

Novera Energy plc ('Novera' or 'the Company')
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

Novera, a leading quoted independent UK renewable energy company, announces its preliminary results for the 12 months to 31 December 2008.

HIGHLIGHTS*

- Revenue increased 3 per cent to £35.5 million (2007: pro forma £34.4 million; statutory £32.1 million):
 - Generation decreased by 2 per cent to 554 GWh (2007: 564 GWh); and
 - Average price achieved increased 5 per cent to £60/MWh from £57/MWh.
- Gross profit before depreciation and amortisation increased 4 per cent to £16.6 million (2007: pro forma £16.0 million; statutory £14.9 million).
- EBITDA decreased 9 per cent to £10.3 million (2007: pro forma £11.2 million; statutory £10.2 million) due to increased investment in our development pipeline, increasing pre-construction expense.
- Strong balance sheet with £20.4 million cash in bank at 31 December 2008, of which £6.1 million was in restricted cash bank accounts. Net debt of £70.5 million with no refinancing obligations.
- Good progress made on the implementation of onshore wind development programme:
 - Lissett Airfield Wind Farm Yorkshire (30MW) saw first production on 11 February 2009
 - Projects with potential capacity in the range of 62-73 MW have had planning consent:
 - Glenkerie, Scottish Borders (22-27MW)
 - A'Chruach, Argyle and Bute (40-46MW)
 - Six applications with a potential capacity range of 62-71.5MW submitted into planning:
 - Mynydd Clogau 2, Wales (16MW)
 - Todd Hill, Northumberland (8-10MW)
 - Wingates, Northumberland (12-15MW)
 - Bullamoor, Yorkshire (10-12MW)
 - Gordonstown Hill, Aberdeenshire (10-12.5MW)
 - Sillfield (joint development), Cumbria (6MW)
 - Further portfolio of identified sites at the 'pre-planning' stage with a potential capacity of 248MW

Commenting on the results, David Fitzsimmons, CEO said *"Today's results demonstrate that Novera has a strong base business with further growth expected from our wind portfolio. Revenue and gross profit from the existing operations grew last year. We start 2009 with £20 million cash in the bank and with two secure long-term finance facilities in place. With the start of generation at Lissett in February, we continue to demonstrate our excellent track record in the development of our wind portfolio."*

Roy Franklin, Chairman said: *"Novera's sound financial position means that it is well placed to strengthen its presence within the renewables market. The successes we have achieved to date in implementing our wind development programme mean that we can now look forward to making a significant contribution to the UK's emerging, low carbon economy and enjoying further commercial success."*

* For the purposes of comparison the Directors have also produced the 2007 results of the Group on a pro-forma basis which better reflect the underlying results of the businesses comprising the Group. The 2007 comparative period assumes 100 per cent ownership of Novera Macquarie Renewable Energy (NMRE); the Group actually owned 50 per cent of NMRE until 22 January 2007.

Enquiries

Novera Energy plc

David Fitzsimmons, Chief Executive Officer

Rory Quinlan, Chief Financial Officer

Tel: +44 (0) 20 7845 9720

Oriel Securities Limited (Novera's Financial Adviser, Nominated Adviser and Broker)

Michael Shaw

Tel: +44 (0) 20 7710 7600

Gavin Anderson & Company (PR)

Ken Cronin / Kate Hill / Michael Turner / Andy Jones

Tel: +44 (0) 20 7554 1400

Notes to Editors:

Novera is a leading independent UK renewable energy company, with a portfolio of landfill gas, waste and wind assets and projects. The Company has 148MW of renewable power generation at 58 sites across the UK and employs over 170 members of staff.

Asset	Detail	Capacity
Landfill Gas	46 sites	87MW
Hydro	10 sites	16MW
Wind (operational)	2 sites	45MW
Sub-total (operational)		148MW
Wind (consented)	A'Chruach	40-46MW
Wind (consented)	Glenkerie	22-27MW
Wind (in planning)	Mountboy	6MW
Wind (in planning)	Mynydd Clogau 2	16MW
Wind (in planning)	Sillfield*	6MW
Wind (in planning)	Wingates	12-15MW
Wind (in planning)	Todd Hill	8-10MW
Wind (in planning)	Gordonstown Hill	10-12.5MW
Wind (in planning)	Bullamoor	10-12MW

For more details, visit www.noveraenergy.com

CHAIRMAN'S REPORT

Business Overview

I am pleased to report that Novera Energy continued to make good progress in 2008 in delivering its strategy, ending the year confident of future expansion and success despite the turmoil in global financial markets.

Novera's strategy is to maximise the financial and operational performance of its generating assets and to reinvest the cash generated in the development of new renewable energy assets, with a focus on UK onshore wind.

Operational performance improvements continued during 2008 with increased in-house maintenance of engines and the introduction of new performance monitoring and data collection systems. Revenue increased by 3 per cent on a pro forma basis to £35.5 million, due to higher sales prices compensating for a 2 per cent decrease in generation to 554GWh (2007: 564GWh). Gross profit before depreciation and amortisation also increased by 4 per cent (on a pro forma basis) to £16.6 million due to increasing revenues and continued focus on cost control.

The Group also made substantial progress in developing its wind business. Construction of Lissett Airfield Wind Farm (30MW) was largely completed during 2008, with first production achieved in February 2009. This was just over two and a half years after the planning application for the project was submitted, making it one of the quickest onshore wind farm developments of this scale successfully delivered. Lissett is on track to have all turbines operational in March 2009 and the project is expected to be completed under budget.

During the year, Novera was granted planning consents for two wind farms in Scotland, taking the total consented wind capacity to a potential 118MW, depending on turbine selection. The newly consented wind farm sites, which have a combined potential capacity of 62-73MW, are Glenkerie (Scottish Borders) and A'Chruach (Argyll and Bute). Furthermore, the Group currently has seven sites in planning, 13 sites in pre-planning and a number of additional, less-advanced sites under evaluation with a potential capacity of approximately 70MW, 250MW and 300MW respectively.

In July 2008, Novera raised £15.0 million through a share placing to fund the Group's wind development programme. The Group ended the year with a cash balance of £20.4 million of which £6.1 million was in restricted bank accounts. The Group has two non-recourse, long-term (14 and 15 years) finance facilities in place: one for existing operations of £83.3 million; the other for the Lissett Airfield Wind Farm, which will be approximately £29.5 million on project completion.

Outlook

Novera is in a sound financial position and is well placed to strengthen its presence within the renewables market. With the successes we have achieved to date in implementing our onshore wind development programme, we can look forward with confidence to making a significant contribution to a growing, low carbon economy and further successes for the Group.

Employees

2008 was a challenging year for the Group, and staff responded with a positive attitude and a strong work ethic that delivered another good result. On behalf of the Board and all shareholders I would like to take this opportunity to thank them for all their efforts.

ROY A FRANKLIN
CHAIRMAN
20 February 2009

CHIEF EXECUTIVE OFFICER'S REVIEW

Novera had a successful year in 2008, with operational improvements implemented in the landfill gas generation business and significant progress achieved in our wind development pipeline, including the construction of the Lissett Airfield Wind Farm (30MW) which is scheduled to be fully operational in March 2009.

Novera has an established, diverse portfolio of renewable energy assets with a total capacity of 118MW in operation at the end of 2008: landfill gas (87MW); hydroelectric (16MW); and wind (15MW). Whilst the majority of our operational capacity is currently fuelled by landfill gas, over the next few years our strategy is to deliver a significant level of growth from onshore wind.

Our wind development portfolio currently comprises sites across the UK at various stages of development from early investigation through to construction, giving us confidence as we work towards our growth targets.

OPERATIONS

The Key Performance Indicators ('KPIs') for our operations are based on power generation, revenue, costs and gross profit. The 2007 comparative figures are presented on a pro-forma basis as explained fully within the Financial Review.

The Group's revenue increased by 3 per cent with higher contract prices more than compensating for a 2 per cent decline in production, further details of which are set out below. These prices were achieved due to the higher one-year Power Purchase Agreement ('PPA') price, an inflationary increase to the UK Government's Non Fossil Fuel Obligation ('NFFO') contracts, and a decrease in the proportion of less profitable energy generation sold under NFFO contracts. 87 per cent of Novera's 2008 power output was sold under long-term contracts (2007: 90 per cent). As these contracts expire Novera can expect to achieve market prices, which for summer 2009 are circa £92/MWh (NFFO auction 6 February 2009), compared to Novera's 2008 average sales price of £60/MWh.

The main risks to our operations relate to asset performance, health & safety and environmental standards and the impact of weather. Operational performance is now monitored in real time with the establishment of a 24-hour control which assists us in identifying improvement opportunities and managing risk. Environmental, health & safety risks are key priorities for Novera and we have appointed dedicated resources to assess and manage these risks. The geographical spread of our portfolio and weather predictions included in our financial models facilitate our assessment of the impact of weather on our results.

LANDFILL GAS

Novera's landfill gas portfolio generated 468GWh during 2008 (2007: 487GWh). During 2008, we experienced a series of operational issues, common to the industry, such as delays to capping and over-tipping carried out by the waste companies at certain sites in our portfolio. We are working with waste operators to overcome these issues. Our major partners in the waste industry are: WRG, Sita and Viridor, as well as with Clarke Energy, the main third party provider of external operations and maintenance services to the Group's fleet of engines.

Further progress was made during the year with the Group's operating improvements programme. In-house engine maintenance was increased to include an additional 16 engines, previously out-sourced, to improve quality control, cost management and engine availability.

HYDROELECTRIC

The 16MW hydro portfolio performed well in 2008 generating 51GWh (2007: 49GWh). The increase was largely the result of higher levels of rainfall.

WIND

Generation from Mynydd Clogau (15MW) increased by 25 per cent to 35GWh (2007: 28GWh) as a result of favourable wind conditions.

INDUSTRIAL AND WATER SERVICES

Novera is the UK's largest independent operator of sludge drying and dewatering facilities. The Group manages the operations and maintenance of sludge drying and dewatering plants in Cardiff, Newport and Port Talbot for Kelda Water Services, a role we have fulfilled for the last ten years. Novera also operates and maintains a sludge drying facility in Edinburgh for Veolia Water Services. Revenue from this activity was up 2 per cent to £2.4 million.

WIND DEVELOPMENT

The KPIs for Novera's development arm are based on megawatt targets established on an annual basis for each stage of the planning process: appraisal, pre-planning, sites into planning and consent. Progress against all of these measures is tracked on a monthly basis.

CONSTRUCTION

The construction of our 12-turbine, 30MW Lissett Airfield Wind Farm was underway throughout 2008 under a turnkey design and build contract with turbine supplier, Nordex, and project managed by Novera's in-house construction team. Lissett started generating in February 2009, just over two and a half years after the planning application for the project was submitted. We are not aware of any other development of this size reaching first production in this timeframe. The project is expected to be completed under the budget of £38.5 million.

CONSENTED SITES

During 2008, we were granted consents for two further wind farm applications: 11-turbine Glenkerie (22-27MW) in the Scottish Borders; and 20-turbine A'Chruach (40-46MW) in Argyll and Bute. Work is underway in respect of construction plans and financing for Glenkerie.

IN PLANNING

The Group ended the year with eight wind farm sites in the planning system with a total capacity of approximately 80MW. One site, Fleeter Wood (10MW), has since been withdrawn while concerns regarding radar are addressed in liaison with National Air Traffic Services. Planning decisions on the remaining seven applications are anticipated during 2009.

PRE-PLANNING AND APPRAISAL

Our pipeline remains strong with 13 sites in the pre-planning stage, with a total potential capacity of approximately 250MW. For each of these sites we have completed a scoping study to confirm its suitability for a wind farm and have initiated a 12-month bird survey. We also have a number of additional, less-advanced sites in the 'appraisal' stage with an additional, combined potential in excess of 300MW.

Novera's wind development team expanded in 2008 in line with the growth of our portfolio. This has also allowed the Group to take elements of the specialist environmental impact expertise in-house.

ENERGY FROM WASTE

Novera holds the exclusive UK licence for a proven gasification technology which may be utilised at the consented East London Sustainable Energy Facility ('ELSEF') project.

In May 2008, a 15-year fuel agreement for the supply of 98,000 tonnes per annum of Solid Recovered Fuel was agreed with Shanks Waste Management Limited. In July 2008 an agreement was also signed with Ford Motor Company Limited ('Ford') for the supply of up to 13MW of electricity generated from ELSEF to use at their Dagenham Estate, and for the use of the land in Dagenham for the construction and operation of ELSEF.

In December 2008, the Energy Bill was passed into law confirming that Novera's gasification technology will be classed as 'Advanced Gasification' and qualifies for two Renewables Obligation Certificates ('ROCs') under the proposed banding by the UK Government.

The pre-development work on the ELSEF project is now nearing completion and Novera is currently in discussion with potential partners to take the project forward to financial close.

Outlook

Under the European Union's Renewable Energy Directive, the UK has been set a target of generating 15 per cent of its power from renewable energy sources by 2020. The UK Government has reported that, in 2007, only 4.9 per cent of total electricity generation came from renewable sources while recent targets published in the UK Renewable Energy Strategy call for this to increase to 30-35 per cent by 2020, highlighting the urgency to move quickly towards a lower carbon economy.

At the end of 2008, we are confident in our ability to deliver further improvements from our new Operations Centre and retain our strong track record in achieving planning consent for our wind sites. Generation from our wind portfolio will increase with the start of production from Lissett Airfield, with the prospect of Glenkerie and A'Chruach to follow.

FINANCIAL REVIEW

In 2008, we strengthened the Company's balance sheet and increased our investment in the wind development pipeline. Highlights for 2008 were:

- Raising £15.0 million (before costs) in cash through a placing of 19.5 million shares to fund the continuing investment in our wind portfolio;
- £20.4 million cash in bank at the year end, of which £6.1 million was restricted cash;
- Net debt at £70.5 million at the year end;
- Secure, long-term finance facilities in place;
- £14.2 million invested in construction of 12-turbine Lissett Airfield Wind Farm (30MW); and
- Significant cash flow from operations available to be re-invested in development activities.

FINANCIAL OVERVIEW

The consolidated results of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') and include the following figures:

	31 Dec 08 £'000	31 Dec 07 £'000
Revenue	35,514	32,148
Cost of sales	(18,944)	(17,239)
Gross profit before depreciation and amortisation	16,570	14,909
Administration costs	(4,187)	(3,480)
Pre-construction costs	(2,120)	(1,179)
EBITDA	10,263	10,250
Net loss after tax	(3,544)	(1,958)
Tangible & intangible assets	168,252	159,056
Cash balance	20,385	10,803
Borrowings	(90,932)	(87,910)
Net assets	58,292	57,229

For the purposes of comparison the Directors have also produced the 2007 results of the Group on a pro-forma basis which better reflect the underlying performance of the businesses comprising the Group. The 2007 comparative period assumes 100 per cent ownership of Novera Macquarie Renewable Energy ('NMRE'); the Group actually owned 50 per cent of NMRE until 22 January 2007.

	31 Dec 08 £'000	31 Dec 07 Pro forma £'000 (unaudited)
Revenue	35,514	34,440
Cost of sales	(18,944)	(18,449)
Gross profit before depreciation and amortisation	16,570	15,991
Administration costs	(4,187)	(3,582)
Pre-construction costs	(2,120)	(1,179)
EBITDA	10,263	11,230
Tangible & intangible assets	168,252	159,056
Cash balance	20,385	10,803
Borrowings	(90,932)	(87,910)
Net assets	58,292	57,229

On a pro-forma basis the key financial highlights for the year ended 31 December 2008 include:

- Annual revenue of £35.5 million up 3 per cent:
 - Landfill Gas increased by 1 per cent to £27.2 million
 - Hydroelectric increased by 7 per cent to £3.4 million
 - Wind increased by 31 per cent to £2.5 million
 - Water services and industrial increased by 2 per cent to £2.4 million
- Average sales price across the portfolio increased to £60/MWh in 2008 (2007: £57/MWh). Higher prices were achieved due to a higher average one-year PPA price and an inflationary rise on NFFO contracts. The increase in revenue also reflects the evolution of the Group's contract structure, with the proportion of our production being sold under lower value NFFO contracts falling from 59 per cent in 2007 to 56 per cent in 2008.
- Gross profit (before depreciation and amortisation) increased by 4 per cent to £16.6 million due to increasing revenues and continuation of cost-saving measures.
- EBITDA decreased by 9 per cent to £10.3 million due to increased investment in our development pipeline, increasing pre-construction expense, and one-off administration costs (£0.5 million) in the first half of 2008 relating to approaches from 3i Infrastructure Limited and Infinis Acquisitions Limited.
- Pre-construction expenditure incurred in cash was £4.3 million (2007: £3.0 million) of which £2.5 million (2007: £1.8 million) was capitalised and £1.8 million was expensed (2007: £0.6 million). A further £0.3 million of pre-construction costs in the Income Statement relates to previously capitalised projects that are no longer moving forward and have been expensed. Pre-construction expenditure is capitalised when the operational and financial viability of the project has been established with reasonable certainty and the decision made to take the project forward to planning.
 - Wind cash expenditure increased by £1.6 million to £4.0 million (£2.5 million capitalised), reflecting the increase of activity with five planning applications submitted during the year.
 - ELSEF-related expenditure was £0.3 million (2008: £0.6 million).

PLACING TO RAISE £15 MILLION

In July 2008 Novera placed 19.5 million shares with institutional and other investors and Directors at a price of 77 pence per share, raising a total of £15.0 million before costs.

The proceeds of the Placing are being used to further the Group's wind development programme:

- To submit additional wind farm sites into planning;
- To fund reservation fees to secure wind turbines;
- To fund future wind projects; and
- For working capital purposes.

CONSTRUCTION OF LISSETT AIRFIELD WIND FARM

The Lissett Airfield Wind Farm was substantially constructed during the year, with completion expected in March 2009. Capital cost (including accruals) incurred in the year was £14.2 million, bringing total incurred for the project to £22.3 million. The project is expected to come in below budget of £38.5 million.

The first draw down on the loan facility was made in October 2008, and at 31 December 2008 £7.1 million had been drawn down. The remaining debt is due to be drawn down during the first quarter of 2009 as the project is completed. The remainder of the capital cost was funded from existing cash reserves.

CASH POSITION AND FINANCE FACILITIES

At the end of 2008 Novera had a closing cash position of £20.4 million (including £6.1 million in restricted cash), and all debt funding of £90.9 million under Project Finance arrangements.

The Group had two non-recourse long-term project finance facilities in place: £83.3 million for existing operations with 14 years remaining; and £7.1 million drawn down for Lissett Airfield Wind Farm, with 15 years remaining. No refinancing obligations are attached to either facility. There is also a balance of £0.5 million held in a monthly, revolving VAT facility for the Lissett Construction.

The existing operations have a syndicated loan facility secured by a floating charge over the assets of Novera Energy (Holdings 2) Limited Group. The debt is 99 per cent fixed until 31 December 2009 and 82 per cent fixed until 2014 with a weighted average interest rate of 6.2 per cent.

The Lissett Airfield Wind Farm has been financed by a combination of equity and debt. The equity amount (£9.0 million) has been fully funded. The total debt is expected to be approximately £29.5 million on project completion, with the remaining debt due to be drawn down during the first quarter of 2009 as the construction of the project is completed. 95 per cent of the debt is fixed at an interest rate of 6.13 per cent over the term of the facility.

The mark-to-market on the interest rate swaps in place over the Novera Energy Holdings 2 loan has moved from an asset of £0.6 million in 2007 to a liability of £5.9 million in 2008 due to a fall in long-term interest rates. In addition to this, the interest rates swaps entered into financial close in November 2007, for the Lissett facility represent a liability of £3.7 million on the 31 December 2008 Balance Sheet.

Novera focuses on operating cash flow to maximise shareholder value over the long-term. Novera is in the fortunate position to be able to use cash generated by our operational business to invest in our development pipeline. Once operational, Lissett Airfield Wind Farm will provide a step increase to the Group's operating cash flow. Options for financing future wind farm sites include debt, equity and asset sale of whole or part of a consented or operating site.

POWER SALES AND TRADING

Novera has entered into various PPAs under which a customer takes all the electricity generated from specified assets for the contractual period, typically between one and 15 years.

The Lissett PPA is over 15 years with the price being fixed annually based on market price. These arrangements are similar in nature to operating leases with no minimum committed payments. Revenue from PPAs and the relevant assets used to generate the electricity are reported in the segment relevant to the type of asset used to generate the electricity. Revenue is recognised as electricity is generated at the contracted rate on the date of generation, except where that rate cannot be determined with reasonable accuracy in which case it is recognised when the rate can be determined with reasonable certainty.

RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks such as market, economic, interest, and credit risk. A risk management plan is prepared regularly and reviewed by the Board.

Novera's risk management programme includes the predictability of revenue and control over costs to maximise financial performance. Long term PPAs and generation forecasts provide predictability of revenue. Actual operational and financial performance is monitored against budget on a monthly basis to optimise performance and address any areas of risk. The renewable energy industry is supported by legislative, long-term renewable energy targets.

Interest rate swaps are used to manage exposure to interest rate fluctuation. All deposits are held with an AA- financial institution. Novera's customer base comprises mainly of large electricity retailers and water utilities, and the Government's NFPA. The risks faced by Novera are discussed in further detail within the notes to the annual report and accounts.

DIVIDEND

The directors are not proposing to pay a dividend.

DAVID FITZSIMMONS
CHIEF EXECUTIVE OFFICER
20 February 2009

RORY QUINLAN
CHIEF FINANCIAL OFFICER
20 February 2009

Novera Energy plc
Consolidated Income Statement
For the year ended 31 December 2008

	2008	2007
	£'000	£'000
Revenue	35,514	32,148
Cost of sales before amortisation and depreciation	(18,944)	(17,239)
Gross profit before depreciation and amortisation	16,570	14,909
Depreciation	(6,243)	(5,275)
Amortisation	(4,178)	(4,072)
Total Cost of Sales	(29,365)	(26,586)
Gross Profit after depreciation and amortisation	6,149	5,562
Other income	-	25
Pre-construction costs	(2,120)	(1,179)
Administration expenses	(4,187)	(3,505)
Operating (loss)/ profit	(158)	903
Interest payable and similar charges	(5,536)	(5,644)
Interest receivable	631	946
Shares of net profit of a joint venture	-	259
Loss before income tax	(5,063)	(3,536)
Taxation	1,519	1,578
Loss for the year	(3,544)	(1,958)

Loss per share attributable to the equity holders:

	2008	2007
	Pence	Pence
Basic	(2.7)	(1.6)
Diluted	(2.7)	(1.6)

Novera Energy plc
Consolidated Balance Sheet
As at 31 December 2008

	2008	2007
	£'000	£'000
ASSETS		
Non-current assets		
Intangible assets	78,456	82,634
Property, plant & equipment	89,796	76,422
Receivables	607	700
Deferred tax assets	1,034	881
Total non-current assets	169,893	160,637
Current assets		
Inventories	128	-
Trade and other receivables	7,786	7,752
Derivative financial instruments	-	642
Cash and cash equivalents	20,385	10,803
Total current assets	28,299	19,197
LIABILITIES		
Current liabilities		
Trade and other payables	(16,044)	(10,075)
Borrowings	(6,029)	(4,634)
Derivative financial instruments	(9,657)	-
Total current liabilities	(31,730)	(14,709)
Net current assets	(3,431)	4,488
Non-current liabilities		
Retirement benefit obligation	(183)	(156)
Borrowings	(84,903)	(83,276)
Deferred tax	(23,084)	(24,464)
Total non-current liabilities	(108,170)	(107,896)
Net assets	58,292	57,229
EQUITY		
Ordinary shares	7,177	6,203
Merger reserve	61,979	61,979
Share Premium	13,476	-
Other reserves	(2,404)	7,399
Accumulated losses	(21,936)	(18,352)
Total equity	58,292	57,229

Novera Energy plc

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December 2008

	2008	2007
	£'000	£'000
Revaluation on acquisition of subsidiary	-	8,394
Hedging reserve movement	(10,299)	(1,557)
Actuarial loss on defined benefit pension scheme	(54)	-
Tax on items taken directly to equity	14	-
Share of movement in JV reserves	-	453
Net income recognised directly in equity	(10,339)	7,290
Loss for the year	(3,544)	(1,958)
Total recognised income and expense for the year is attributable to:		
Members of Novera Energy plc	(13,883)	5,332

Novera Energy plc
Consolidated Cash Flow Statement
For the year ended 31 December 2008

	2008	2007
	£'000	£'000
Cash flows from operating activities		
Cash generated from operations	4 10,790	10,933
Interest received	543	849
Interest paid	(5,479)	(5,920)
Net cash inflow from operating activities	5,854	5,862
Cash flows from investing activities		
Acquisition of subsidiaries (net of cash acquired)	-	(20,377)
Proceeds from sale of property, plant & equipment	27	448
Purchases for property, plant & equipment	(13,900)	(11,677)
Proceeds from to vending of business	181	181
Refund of purchase consideration	-	1,097
Net cash (outflow) from investing activities	(13,692)	(30,328)
Cash flows from financing activities		
Net proceeds from issue of share capital	14,451	35,882
Proceeds from borrowings	7,674	-
Repayment of borrowings	(4,705)	(4,306)
Net cash inflow from financing activities	17,420	31,576
Net increase in cash and cash equivalents	9,582	7,110
Cash at the beginning of the financial year	10,803	3,693
Cash at end of year	3 20,385	10,803

1. Basis of preparation

The financial statements have been prepared under the historical costs convention, modified where necessary by the revaluation of financial assets and liabilities (including derivative instruments).

The financial information set out in this announcement does not constitute the Group's statutory financial information for the year ended 31 December 2008, but is extracted from those financial statements. The auditors have reported on those financial statements and have given an unqualified report which does not contain a statement under section 237 (2) or 237 (3) of the Companies Act 1985.

i) Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union IFRIC interpretations and the Company's Act 1985 applicable to companies reporting under IFRS.

ii) Basis of Consolidation

Novera Energy plc was incorporated on 15 March 2007, and on 29 May 2007 under a scheme of arrangement approved by shareholders and the Australian Supreme Court New South Wales replaced Novera Energy Limited (incorporated in Australia) as the parent company of the Group. The shareholders and their interests in the business immediately before and after this arrangement were the same. These financial statements have been presented as if Novera Energy plc had been the parent throughout the reported period together with comparative information.

The difference between the nominal share capital of Novera Energy plc and the contributed capital of Novera Energy Limited is shown as merger reserve as permitted by section 131 of the Companies Act 1985. The consolidated financial statements comprise the financial statements of Novera Energy plc and its subsidiary undertakings drawn up to 31 December. The accounting years of the subsidiary undertakings are coterminous with that of the parent company. The results and cash flows of subsidiary undertakings acquired or sold during the year are included from the effective date of acquisition to disposal and accounted for under the acquisition method of accounting. Intra group sales and profits are fully eliminated on consolidation.

2. Dividend

There were no dividends provided or paid during the 12 months to 31 December 2008.

3. Cash and Cash equivalents

	2008	2007
	£'000	£'000
Cash at bank and in hand	350	356
Short term bank deposits	13,887	3,954
Restricted cash	6,148	6,493
	<u>20,385</u>	<u>10,803</u>

The Group has restricted cash for the operations facility loan of £5.2 million (2007: £5.0 million) and £0.6 million (2007: nil) for the Lissett facility. The restricted cash relates to the principal and interest payments payable on 30 June 2009. There is also £0.3 million (2007: £1.5 million) of restricted cash held within a Lissett bank account.

The effective interest rate on short-term deposits was 4.08 per cent (2007: 4.75 per cent).

4. Cash flow from operating activities

	2008	2007
	£'000	£'000
Loss from ordinary activities before income tax	(5,063)	(3,536)
Depreciation	6,243	5,275
Amortisation	4,178	4,072
Foreign exchange differences	32	(6)
Release of discounted deferred revenue	-	(2)
Interest income	(631)	(946)
Interest expense	5,536	5,644
Share of profits of associates and JV partnerships not received as dividends or distributions	-	(259)
Decrease in receivables	590	969
(Decrease) in trade payables	(591)	(554)
Increase in share based payments reserve	496	276
Net cash inflow from operating activities	<u>10,790</u>	<u>10,933</u>