuant to section 84(1) of FSMA for the purposes of Part VI of FSMA;
“Proposed Directors”	Ewan Lloyd-Baker, Nicholas Flanagan, John May, Nicholas Winks and Christopher Every;
“Regulatory Information Service”	any of the services set out in Appendix 3 to the Listing Rules of the UK Listing Authority;
“Restricted Jurisdiction”	the United States, Canada, Australia, the Republic of South Africa or Japan;
“Services Division”	the division of Hayward Tyler that provides services including repair, upgrade, overhaul and spare parts;
“Share Capital Consolidation”	the proposed consolidation of the Company’s share capital resulting in 1 New Ordinary Share for every 10 Existing Ordinary Shares;
“Share Registrars”	Share Registrars Limited;
“Southbank”	Southbank UK plc;
“Southbank Directors” or “Southbank Board”	the directors of Southbank at the date of this document;
“Southbank Group”	Southbank and its subsidiaries and/or (where the context requires) any one or more of them;
“Southbank Shareholder”	a holder of Southbank Shares;
“Southbank Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 0.02p each in the capital of Southbank and any further such shares which may be issued or unconditionally allotted and fully paid prior to the time and date on which the Offer closes or by such earlier date and time as Nviro may decide;
“TFE instruction”	a Transfer from Escrow instruction (as defined by the CREST manual issued by Euroclear);
“TTE instruction”	a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Southbank Shares in uncertificated form meeting the requirements set out in paragraph 11(ii) of the Part II of this document;
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being

held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

“United States” or “US” the United States of America, its territories and possessions, any states of the United States and the District of Columbia;

“US person” a US person as defined in Regulation S under the US Securities Act; and

“US Securities Act” the US Securities Act of 1933.