

Specialist Energy Group plc
(“Specialist Energy Group”, the “Group” or the “Company”)

Final Results for the 12 Months Ended 30 September 2009 and Change to Accounting Reference Date

The Company today announces its audited results for the 12 months to 30 September 2009. Please note that the final results to 30 September 2009 relate to the Company (formerly known as Nviro Cleantech plc) for the period prior to the reverse takeover of Southbank UK plc.

Further to the reverse takeover of Southbank UK plc and as stated in the Company’s Admission Document dated 23 December 2009, the Company has changed its accounting reference date to 31 December. Therefore, it is the intention of the Company to announce audited interim results for the 3 month period to 31 December 2009 in due course (again these results will relate to the Company prior to the reverse takeover of Southbank UK plc). Thereafter, interim results for the six months to 30 June 2010 and final results for the 12 months to 31 December 2010 shall be reported in accordance with the AIM Rules for Companies and will include the performance of the Company’s subsidiary Southbank UK plc.

The financial statements for the year ended 30 September 2009 will be posted to shareholders shortly and will also be available on the Company's website www.segroupplc.com.

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Specialist Energy Group plc
(formerly Nviro Cleantech plc)
Group Financial Statements
Year ended 30 September 2009

Highlights

Financial and Operational overview

- Net cash of £3.39m at the year-end (2008: £10.95m)
- Operating loss (excluding impairment charge) of £1.77m in the second half compared with £2.50m in the first half of the year to 30 September 2009
- Overhead cash outflow reduced by over 50% in the second half of the year
- Completion of reverse takeover by Southbank UK plc on 20 January 2010
- Change of name to Specialist Energy Group plc

Chairman's and Chief Executive's review

From its inception Nviro has been engaged in commercialising clean technologies with the primary focus on the clean fuel technology, Vertus. 2009 saw dramatic and wide ranging changes in the world economy which had a knock-on impact on the business and its project portfolio. Without doubt there was a significant contribution from the economic climate to the issues facing Vertus Technologies, the clean coal subsidiary of the Group, which contributed to a series of setbacks at the first commercial pilot site in the first half of 2009. These setbacks led the then directors to reconsider the economic viability of the project and ultimately to conclude that there was a need to implement strategic partnerships in the energy market place.

The Company entered into discussions with Southbank UK plc, which through its subsidiary Hayward Tyler, designs, manufactures and services specialist pumps and motors for the power generation and energy sectors. These discussions led to the acquisition of Southbank by Nviro, which constituted a reverse takeover in view of the size of Southbank in relation to Nviro and the fundamental change to the Company's business. The transaction, which also raised £4 million of new equity, completed on 20 January 2010 and Nviro Cleantech plc changed its name to Specialist Energy Group plc.

The directors will focus the resources of the enlarged group on Hayward Tyler whilst continuing to pursue the opportunities to out-license the Vertus technology and, if possible, divest the other technologies. If the licensing discussions do not reach a satisfactory conclusion the intention is to cease development of the Vertus technology. Accordingly, the values of the intangible assets associated with the technologies have been impaired.

Vertus Technologies – Clean Fuels

This project was selected to lead the Company's commercialisation of rotary kiln technology in Cincinnati. At the start of 2009 the project team was under pressure to re-design the system to meet severe local emissions legislation in order to gain an operating permit. The permit was gained in late November 2008 however the impact of the re-design and the costs of building on the Ohio River floodplain saw potential costs for the site escalating during late 2008. Combined with the very poor economic conditions in the USA, which saw a rapid convergence of the price of emissions regulation compliant and non-compliant coals, the economic viability of Vertus project was severely impacted.

Recognition of these issues combined to put further development at serious risk, which led to the project being put on hold in March 2009 while a detailed review was undertaken. In turn this led to a decision to close the project in May as previously reported. Meanwhile a substantial review of the technology in the hot process laboratory, completed in Cincinnati in December 2008, was undertaken and a shortfall in the system performance expectations was clarified as a result. At the same time work was undertaken to understand those issues and to add to the technology portfolio for the production of clean fuels.

The result of the work carried out by the development team left the group at the year-end in a stronger position should new funds become available for investment by third party industrial partners, to provide clean fuel services to mine owners and energy producers in three key and substantial market sectors in future:

- Low Rank Coals – (Lignites for example) to be dried, blended and upgraded
- High Rank Coals – (Anthracite for example) to be manipulated to meet specific client application specifications

- Blended Fuels – (For power generation in particular) to be created utilising cleaned coals and treated biomass to provide low carbon dioxide higher efficiency products.

Reducing operating costs was the focus for much of the year and addressing this area led to reductions, predominantly in the second half of the year, in overhead throughout the business and in staff. However, in light of the decision to focus the resources of the enlarged group on Hayward Tyler the intangible assets associated with the technology have been impaired.

Microrelease – MDF Recycling

The year saw successful trials to produce wood fibre from Medium Density Fibreboard (MDF) waste providing the source for production of a tonnage of finished MDF boards with various levels of recycled material content up to 25% by weight. These boards were able to achieve the recognised standards of testing for MDF boards for both board characteristics and machining qualities. A portion of these boards were used in smaller trial applications and others in a significant test in a major grocery group, which has since been extended to three additional locations. Furthermore the original supply of recycled fibre provided material for successful testing in some other application areas, which included plastic moulded materials and insulation applications.

Planning of the next stage of development, a small scale industrial unit followed by a full industrial unit capable of producing in excess of 2 tonnes per hour was accompanied by an application for a European Union grant providing for 1 Euro in every 4 Euros spent, up to a total cost of approximately 2.7m Euros. The objective of the grant programme is to build an industrial unit in conjunction with a recognised industry member to complete full production trials of the process and ongoing manufacture of recycled board.

Subsequent to the year-end an announcement was made that the grant had been won and a business partner is being sought to develop the technology independently.

Air Projects: (Organotect – Air analysis & Laseair – Air Cleaning)

Completion of the development programme for both of these projects was achieved during the year. As previously stated both products are capable of being integrated into existing systems or product portfolios of businesses operating in the clean air sector. Currently evaluation programmes or discussions are under way with such parties to take over these projects.

The Outlook

The advent of the enlarged group under Specialist Energy Group plc will see the business primarily focused upon the power generation market and the core engineering business of Hayward Tyler. Whilst this offers some potential market cooperation opportunities for the Clean Fuels technology the primary focus is on trying to monetise the existing Vertus technology through third parties. The other projects, Microrelease, Organotect and Laseair, are expected to be developed independently of SEG and at present carry no significant ongoing cost beyond maintaining the intellectual property and technical value up to the point of sale or third party partnerships. However, in the light of the stated intention of Southbank to focus the resources of the enlarged group on Hayward Tyler, the tangible and intangible assets associated with these technologies have been impaired.

Financial Review

Over the twelve months ended 30 September 2009 the Group recorded a pre-tax loss of £9.50m (2008: £3.17m) after impairment of property, plant and equipment and intangible assets of £5.32m (2008: £Nil). The

impairment charge resulted in part from the withdrawal, for commercial and technical reasons, from the Cincinnati Bulk Terminals (“CBT”) site in Cincinnati in the first half of the year and in part because of the stated intention of Southbank UK plc (“Southbank”), with whom the Directors of Nviro had entered negotiations before the year end, to focus the resources of the combined entity on the Hayward Tyler business.

The operating loss, excluding the impairment charge, in the second half of the year was £1.77m compared with £2.50m in the first half of the year, reflecting management’s efforts to reduce costs substantially while negotiations with Southbank and other potential commercial partners were under way. By the end of September 2009 the monthly overhead cash outflow had been reduced to substantially less than 50% of its level in March 2009.

Net cash outflow from operating activities for the year was £4.85m (2008: £2.65m), of which £2.43m occurred in the six months to 31 March 2009. Net cash at 30 September 2009 was £3.39m (2008: £10.95m).

Financial Outlook

Over the latter half of the year and in the period subsequent to the year end, the focus of the Board has been on achieving an outcome to negotiations with Southbank and other parties that secures the future of the company and, in particular, delivers early revenues and cash flow. The Board considers the successful completion of the offer for Southbank, which became unconditional in all respects on 20 January 2010, to represent such an outcome.

Chris Every

Non-Executive Director

Consolidated Income Statement for the year ended 30 September 2009

	Note	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Continuing Operations:			
Research expenses		(360)	(329)
Administrative expenses	4	(4,249)	(3,108)
Impairment of property, plant & equipment	10	(3,543)	-
Impairment of intangible assets	8	(1,778)	-
Reversal of provision	15	337	-
Operating loss		(9,593)	(3,437)
Share of results of joint venture	16	(23)	(19)
Loss before interest		(9,616)	(3,456)
Finance income	2	119	283

Loss before tax			(9,497)	(3,173)
Tax	5		-	-
Loss for the financial year	3		(9,497)	(3,173)
Loss per share				
Basic and diluted	6		(£1.44)	(£0.64)

No minority interest in the losses has been recognised within these financial statements as the minority does not have a binding obligation to make additional investment to cover the losses. The loss is therefore wholly attributable to the equity holders of the parent.

Consolidated Statement of Changes in Equity for the year ended 30 September 2009

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2007	44	6,582	4,585	286	-	(5,052)	6,445
Loss for the year	-	-	-	-	-	(3,173)	(3,173)
Foreign currency translation	-	-	-	-	(3)	-	(3)
Total recognised income and expense	-	-	-	-	(3)	(3,173)	(3,176)
Transfer on exercise of share options	-	-	-	(10)	-	10	-
Issue of share capital, (net of issue expenses)	22	9,435	-	-	-	-	9,457
Share based payment charge	-	-	-	90	-	-	90
At 30 September 2008	66	16,017	4,585	366	(3)	(8,215)	12,816
Loss for the year	-	-	-	-	-	(9,497)	(9,497)
Foreign currency translation	-	-	-	-	12	-	12
Total recognised income and expense	-	-	-	-	12	(9,497)	(9,485)
Transfer on lapse of share options	-	-	-	(262)	-	262	-
Share based payment charge	-	-	-	33	-	-	33
At 30 September 2009	66	16,017	4,585	137	9	(17,450)	3,364

All income and expenses are attributable to the equity holders of the parent company. None is attributable to the minority interest.

Company Statement of Changes in Equity for the year ended 30 September 2009

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2007	44	6,582	20,075	286	(598)	26,389
Loss for the year	-	-	-	-	(150)	(150)
Total recognised income and expense	-	-	-	-	(150)	(150)
Transfer on exercise of share options	-	-	-	(10)	10	-
Issue of share capital, (net of issue expenses)	22	9,435	-	-	-	9,457
Share based payment charge	-	-	-	90	-	90
At 30 September 2008	66	16,017	20,075	366	(738)	35,786
Loss for the year	-	-	-	-	(32,532)	(32,532)
Total recognised income and expense	-	-	-	-	(32,532)	(32,532)
Transfer on lapse of share options	-	-	-	(262)	262	-
Share based payment charge	-	-	-	33	-	33
At 30 September 2009	66	16,017	20,075	137	(33,008)	3,287

Consolidated and Company Balance Sheets at 30 September 2009

	Note	Group		Company	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
Assets					
Non-current assets					
Licence	8	-	923	-	-
Development costs	8	120	867	-	-
Investment in subsidiaries	9	-	-	-	20,161
Property, plant and equipment	10	262	1,220	-	1
Due from group undertakings	11	-	-	-	1,085

Total non-current assets		382	3,010	-	21,247
Current assets					
Other receivables	12	130	145	387	4,223
Cash and cash equivalents	13	3,384	10,946	3,143	10,470
Total current assets		3,514	11,091	3,530	14,693
Total assets		3,896	14,101	3,530	35,940
Liabilities					
Current liabilities					
Trade and other payables	14	(484)	(926)	(243)	(154)
Provisions	15	-	(337)	-	-
Total current liabilities		(484)	(1,263)	(243)	(154)
Non current liabilities					
Interests in joint ventures	16	(48)	(22)	-	-
Total non current liabilities		(48)	(22)	-	-
Total liabilities		(532)	(1,285)	(243)	(154)
Net assets		3,364	12,816	3,287	35,786

Consolidated and Company Balance Sheets at 30 September 2009 continued

		Group		Company	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
Equity					
Share capital	17	66	66	66	66
Share premium reserve	18	16,017	16,017	16,017	16,017
Merger reserve	19	4,585	4,585	20,075	20,075
Share based payment reserve	20	137	366	137	366
Translation reserve	21	9	(3)	-	-
Retained losses	22	(17,450)	(8,215)	(33,008)	(738)
Equity attributable to equity holders of the parent		3,364	12,816	3,287	35,786
Minority Interest	28	-	-		
Total Equity		3,364	12,816		

These financial statements were approved by the Board of Directors and authorised for issue on 26 February 2010

Consolidated and Company Cash Flow Statements for the year ended 30 September 2009

	Note	Group		Company	
		Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Operating activities					
Net cash outflow from operations	24	(4,849)	(2,649)	(7,446)	(4,988)
Interest paid		-	-	-	-
Tax paid		-	-	-	-
Net cash outflow from operating activities		(4,849)	(2,649)	(7,446)	(4,988)
Investing activities					
Interest received		119	283	119	283
Purchase of intangible assets		(214)	(867)	-	-
Purchase of property, plant and equipment		(2,633)	(1,210)	-	-
Net cash (outflow) / inflow from investing activities		(2,728)	(1,794)	119	283
Financing activities					
Proceeds on issue of shares		-	10,005	-	10,005
Costs on issue of shares		-	(548)	-	(548)
Net cash inflow from financing activities		-	9,457	-	9,457
Net (decrease) / increase in cash and cash equivalents		(7,577)	5,014	(7,327)	4,752
Cash and cash equivalents at beginning of year		10,946	5,932	10,470	5,718
Effect of foreign exchange rates		15	-	-	-
Cash and cash equivalents at end of year	13	3,384	10,946	3,143	10,470

Notes to the Financial Statements

1. ACCOUNTING POLICIES

Basis of accounting

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations adopted by the European Union and as applied in accordance with the provisions of the Companies Acts 1931 to 2004 (IFRS).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Going Concern

As outlined in the post balance sheet events section of the director's report and in note 30, there was a reverse takeover of the Company by Southbank UK plc on 20 January 2010, proceeded by an issue of share capital on 19 January 2010 which raised estimated net proceeds of £3,160,000. At the time of the acquisition, and as a result of the successful concomitant fundraising, and the stated aims of Southbank plc towards the Nviro Cleantech businesses, the combined entity has no going concern issues.

Standards issued but not yet effective

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)		Effective date – Annual periods beginning on or after
IFRS 1	First-time adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption	1 January 2009
IFRS 2	Share Based Payment – Amendment relating to vesting conditions and cancellations	1 January 2009
IFRS 3	Business Combinations – Comprehensive revision on applying the acquisition method	1 July 2009
IFRS 7 & IAS 39	Financial instruments: Disclosures - reclassification of financial assets	Effective 1 July 2008
IFRS 8	Operating Segments	1 January 2009
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 17	Distributions of non cash assets to owner	1 July 2009
IFRIC 18	Transfers of assets from customers	Transfers received on or after 1 July 2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010

IAS 1	Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	1 January 2009
IAS 1	Presentation of Financial Statements – Amendments resulting from May 2008 annual improvements to IFRS's and other amendments	1 January 2009
IAS 23	Borrowing costs – Comprehensive revision to prohibit immediate expensing	1 January 2009
IAS 27	Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 31	Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 31	Interests in Joint Ventures – Amendments resulting from May 2008 annual improvements to IFRS's	1 January 2009

IAS 32	Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
IAS 36	Impairment of Assets – Amendments resulting from May 2008 annual improvements to IFRS	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement –	

The company's controlling interest in its directly held, wholly owned subsidiary, Nviro Cleantech Limited was acquired through a transaction under common control, as defined in IFRS3, Business Combinations. The directors note that transactions under common control are outside the scope of IFRS 3 and that there is no guidance elsewhere in IFRS covering such transactions.

IAS 8, Accounting policies, Changes in Accounting Estimates and Errors contains guidance where a transaction falls outside the scope of IFRS. This requires, inter alia, that where IFRS does not contain guidance on a particular issue, the Directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards. In this regard it is noted that The United Kingdom Financial Reporting Standard No. 6 (FRS 6), outlines the situation when there is a transaction under common control. The guidance within the standard allows for merger accounting to be the method of accounting used.

Having considered the requirements of IAS 8 and the guidance included within FRS 6, it is considered appropriate to use a form of accounting named 'pooling of interests' when dealing with the transaction in which the Group acquired its controlling interest in Nviro Cleantech Limited. Pooling of interests has therefore been used to account for the transaction.

Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Jointly controlled entities are accounted for using the equity method. Investments in jointly controlled entities are carried in the balance sheet at the Group's share of the net assets of the joint venture, and the Group's share of profits or losses for each financial year are recognised in the consolidated income statement.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments in subsidiaries and joint ventures are initially measured at cost, including transaction costs and are subsequently measured at cost less any impairment.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss. They are depreciated over their estimated useful lives on the following annual bases:

Assets under construction - No depreciation until construction of the assets is completed

Leasehold Improvements - Over the length of the lease

Plant and machinery - 3 to 10 years straight line

Computer Equipment - 33.3% straight line

The gain or loss ensuing on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Licences

Licences are stated at cost less accumulated depreciation and any impairment loss and are depreciated over their estimated useful lives on the following annual bases:

Licences - over the licence period

Impairment of Property, Plant and Equipment and Intangible Assets other than Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of an impairment is treated as a revaluation increase.

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual priorities of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

Borrowings

All borrowing costs are recognised in the income statement over the term of the instrument using an effective rate of interest.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other receivables

Other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. Objective evidence of impairment could include, the payment of debts becoming significantly overdue. The receivables are categorised as loans and receivables in these financial statements.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. They are categorised as other financial liabilities in these financial statements.

Operating loss

Operating loss is stated before, finance income, interests in joint ventures and taxation.

Leases

All leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

Segmental Reporting

A business segment is a group of assets and operations that provide a product or service and that is subject to risks and returns that are different from other business segments. A geographic segment is a group of assets and operations that provide a product or service within a particular economic environment and that is subject to risks and returns that are different from segments operating in different economic environments.

Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's business development of its various clean technologies is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- there is intent, and sufficient resources are available, to complete the development and to either sell or use the asset.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally-generated intangible assets will be amortised on a straight-line basis over their useful lives by reference to their sale and use.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates, (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at exchange rates prevailing on the balance sheet date. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of. Income and expense items are translated at the average exchange rates for the period. Transactions in currencies other than the functional currency are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on retranslation are included in the income statement.

At the beginning of the period, the functional currency of three of the Group's subsidiary undertakings was changed from pounds sterling to US\$. The reason for the change was that a significant majority of transactions in each company are undertaken in US\$. The change was adopted prospectively from 1st October 2008.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Share Based Payment

The Group has applied the requirements of IFRS 2 Share based payment. The Group issues equity settled share based payments to certain employees and third parties. Equity settled share based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

Critical accounting judgements and key sources of estimation and uncertainty

In the process of applying the accounting policies of both the Company and the Group, as described above, management have made the following judgements that have the most significant effect on the amounts recognised in the financial statements

Impairment of Investments

The carrying value of investments in the Company's accounts is reliant upon the outcome of the reverse takeover of the Company by Southbank UK plc on 20 January 2010. As has been highlighted in notes 10 and 30 to these financial statements, the directors of Southbank were clear that their interest in the transaction and the concomitant fundraising was in obtaining new cash resources to support their existing business and not in Nviro's technologies and this is clearly explained in the Offer Document. No resources are to be allocated to the Nviro technologies after the transaction has completed. The result of this is that the carrying value of investments has been significantly impaired, an impairment charge of £20,193,000 being put through the financial statements this year.

Impairment of Development costs and Licences

The carrying value of development costs and licences in the Group's accounts is reliant upon the outcome of the reverse takeover of the Company by Southbank UK plc on 20 January 2010. The carrying value of these assets has been significantly impaired, an impairment charge of £1,778,000 being put through the financial statements this year. See 'impairment of investments' above and also note 8 for an explanation of this impairment charge.

Impairment of property, plant and equipment

As a consequence of the decision, based on currently prevailing economic conditions and on grounds of economic inviability, not to proceed at the CBT site in Cincinnati and the associated deferral of revenues, and also the reverse takeover of the Company by Southbank UK plc on 20 January 2010, management have concluded that an impairment charge of £3,543,000 should be booked against fixed assets under construction, leasehold improvements and plant and machinery across the Group's business units. See note 10 for a further explanation of the impairment charge.

No other material judgements have been made by management that could have a significant effect on the amounts recognised in the financial statements.

2. FINANCE INCOME

			Year ended 30 September 2009 £'000	Year ended 30 September Error! Reference source not found.8 £'000
Bank interest receivable			119	283

3. LOSS FOR THE FINANCIAL YEAR

			Year ended 30 September 2009 £'000	Year ended 30 September Error! Reference source not found.8 £'000
Loss for the financial year is arrived at after charging:				
Net foreign exchange losses			29	70
Depreciation on owned assets			48	25
Amortisation expense			106	105
Research expense			360	329
Rentals payable under operating leases			110	29
Staff costs (see note 7)			1,427	1,006
Auditors' remuneration for audit services			75	75
Share based payment expense			33	90
Impairment loss recognised on property, plant and equipment			3,543	-
Impairment loss recognised on development assets			961	-
Impairment loss recognised on licences			817	-

The amortisation and depreciation charge of £154,000 (2008: £130,000) and the staff costs expense of £1,427,000 (2008: £1,006,000) are included within administrative expenses within the income statement.

Amounts payable to Baker Tilly UK Audit LLP and its related entities, in respect of both audit and non-audit services are set out below:

		Year ended 30 September 2009 £'000	Year ended 30 September Error! Reference source not found.8 £'000
Fees payable to the auditors and associates for the statutory audit of the company and consolidated accounts		35	35
Fees payable to the auditors and associates for other services:			
The audit of the company's subsidiaries		40	40
Taxation services – Compliance services		15	16
Taxation services – Advisory services		13	21
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the company or any of its associates		40	-
Other services		15	-
		158	112

The fees disclosed in 2009 represent the directors' estimate of the fees payable for the audit for the year ended 30 September 2009.

4. ADMINISTRATIVE EXPENSES

		Year ended 30 September 2009 £'000	Year ended 30 September Error! Reference source not found.8 £'000
Staff costs (see note 7)		1,427	1,006
Professional fees		1,362	1,174
Travelling expenses		377	336
Rent and premises expenses		145	34
Provision against other receivables		200	-
Depreciation and amortisation charge		154	130
Other costs		584	428
		4,249	3,108

5. TAX

		Year ended 30 September 2009 £'000	Year ended 30 September Error! Reference source not found.8 £'000
Current tax			
Corporation tax		-	-
Adjustment in respect of prior years		-	-
Total current tax		-	-
Deferred tax		-	-
Adjustment in respect of prior years		-	-

Total tax charge			-	-

The Company is subject to Isle of Man taxation at the rate of 0%.

The charge for the year can be reconciled to the loss per the income statement as follows:

		Year ended 30 September 2009 £'000	Year ended 30 September Error! Reference source not found.8 £'000
Loss before tax		(9,497)	(3,173)
Tax at the UK corporation tax rate of 28% (2008: 29%)		(2,659)	(920)
Factors affecting charge for the year			
Expenses not deductible for tax purposes		1,241	7
Capital allowances for period in excess of depreciation		3	-
Tax losses not utilised		903	819
Timing differences not recognised for deferred tax purposes			(136)
Losses not available for tax purposes		507	230
Other timing differences		5	-
Group tax charge		-	-

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As the availability of future profits against which to utilise a deferred tax asset is uncertain, no asset has been recognised in the year. The unrecognised deferred tax asset at 30 September 2009 is £3,601,199 (2008: £2,795,567).

Due to the change in ownership of the company on 19 January 2010, as outlined in note 30 to these financial statements, the status of the losses carried forward may be restricted if there is a major change in the nature and conduct of the loss making trade.

Losses not available for tax purposes mainly relate to losses incurred in jurisdictions with a nil% tax rate.

6. LOSS PER SHARE

Continuing operations

Basic loss per share of £1.44 (2008: £0.64) is based on the loss for the financial year of £9,497,000 (2008: loss of £3,173,000) and on 6,609,319 ordinary shares (2008: 4,929,847 ordinary shares) being the weighted average number of shares in issue throughout the year. As there is a loss for the year, there is no difference between the basic and the diluted loss per share. There are 1,631,202 (2008: 2,670,055) share options in issue that could potentially dilute basic earnings per share in the future, but have not been included in the calculation of diluted earnings per share because they are anti dilutive for the periods presented.

The calculation of the weighted average number of shares takes into account the subdivision of the ordinary share capital that took place on 15 January 2010 as outlined in note 30.

7. STAFF COSTS

The average monthly number of employees, (including executive directors) during the year was:

	Group	
	2009 Number	2008 Number
Management and finance	5	4
Technical	9	5
Administration	4	2
	18	11

The costs incurred in respect of these employees were:

	Group	
	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Wages and salaries	1,589	1,006
Share based payments (see note 23)	33	90
Social security costs	122	115
	1,744	1,211

Further information regarding the remuneration of directors is included within the Report of the Remuneration Committee on pages 19 to 21.

8. INTANGIBLE ASSETS

Group	Licence £'000	Development costs £'000	Total £'000
Cost			
At 1 October 2007	1,054	-	1,054
Additions	-	867	867
At 30 September 2008	1,054	867	1,921
Additions	-	214	214
At 30 September 2009	1,054	1,081	2,135
Amortisation			
At 1 October 2007	26	-	26
Charge for the year	105	-	105
At 30 September 2008	131	-	131
Charge for the year	106	-	106
Impairment charge	817	961	1,778
At 30 September 2009	1,054	961	2,015
Net Book Value: 30 September 2007	1,028	-	1,028
Net Book Value: 30 September 2008	923	867	1,790
Net Book Value: 30 September 2009	-	120	120

An impairment charge of £1,778,000 (2008: £Nil) has been identified in the year across the Group's intangible asset balances. No amortisation has been charged on development expenditure as the cash generating units to which the assets have been allocated are not yet revenue generating.

See note 10 for an explanation of the calculation of the impairment charge.

9. INVESTMENTS

Company	Investment in subsidiary undertakings £'000
Cost	
At 1 October 2007	20,201
Adjustment in the year	(40)
At 30 September 2008	20,161
Additions	32
At 30 September 2009	20,193
Provision for impairment	
At 1 October 2007	-
Impairment in the year	-
At 30 September 2008	-
Impairment in the year	20,193
At 30 September 2009	20,193
Net Book Value: 30 September 2007	20,201
Net Book Value: 30 September 2008	20,161
Net Book Value: 30 September 2009	-

The company owns more than 20% of the following entities:

Name of undertaking	Place of incorporation	% ownership/voting power	Principal activity
Nviro Cleantech Limited	England & Wales	100	Administration
Laseair Limited	England & Wales	80	Development & exploitation of clean technologies
Microrelease Limited	England & Wales	80	Development & exploitation of clean technologies
Organotect Limited	United States	65	Development & exploitation of clean technologies
Nviro Cleantech Inc.	United States	100	Administration
Vertus Technologies US LLC	United States	100	Development & exploitation of clean technologies
Vertus Technologies Industrial LLC	United States	100	Development & exploitation of clean technologies

Vertus Technologies Limited	Cayman Islands	100	Development & exploitation of clean technologies
Nvrio Cleantech Limited	Cayman Islands	100	Holding company
Balama Nviro Limited	British Virgin Islands	50	Holding company
Balama Nviro Limited	Hong Kong	50	Development & exploitation of clean technologies

All companies are owned indirectly by Nviro Cleantech plc except for Nviro Cleantech Limited and the results for all have been included within the consolidation.

An impairment review has been undertaken on the value of the company's investment in its subsidiary undertakings. This has been undertaken in light of the reverse acquisition of the Company by Southbank UK plc that completed post year end as outlined in note 30. The value of the Company's investment in its subsidiary undertakings has been fully written down by £20,193,000. Further information as to why the impairment is necessary can be found in note 10, property, plant and equipment and note 30, post balance sheet events.

The additions relate to subsidiary undertaking's share of the share option charge for the year.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £'000	Assets in the course of construction £'000	Plant & Machinery £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 October 2007	-	-	33	3	36
Additions	46	1,141	20	3	1,210
At 30 September 2008	46	1,141	53	6	1,246
Additions	38	2,584	1	10	2,633
At 30 September 2009	84	3,725	54	16	3,879
Depreciation					
At 1 October 2007	-	-	1	-	1
Charge for the year	9	-	14	2	25
At 30 September 2008	9	-	15	2	26
Charge for the year	27	-	17	4	48
Impairment charge	48	3,473	22	-	3,543
At 30 September 2009	84	3,473	54	6	3,617
Net book value: 30 September 2007	-	-	32	3	35
Net book value: 30 September 2008	37	1,141	38	4	1,220
Net Book value: 30 September 2009	-	252	-	10	262

As outlined in note 30, post balance sheet events, the acquisition of Southbank UK plc was completed on 20 January 2010. This acquisition took the form of a reverse takeover of the Company by Southbank UK plc. This reverse takeover, which was announced as a proposal before the year end, has, therefore, brought about an

anticipated change in policy towards the Nviro technologies. Throughout the period of negotiation, which commenced in earnest in August 2009, the directors of Southbank were clear that their interest in the transaction and the concomitant fundraising was in obtaining new cash resources to support their existing business and not in Nviro's technologies and this is clearly explained in the Offer Document. No resources are to be allocated to the Nviro technologies after the transaction has completed.

This, and the absence of any firm offers for the technologies from credible commercial partners, has led the Directors to consider that the property, plant and equipment and intangible assets relating to the Microrelease, Laseair and Organotect technologies have been impaired and should as a consequence be written down to a nil value.

The Directors also consider that the property, plant and equipment and intangible assets relating to the Clean Fuels technology have been impaired. 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 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.

An offer has been received for the Clean Fuel assets including the related intellectual property. After giving consideration to the points outlined above and the strategic issues arising from the reverse acquisition, the directors believe that the property, plant and equipment and intangible assets relating to the Clean Fuel technology should be written down to the value outlined in the offer.

The result is an impairment charge for property plant and equipment for the year ended 30 September 2009 of £3,543,000 (2008: £Nil).

Company	Computer equipment £'000
Cost	
At 1 October 2007	2
Additions	-
At 30 September 2008	2
Additions	-
At 30 September 2009	2
Depreciation	
At 1 October 2007	-
Charge for the year	1

At 30 September 2008	1
Charge for the year	1
	<u> </u>
At 30 September 2009	2
	<u> </u>
Net book value: 30 September 2007	2
	<u> </u>
Net book value: 30 September 2008	1
	<u> </u>
Net Book value: 30 September 2009	-
	<u> </u>
	<u> </u>

11. OTHER NON CURRENT ASSET

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Due from group undertakings	-	-	-	1,085
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The loan due from group undertakings has been fully impaired during the year due to the reasons outlined in notes 10 and 30.

12. RECEIVABLES

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Due within one year:				
Other receivables	282	61	-	-
Provision against other receivables	(200)	-	-	-
Prepayments and accrued income	48	84	17	21
Due from group undertakings	-	-	370	4,202
	130	145	387	4,223

The directors consider that the carrying amount of other receivables approximates to their fair value.

Group

Although there is no specific repayment date attached to the amount, £200,000 (2008: £Nil) of other receivables are considered to be impaired and have hence been provided against. The directors do not believe that this debt will be repaid to the Group due to a dispute with the debtor. There is no other movement in the allowance account for impairment other than the new provision in the year. All of the Group's other receivables are denominated in sterling except for £73,587 (2008:£102,981) denominated in \$US.

Company

All of the Company's other receivables are denominated in sterling at 30 September 2009 and 2008. There are no specific repayment terms attached to the amounts due from Group undertakings. An impairment of £10,815,878 (2008: £Nil) has been charged against the amount due from group undertakings due to the reasons outlined in note 10.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash and cash equivalents per balance sheet	3,384	10,946	3,143	10,470

All of the Group's and Company's cash and cash equivalents at 30 September 2009 and 2008 are at floating interest rates except for £474,483 (2008: £200,000), which is held on deposit, accruing interest at 0.5% below the Bank of England base rate per annum.

All of the Group's cash and cash equivalents at 30 September 2009 are in sterling except for £117,761 (2008: £201,741) held in \$US. All of the Company's cash and cash equivalents at 30 September 2009 and 2008 are in sterling.

The directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade payables	130	504	32	19
Other payables	33	41	-	-
Accruals and deferred income	321	381	185	108
Due to group undertakings	-	-	26	27
	484	926	243	154

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2008: 42 days). The directors consider that the carrying amount of trade and other payables approximates to their fair value.

The Group and Company have financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

15. PROVISIONS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 October 2008	337	337	-	-
Reduction in provisions during the year	(337)	-	-	-
At 30 September 2009	-	337	-	-

The provision relating to a dispute with a supplier in existence at the beginning of the year was reversed during the period, after the completion of the legal case regarding the dispute. No monies were payable as a result of the settlement of the issue.

16. JOINT VENTURE UNDERTAKINGS

The Group holds a 50 per cent investment in Balama Nviro Limited, a company incorporated in the British Virgin Islands. Through this company, it holds a 50% investment in a company also named Balama Nviro Limited, a company incorporated in Hong Kong. In both instances, the Group holds the ownership of 50% of the ordinary share capital of the entities. The principal activity of the joint venture is the development and exploitation of clean technologies.

At 30 September 2009 the joint ventures had no capital commitments or contingent liabilities. The results of the joint ventures for the period ended 30 September 2009 have not been audited.

A summary of the results of the joint ventures for the year ended 30 September 2009 is shown below.

	Group share of results		2009 £'000
	Revenue		-
	Operating loss		(23)
	Finance Income		-

	Loss before tax		(23)
	Tax		-
			(23)
	Loss after tax		

	Group share of net liabilities		2009 £'000
	Non current assets		-
	Current assets		1
	Current liabilities		(49)
	Share of net liabilities		(48)
	At 1 October 2007		-
	Share of loss		(19)
	Exchange differences		(3)
	At 1 October 2008		(22)
	Share of loss		(23)
	Exchange differences		(3)
	At 31 September 2009		(48)

17. SHARE CAPITAL

			2009 £'000	2008 £'000
Authorised:				
200,000,000 ordinary shares of 0.1p each			200	200
			200	200
Allotted, called up and fully paid:				
At 1 October			66	44
Issues during the year			-	22
At 30 September			66	66

The Company has one class of ordinary shares which carry no right to fixed income.

Share Options

A total of 308,000 (2008: 160,000) options over the ordinary share capital of the company were granted to a number of employees during the course of the year as follows,

Grant date	Number of options		Exercise price	Exercise period
09/10/08	30,000	employee	£0.33	7,500 exercisable immediately upon grant until 08/10/18 7,500 exercisable between 01/01/09 – 08/10/18 7,500 exercisable between 01/01/10 – 08/10/18 7,500 exercisable between 01/01/11 – 08/10/18

01/12/08	18,000	employee	£0.22	4,500 exercisable immediately upon grant until 30/11/18 4,500 exercisable between 01/01/09 – 30/11/18 4,500 exercisable between 01/01/10 – 30/11/18 4,500 exercisable between 01/01/11 – 30/11/18
28/05/09	200,000	employee	£0.07	50,000 exercisable immediately upon grant until 27/05/18 50,000 exercisable between 01/01/09 – 27/05/18 50,000 exercisable between 01/01/10 – 27/05/18 50,000 exercisable between 01/01/11 – 27/05/18
02/06/09	30,000	employee	£0.09	7,500 exercisable immediately upon grant until 01/06/18 7,500 exercisable between 01/01/09 – 01/06/18 7,500 exercisable between 01/01/10 – 01/06/18 7,500 exercisable between 01/01/11 – 01/06/18
22/06/09	30,000	employee	£0.07	7,500 exercisable immediately upon grant until 21/06/18 7,500 exercisable between 01/01/09 – 21/06/18 7,500 exercisable between 01/01/10 – 21/06/18 7,500 exercisable between 01/01/11 – 21/06/18

18. SHARE PREMIUM RESERVE

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 October	16,017	6,582	16,017	6,582
Issue of share capital	-	9,983	-	9,983
Expenses connected to issue of share capital	-	(548)	-	(548)
At 30 September	16,017	16,017	16,017	16,017

The share premium reserve comprises of the difference between the issue value of shares issued and the par value of those shares, less expenses connected to the issue of share capital.

19. MERGER RESERVE

Group		£'000
At 30 September 2008 and 30 September 2009		4,585
Company		£'000
At 30 September 2008 and 30 September 2009		20,075

On 3 July 2007, the Group entered into a share swap agreement whereby the shareholders of Nviro Cleantech Limited agreed to swap their interest in the shares of Nviro Cleantech Limited for shares in Nviro Cleantech plc, a newly incorporated company. The consideration for the share swap was the issue of 31,916,199 ordinary shares of £0.001 each. This transaction was accounted for as a group reconstruction and consequently merger accounting has been adopted.

20. SHARE BASED PAYMENT RESERVE

Group and company	2009 £'000	2008 £'000

	At 1 October	366	286
	Share based payment charge	33	90
	Transfer to profit and loss reserve on cancellation / exercise of share options	(262)	(10)
	At 30 September	137	366

The share based payment reserve of both the Group and the Company, comprises of the fair value of the share options issued by the Group that has been expensed.

21. TRANSLATION RESERVE

Group		2009 £'000	2008 £'000
1 October		(3)	-
Exchange differences		12	(3)
30 September		9	(3)

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that do not have a Sterling functional currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

22. RETAINED LOSSES

Group		2009 £'000	2008 £'000
1 October		(8,215)	(5,052)
Loss for the year		(9,497)	(3,173)
Transfer from share based payment reserve on cancellation / exercise of options		262	10
30 September		(17,450)	(8,215)

Company		2009 £'000	2008 £'000
1 October		(738)	(598)
Loss for the year		(32,532)	(150)
Transfer from share based payment reserve on cancellation / exercise of options		262	10
30 September		(33,008)	(738)

23. SHARE BASED PAYMENTS

As outlined in note 17, the group granted share options to various employees during the year. Details of the share options outstanding at the year end are as follows.

		2009		2008	
		Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price

Outstanding at beginning of year	2,670,055	£0.38	2,560,055	£0.37
Granted during year	308,000	£0.11	160,000	£0.47
Exercised during the year	-	-	(50,000)	£0.10
Lapsed during the year	(1,346,853)	£0.41	-	-
Outstanding at end of year	1,631,202	£0.32	2,670,055	£0.38
Exercisable at end of year	1,297,202	£0.33	1,940,122	£0.38

A share based payment charge has been calculated using the Black Scholes model to calculate the fair value of the share options. The inputs into the Black Scholes model are as follows;

		2009	2008
Weighted average share price		£0.32	£0.38
Weighted average exercise price		£0.32	£0.38
Expected volatility		38%	36.0%
Expected life		6 years 9 months	9 years 0 months
Risk free rate		1.23%	5.25%
Expected dividends		0.00%	0.00%

The expected volatility percentage was calculated by reference to the share price of the Company over different periods from the listing of the Company to 30 September 2009. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The weighted average remaining contractual life of the options outstanding at 30 September 2009 was 6 years 9 months (2008: 9 years). The outstanding options can be exercised at prices ranging from £0.07 to £0.58 and can be exercised over a 5 to 10 year period.

The Group recognised total expenses related to equity settled share based payment transactions in the form of options of £32,832 (2008: £90,030). Of this total, all related to employees including executive directors, (2008: £90,030). The majority of the options in existence have no performance criteria.

24. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000

Operating loss from continuing operations	(9,593)	(3,437)	(32,651)	(434)
Adjustments for:				
Depreciation of property, plant and equipment	48	25	1	1
Amortisation of intangible assets	106	105	-	-
Share based payment expense	33	90	2	90
Impairment of property, plant and equipment	3,543	-	-	-
Impairment of development costs and licence fees	1,778	-	-	-
Impairment of investments	-	-	20,193	-
Impairment of loan balances	-	-	11,900	-
Operating cash flows before movements in working capital	(4,085)	(3,217)	(555)	(343)
Changes in working capital:				
Decrease / (Increase) in trade and other receivables	15	240	(6,980)	(3,973)
(Decrease) / Increase in trade and other payables	(442)	328	89	(672)
Decrease in provisions	(337)	-	-	-
Net cash outflow from operations	(4,849)	(2,649)	(7,446)	(4,988)

25. OPERATING LEASE ARRANGEMENTS

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised in the Income Statement for the year	110	29

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £'000	2008 £'000
Within one year	13	7
Between one and two years	-	15
Between two and five years	-	143
	13	165

Operating lease payments represent rentals payable by the Group for office property. The various leases all expire within one year.

26. RELATED PARTY TRANSACTIONS

Transactions between the Company's subsidiaries, that have been eliminated on consolidation and are not disclosed in this note. Transactions between the company and its subsidiaries were as follows, (all amounts are unsecured):

Company	2009 £'000	2008 £'000

Amounts due from subsidiary undertakings (central funding) prior to the write off below	11,186	4,202
Provision against amounts due from subsidiary undertakings	(10,816)	-
	=====	=====
Net amount due from subsidiary undertakings	370	4,202
	=====	=====
Loan due from subsidiary undertakings due between two and five years prior to the write off below	1,085	1,085
Provision against amounts due from subsidiary undertakings	(1,085)	-
	=====	=====
Net amount due from subsidiary undertakings	-	1,085
	=====	=====
Amounts owed to subsidiary undertakings	(26)	(27)
	=====	=====

Group

Transactions with related parties who are not members of the Group:

Core Capital Holdings LLC and Inflect Technologies Limited are both related parties by virtue of their shareholding in the Company. During the year they provided consultancy services to the Group totalling £132,739 (2008: £164,280) and £30,000 (2008: £82,500) respectively. At 30 September 2009 the Group owed the companies £1,500 and £Nil respectively (2008: £13,529 and £23,500 respectively). The University of Glasgow is a related party by virtue of its shareholding in one of the Groups' subsidiaries. During the year, the University of Glasgow provided consultancy services to the Group totalling £33,606 (2008: £282,845). At 30 September 2009, the Group owed the company £Nil (2008: £Nil). FIRA International Limited is also a related party by virtue of the shareholding of Chiltern Ventures Limited in one of the company's subsidiaries. During the year, FIRA International Limited provided consultancy services to the Group totalling £32,395 (2008: £138,300). At 30 September 2009, the Group owed the company £14,288 (2008: £Nil). None of these balances are secured.

Transactions with joint ventures:

During the year the Group recharged £Nil (2008: £21,390) of expenses to its joint venture undertaking, Balama Nviro Limited.

The remuneration of the directors and other key management personnel of the Group is set out below.

	2009 £'000	2008 £'000
Short term employee benefits (including non executive directors)	359	683
Compensation for loss of office	118	-
Share based payments	16	54
	=====	=====
	493	737
	=====	=====
The remuneration paid to the highest paid director is as follows:		
- Emoluments	130	230
	=====	=====
	130	230
	=====	=====

The highest paid director did not exercise any share options during the year or receive any shares under a long term incentive scheme.

There are no retirement benefits accruing to directors. Further information about the remuneration of individual directors is provided in the report of the remuneration committee.

27. FINANCIAL INSTRUMENTS

GROUP

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group funds itself through equity financing and as at the balance sheet date, did not employ any debt financing.

The capital structure of the group consists of equity, comprising issued capital, reserves and retained earnings.

The group has no externally imposed capital requirements.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash at bank
- Trade and other payables

Categories of financial instruments

At 30 September 2009, the Group held the following financial assets:

		2009 £'000	2008 £'000
Loans and other receivables		3,466	11,007
		=====	=====
		3,466	11,007
		=====	=====

The analysis of loans and receivables is shown in the table below,

		2009 £'000	2008 £'000
Loans and receivables			
Other receivables		82	61
Cash and cash equivalents		3,384	10,946
		=====	=====
		3,466	11,007
		=====	=====

There have been no gains or losses during the year, (2008: £Nil) on loans and receivables.

At 30 September 2009, the Group held the following financial liabilities:

		2009 £'000	2008 £'000
Other financial liabilities			
Trade and other payables		484	926
		=====	=====
		484	926
		=====	=====

Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

During the year, the group had a number of overseas subsidiaries based in the Cayman Islands and the United States of America, (as outlined in note 9). The Group undertakes activities overseas, mostly in the United States and hence owns foreign currency denominated assets and liabilities. The Group also pays for invoices denominated in a foreign currency in the same currency as the invoice. The Group therefore does suffer from a level of foreign currency risk. This risk is reduced by holding money in the currency that invoices are received in. The directors currently believe that foreign currency risk is at an acceptable level.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at 30 September is as follows:

	Assets		Liabilities	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
United States Dollar	129	202	21	370
	129	202	21	370

Foreign currency risk sensitivity

As highlighted above, as at 30 September 2009, the Group had no significant exposure to foreign currency risk. No sensitivity analysis on changes between the value of sterling compared with foreign currencies has therefore been prepared.

Interest rate risk management

The Group has minimal exposure to interest rate risk. As outlined earlier, it has no exposure to debt financing and has no interest rate bearing liabilities. It is exposed to interest rate risk on its financial assets being its cash at bank balances. The interest rate receivable on these balances is either 0.50% below the Bank of England base rate or nil%. The Group gave careful consideration to which organisation it should use for its banking services and interest rates available was one aspect of the decision. The directors currently believe that interest rate risk is at an acceptable level.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for all interest bearing financial assets at the balance sheet date. For floating rate assets, the analysis is prepared assuming the amount of the asset outstanding at the balance sheet date was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonable possible change in interest rates.

At 30 September 2009, if interest rates had been 0.50% higher / (lower) and all other variables were held constant, the Group's net loss would (decrease) / increase by £17,920 (2008: increase / (decrease) by £53,730). This is attributable to the Group's exposure to interest rates on its variable rate cash balances. There would be no impact on the Group's equity balances.

At 30 September 2009, the Group had £Nil (2008: £Nil) of borrowings subject to variable rate interest.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's cash balances, with further minimal risk arising due to other receivables. The Group gives careful consideration to which organisations it uses for banking services in order to minimise credit risk. As the Group is in the pre-revenue stage of its development, it has no customers and therefore no need for a credit check policy. Such a policy will be introduced as and when required. Management considers the above measures to be sufficient to control the credit risk exposure.

The concentration of the Group's credit risk is considered by counterparty, geography and currency. The Group has a significant concentration of cash held on deposit with one large bank in the United Kingdom. At 30 September 2009, the concentration of credit risk held with that bank was £3,383,890 (2008: £10,745,968). There are no other significant concentrations of credit risk at the balance sheet date.

At 30 September 2009, the Group held no collateral (2008: Nil) as security against any financial asset. £200,000 of financial assets (2008: £Nil) have been provided against as outlined in note 12. There were no problems with the credit quality of any other financial asset in either year.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At both 30 September 2009 and 30 September 2008, no financial assets were past their due date. As a result, there has been no impairment of financial assets during the year other than the impairment of other receivables outlined above

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors. The board manages liquidity risk by regularly reviewing the group's gearing levels, cash flow projections and associated headroom and ensuring that excess banking facilities are available for future use. The group maintains good relationships with its banks, all of whom are banks with high credit ratings and its cash requirements are anticipated via the budgetary process. At 30 September 2009, the Group had £3.58 million of cash reserves. Note 30 to these accounts gives details of post balance sheet events that effect the liquidity position of the Group, namely, the acquisition of Southbank UK plc.

Maturity of financial assets and liabilities

All of the Group's non derivative financial liabilities and its financial assets in both the year to 30 September 2009 and the year to 30 September 2008 are either payable or receivable within one year.

COMPANY

The Company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company funds itself through equity financing and as at the balance sheet date, did not employ any debt financing.

The capital structure of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Company has no externally imposed capital requirements.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to these financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash at bank
- Trade and other payables
- Other receivables

Categories of financial instruments

At 30 September 2009, the Company held the following financial assets:

Loans and receivables		2009 £'000	2008 £'000
Other receivables (including amounts due from group undertakings)		370	5,287
Cash and cash equivalents		3,143	10,470
		—	—
		3,513	15,757
		=====	=====

There have been no gains or losses during the year, (2008: £Nil) on loans and receivables.

At 30 September 2009, the Company held the following financial liabilities:

Other financial liabilities		2009 £'000	2008 £'000
Trade and other payables (including amounts due to group undertakings)		243	154
		—	—
		243	154
		=====	=====

Market risk

The Company has minimal assets and liabilities held in foreign currencies and does not trade in overseas markets. The Company therefore has minimal exposure to foreign exchange risk. The Company is exposed to interest rate risk on its cash at bank balances.

Interest rate risk management

The Company has minimal exposure to interest rate risk. As outlined above, it has no exposure to debt financing and has no interest rate bearing liabilities. It is exposed to interest rate risk on its financial assets

being its cash at bank balances. The interest rate receivable on these balances is either 0.50% below the Bank of England base rate or nil%. The Company gave careful consideration to which organisation it should use for its banking services and interest rates available was one aspect of the decision. The directors currently believe that interest rate risk is at an acceptable level.

The Company's exposures to interest rates on financial assets are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for all interest bearing financial assets at the balance sheet date. For floating rate assets, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 0.50% increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rates.

At 30 September 2009, if interest rates had been 0.50% higher / (lower) and all other variables were held constant, the Company's net loss would (decrease) / increase by £15,716 (2008: increase / (decrease) by £52,350). This is attributable to the Company's exposure to interest rates on its variable rate cash balances. There would be no impact on the Company's equity balances.

At 30 September 2009, the Company had £Nil (2008: £Nil) of borrowings subject to variable rate interest.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises principally from the Company's cash balances and the balances due to it from other Group undertakings. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Management considers the above measures to be sufficient to control the credit risk exposure.

The concentration of the Company's credit risk is considered by counterparty, geography and currency. The Company has a significant concentration of cash held on deposit with one large bank in the United Kingdom. At 30 September 2009, the concentration of credit risk held with that bank was £3,143,298 (2008: £10,469,871).

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained. £11,900,414 (2008: £Nil) of financial assets have been impaired during the year, all of which related to amounts due from group undertakings. No other financial assets are past their due date.

At 30 September 2009, the Company held no collateral (2008: Nil) as security against any financial asset. No financial assets (2008: £Nil) were past their due date and there were no problems with the credit quality of any financial asset in either year apart from the impairment outlined above.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors. The board manages liquidity risk by regularly reviewing the company's gearing levels, cash flow projections and associated headroom and ensuring that excess banking facilities are available for future use. The Company maintains good relationships with its banks, all of whom are banks with high credit ratings and its cash requirements are anticipated via the budgetary process. At 30 September 2009, the Company had £3.14

million of cash reserves. Note 30 to these accounts gives details of post balance sheet events that effect the liquidity position of the Company, namely, the acquisition of Southbank UK plc.

Maturity of financial assets and liabilities

All of the Company's non derivative financial liabilities for both the years ending 30 September 2009 and 2008 are due within one year. The maturity profile of the Company's financial assets is shown in the table below:

2009	Receivable in less than one year £'000	Receivable between 2-5 years £'000
Other receivables (including amounts due from group undertakings)	370	-
Cash and cash equivalents	3,143	-
	<u>3,513</u>	<u>-</u>

2008	Receivable in less than one year £'000	Receivable between 2-5 years £'000
Other receivables (including amounts due from group undertakings)	4,202	1,085
Cash and cash equivalents	10,470	-
	<u>14,672</u>	<u>1,085</u>

28. MINORITY INTEREST

Equity attributable to the minority interest is £Nil at both 30 September 2009 and 30 September 2008, as the minority does not have a binding obligation to make additional investment to cover the losses of the Group. There are net liabilities in the relevant companies.

29. CAPITAL COMMITMENTS

At 30 September 2009, the Group had committed itself to future expenditure on capital contracts to the value of £Nil, (2008:£861,000).

30. POST BALANCE SHEET EVENTS

On 23 December 2009, the boards of Nviro Cleantech plc and Southbank UK plc ("Southbank") reached agreement on the terms of a recommended offer for the whole of the issued share capital of Southbank. Completion of the acquisition of Southbank took place on 20 January 2010.

On 15 January 2010, the Company undertook a share re-organisation. The existing share capital at that time of 66,093,190 ordinary shares of 0.1p each, was sub-divided into 6,609,319 ordinary shares of 1p each.

On 19 January 2010, prior to the acquisition outlined above, a total of 5,263,200 new ordinary shares of 1p each were issued at 76p per share, raising gross proceeds of £4 million pre expenses.

Based on the placing price of 76p per Nviro share, post the share re-organisation outlined above, the entire issued and to be issued share capital of Southbank UK plc was valued at £10.05 million.

Following the acquisition and upon re-admittance to AIM, the Company's issued ordinary share capital consisted of 19,957,265 ordinary shares of 1p each.

Owing to the timing of the transaction, the initial accounting for the business combination is incomplete. The Company will therefore provide details of the fair value of assets and liabilities acquired, the fair value of shares issued and the basis for determining that fair value and of any goodwill created, in the next financial reporting period. The acquisition will be accounted for as a reverse acquisition.

The Company changed its name on 19 January 2010 to Specialist Energy Group plc.

Detailed income statement (company)

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Continuing Operations:		
Administrative expenses:		
Directors remuneration	66	75
Employers NI expense	4	4
Legal fees	18	41
Audit and accountancy fees	39	41
Consultancy fees	39	39
Professional fees	117	125
Share based payment expenses	4	44
Windmill project expenses	215	-
Non recoverable vat	51	47
Other expenses	5	18
Impairment of intercompany loans	11,900	-
Impairment of investment	20,193	-
	<u> </u>	<u> </u>
Loss before interest	(32,651)	(434)
Finance income	119	283
	<u> </u>	<u> </u>
Loss before tax	(32,532)	(151)
Tax	-	-
	<u> </u>	<u> </u>
Loss for the financial year	<u>(32,532)</u>	<u>(151)</u>