

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

**8<sup>th</sup> July 2010**

**Trading Update**

Specialist Energy Group plc (AIM: SEGR.L), the niche engineering and manufacturing group, is pleased to provide a trading update for the first half of 2010 to 30 June and to confirm that the Company is trading in line with market expectations.

During the period the Company has seen its wholly owned subsidiary Hayward Tyler Group Ltd (“Hayward Tyler”) continue to exhibit significant advances in underlying gross and operating margins.

Hayward Tyler is a market leader in the design, manufacture and service of critical application pumps and motors for the power generation, oil and gas and energy markets.

Highlights of the first half of 2010 include:

- Increased gross and operating margins, ahead of last year
- Successful shipment of 28 large supercritical and subcritical boiler circulating pumps to China, India and the Middle East demonstrating the continued strength of the business in Asia
- A first for Hayward Tyler; the delivery of four synthetic gasification (“Syngas”) cooler pumps for one of the largest Syngas project in the world
- £14m of new orders received taking the order book to over £26m
- Continued success with expediting pumps and spare parts to the nuclear industry in both power and defence sectors
- Continued investment in the testing facility at the main manufacturing site in the UK and further patent applications in the fields of bearing technology, glanding techniques and deep submersible technology

Whilst the macro environment remains challenging, it has been encouraging to see Hayward Tyler ship a high number of original equipment units in the first half and the UK services business enjoyed a record order intake during the period. The high shipment levels have reduced the order book from its year end level of £30.1m but with an additional £14m of new business won and further contract wins expected from China and India, management continue to look to the future with confidence.

Further details of the Company’s operating performance will be announced in September 2010 when the interim accounts for the period to 30 June 2010 are published.

The Board of SEG is also pleased to confirm that an agreement in principle has been reached to dispose of certain physical assets of its subsidiary Vertus Technologies Limited, which is expected to realise proceeds of approximately \$450,000 in the current financial year. The Group remains the owner of the Vertus technology intellectual property rights and it will continue to pursue the opportunities to license the Vertus technology. Should these licensing discussions not reach a satisfactory conclusion the Directors intend to cease development of the Vertus technology. The Board has significantly scaled down the operations of the Nviro technologies portfolio and continues to pursue other options to monetise them.

As announced yesterday, we are delighted to welcome Ron Emerson to the Board of SEG plc as our independent Non-Executive Director and Chairman of the Remuneration Committee. Ron, a qualified engineer, has spent his career in international banking and since 1996, has divided his time between non-executive directorships, business advisory work and being an active member of the Faculty of Management Studies at Oxford University. As a non-executive he has served on the Board of Directors of Premier Oil plc, ACE European Group Ltd and as a business adviser to House of Habib. He was also a Senior Advisor at the Bank of England and the Financial Services Authority. Recently it was announced that he has been appointed as Senior Independent Director of Fairfield Energy plc, a UK based independent oil and gas explorer.

Ewan Lloyd-Baker, Chief Executive Officer of SEG plc, commented:

*“I am delighted to report that even in this prolonged global downturn the trading performance of our business continues to improve inline with expectations. Following the readmission of the Company to AIM earlier this year, it is encouraging to be pushing ahead in our core markets and to demonstrate the strong fundamentals of the Hayward Tyler business.*

*With a growing pipeline of projects the continuing development of the Hayward Tyler business coupled with the planned exit from the Nviro technologies means that our focus will remain on the long term profitable growth of our core businesses in expanding markets.”*

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