



19 September 2006

**Novera Energy Limited**  
**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006**

Novera Energy Limited ("Novera" or "the Company") (AIM: NVE) is a leading independent UK renewable energy producer. Novera has a portfolio of landfill gas, waste and wind assets and projects.

**OPERATIONAL HIGHLIGHTS**

- NMRE generation in the first half of 2006 increased by 17% to 295GWh.
- Mynydd Clogau wind farm (15MW) commissioned ahead of schedule.
- Planning permission for 10MW East London Sustainable Energy Facility ("ELSEF") granted September 2006.
- Good progress towards five year goal of developing greenfield wind portfolio of 250MW.
- Planning application for next wind farm (24MW) submitted July 2006. Further wind farms totalling 70MW expected into planning by the end of 2007.

**FINANCIAL HIGHLIGHTS**

- Revenue increased 31% to £8.9 million on a proportionately consolidated basis (refer Note 5).
- Increased investment in development from £0.2 million to £1.4 million, all expensed in the period.
- Proportionately consolidated EBITDA (refer Note 5) unchanged at £1.9 million (2005: £1.9 million after removal of gain on sale of wind farm of £0.9 million).
- Strong balance sheet with £2.0 million cash in bank and no debt at 30 June 2006.
- Current cash in bank of £3.2 million after receiving £1.2 million for 1H 2006 distribution and £1.1 million on sale of German wind farms.

*Commenting on the results, John Brown, Chairman said:*

"Novera continues to make good progress in each of its three divisions: landfill gas, waste and water, and wind. I particularly welcome last week's planning consent for the ELSEF project. We see significant opportunities to build on our position as a leading independent developer and owner of UK renewable energy assets. With our sound financial footing I am confident that we will make further significant progress in the second half of the year."

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## **Notes to editors:**

Novera Energy Limited ("Novera" or "the Company") (AIM: NVE) is a leading independent UK renewable energy producer. Novera has a portfolio of landfill gas, waste and wind assets and projects.

### *Landfill Gas*

Novera is the joint owner of Novera Macquarie Renewable Energy (NMRE), one of the largest renewable energy portfolios in the UK. NMRE owns and operates mature, proven and low risk renewable energy generating assets, comprised predominantly of landfill gas.

### *Waste and Water*

Planning permission for Novera's East London Sustainable Energy Facility ("ELSEF") was granted on September 14<sup>th</sup> 2006.

The plant, which will be located at Ford's site at Dagenham, will when fully operational generate 10MW of renewable electricity, enough to power 14,000 homes. The fuel will be derived from household waste after recycling and will be supplied by Shanks from their East London Material Recycling Facility in Dagenham. The electricity produced will be sold directly to Ford. Construction of ELSEF is due to commence mid 2007, with the plant expected to be fully operational mid 2009.

Novera has the exclusive UK licence for the gasification system, developed in Canada and supplied by Enerkem Technologies.

The EU Landfill Directive came into force in 2001. By 2020 30 million tonnes per annum will be required to be diverted from landfill (assuming a growth rate of 1.5%). Up to 15 million tonnes will need to be processed at non landfill sites in addition to 15 million tonnes of recycling. Potentially this could generate 5 million tonnes of fuel per annum, enough for up to 50 plants like ELSEF.

### *Wind*

Novera has a five year goal of having 250MW in operation from greenfield development.

The Mynydd Clogau wind farm (15MW) came into operation in March. Novera's following wind farm (24MW) went into planning in July. Further wind farms (70MW) expected into planning by the end of 2007.

Beyond that Novera is selectively maturing its portfolio of potential sites to provide the next round of development.

## Chairman's Statement

I am pleased to report on the activities of Novera for the six months ended 30 June 2006.

### Financial Performance

Revenue increased 31% to £8.9 million on a proportionately consolidated basis (refer Note 5). This increase was primarily due to capacity growth and increased output at NMRE, with Novera's 50% share of NMRE revenue increasing to £7.8 million from £6.0 million. Novera's revenue from 100% owned operations increased to £1.1 million from £0.8 million.

In the six months to 30 June 2006 Novera recorded a loss of £1.2 million, compared to a profit of £0.3 million in the same period last year. This reflects an increased investment in development projects from £0.2 million to £1.4 million. The 2005 result also benefited from the gain on sale of a wind farm of £0.9 million. Our NMRE joint venture has been profitable in the six months. Novera's 50% share of NMRE profit was £0.3 million, compared to a loss of £0.1 million in 2005.

At 30 June 2006 Novera had a strong balance sheet with £2.0 million cash in bank and no debt. Our current cash position is £3.2 million after the receipt of the 1H 06 dividend of £1.2 million and a return of capital from NMRE upon the sale of the German wind farms of £1.1 million. The receipt of Defra cash for our ELSEF project is weighted to the second half of the year which will improve our cash flow in the next six months.

### Operational Review

Novera is a leading independent UK renewable energy group. Novera has a portfolio of landfill gas, waste and wind assets and projects.

#### *Landfill Gas*

Novera's 50% owned joint venture, NMRE, owns and operates mature and proven renewable energy generating assets mainly from landfill gas, with some small hydro and wind power.

NMRE's operating performance for the six months to 30 June 2006 improved against the corresponding period of 2005, largely due to the increase in generation capacity from 122MW to 128MW. Novera's 50% share of NMRE EBITDA increased by 42% to £3.4 million.

In March 2006 NMRE's Mynydd Clogau wind farm (15MW) was commissioned, generating revenue ahead of schedule. NMRE sold its German wind farms (9MW) in May 2006.

#### *Waste and Water*

Novera has made significant progress on its 10MW East London Sustainable Energy Facility ("ELSEF"). Planning permission for the plant, which will be located at Ford's site at Dagenham, was granted on September 14th by the London Thames Gateway Development Corporation. This is an important milestone for Novera.

ELSEF when fully operational will generate 10MW of renewable electricity, enough to power 14,000 homes. The fuel will be derived from household waste after recycling and will be supplied by Shanks from their East London Material Recycling Facility in Dagenham. The electricity produced will be sold directly to Ford. Construction of ELSEF is due to commence mid 2007, with the plant expected to be fully operational mid 2009.

The UK is facing a major challenge to comply with the EU Landfill Directive and will be required to divert 30 million tonnes a year of household waste away from landfill by 2020. This challenging target provides scope for up to 50 ELSEF size plants across the UK, representing over £2 billion in capital.

Novera has invested £0.7 million in its waste and water division in the six months. Much of this will be covered by income from our DEFRA services contract.

### *Wind*

Novera strengthened its wind team and has made tangible progress towards its five year goal of having 250MW in operation from greenfield development.

A planning application for our next wind farm (24MW) was submitted in July 2006. We expect to put further wind farms (70MW) into planning by the end of 2007. Beyond that we are working on a further portfolio of 30 sites sufficient to deliver a total of 250MW.

We invested £0.6 million in our wind division in the first six months of 2006, which has been expensed.

### **Outlook**

The Government concluded its review of energy policy in July 2006. Novera is pleased that renewable energy remains one of the key planks of energy policy moving forward in the UK. The increase in the target from 15% to 20% is very welcome, allowing the industry to keep investment horizons well into the future.

Our strong existing operational base, together with our strengthened development pipeline and team gives us the potential for significant growth in this exciting sector.

John Brown  
Chairman

**Novera Energy Limited**  
**Consolidated Income Statement**  
**For the six months ended 30 June 2006**

	Notes	<i>Unaudited</i> Six months to 30-Jun-06 £'000	<i>Unaudited</i> Six months to 30-Jun-05 £'000	<i>Audited</i> Year to 31-Dec-05 £'000
Revenue		1,092	847	1,788
Cost of sales		(946)	(719)	(1,516)
<b>Gross Profit</b>		<b>146</b>	<b>128</b>	<b>272</b>
Other income	2	786	1,383	1,894
Development costs		(1,412)	(230)	(1,513)
Relocation costs		(125)	-	(247)
Other administrative expenses		(936)	(909)	(1,607)
Administrative expenses		(1,061)	(909)	(1,854)
<b>Operating (loss) / profit</b>		<b>(1,541)</b>	<b>372</b>	<b>(1,201)</b>
Interest receivable		47	21	126
Share of net profit / (loss) of a joint venture entity accounted for using the equity method	6	291	(138)	(1,373)
<b>(Loss) / profit before income tax</b>		<b>(1,203)</b>	<b>255</b>	<b>(2,448)</b>
Taxation		-	-	-
<b>(Loss) / profit attributable to equity shareholders</b>		<b>(1,203)</b>	<b>255</b>	<b>(2,448)</b>
<b>Earnings per share for (loss) / profit attributable to equity shareholders</b>				
		<b>p</b>	<b>p</b>	<b>p</b>
Basic (loss) / earnings per share		(2.2)	0.6	(4.5)
Diluted (loss) / earnings per share		(2.2)	0.6	(4.5)

**Novera Energy Limited**  
**Consolidated Balance Sheet**  
**As at 30 June 2006**

	<i>Unaudited</i> 30-Jun-06 £'000	<i>Unaudited</i> 30-Jun-05 £'000	<i>Audited</i> 31-Dec-05 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	79	70	87
Investments accounted for using the equity method	16,456	17,195	16,607
Receivables	735	854	861
<b>Total non-current assets</b>	<u>17,270</u>	<u>18,119</u>	<u>17,555</u>
<b>Current assets</b>			
Trade and other receivables	1,612	1,410	1,056
Cash and cash equivalents	1,966	5,985	3,865
<b>Total current assets</b>	<u>3,578</u>	<u>7,395</u>	<u>4,921</u>
<b>Total assets</b>	<u>20,848</u>	<u>25,514</u>	<u>22,476</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	954	1,216	1,371
Deferred revenue	154	154	154
Provisions	60	124	22
<b>Total current liabilities</b>	<u>1,168</u>	<u>1,494</u>	<u>1,547</u>
<b>Non-current liabilities</b>			
Deferred revenue	2,681	3,112	2,776
<b>Total non-current liabilities</b>	<u>2,681</u>	<u>3,112</u>	<u>2,776</u>
<b>Total liabilities</b>	<u>3,849</u>	<u>4,606</u>	<u>4,323</u>
<b>Net assets</b>	<u>16,999</u>	<u>20,908</u>	<u>18,153</u>
<b>EQUITY</b>			
Contributed equity	32,243	32,526	32,211
Other reserves	31	14	14
Accumulated losses	(15,275)	(11,632)	(14,072)
<b>Total equity</b>	<u>16,999</u>	<u>20,908</u>	<u>18,153</u>

**Novera Energy Limited**  
**Consolidated Statement of Changes in Equity**  
**As at 30 June 2006**

	<i>Unaudited</i> Six months to 30-Jun-06 £'000	<i>Unaudited</i> Six months to 30-Jun-05 £'000	<i>Audited</i> Year to 31-Dec-05 £'000
<b>Total equity at the beginning of the period</b>	<b>18,153</b>	<b>13,959</b>	<b>13,959</b>
Exchange differences on translation of foreign operations	-	52	-
Employee share options	17	14	14
Net income recognised directly in equity	17	66	14
<b>(Loss) / Profit for the current year</b>	<b>(1,203)</b>	<b>255</b>	<b>(2,448)</b>
<b>Total recognised income and expense for the period</b>	<b>(1,186)</b>	<b>321</b>	<b>(2,434)</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>			
Contributions of equity, net of transaction costs	32	6,628	6,628
<b>Total equity at the end of the period</b>	<b>16,999</b>	<b>20,908</b>	<b>18,153</b>
<b>Total recognised income and expense for the period is attributable to:</b>			
<b>Novera Energy Limited</b>	<b>(1,186)</b>	<b>321</b>	<b>(2,434)</b>

**Novera Energy Limited**  
**Consolidated Cash Flow Statement**  
**For the six months ended 30 June 2006**

	Notes	<i>Unaudited</i> Six months to 30-Jun-06 £'000	<i>Unaudited</i> Six months to 30-Jun-05 £'000	<i>Audited</i> Year to 31-Dec-05 £'000
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of VAT)		1,365	717	2,096
Payments to suppliers and employees (inclusive of VAT)		(2,029)	(1,167)	(3,020)
		(664)	(450)	(924)
Interest received		47	21	127
Development costs		(1,412)	(124)	(1,331)
<b>Net cash outflow from operating activities</b>	4	(2,029)	(553)	(2,128)
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment		(19)	(29)	(96)
Payments to increase the investment in NMRE		-	(1,355)	(3,136)
Payment for vending of business		(300)	(274)	-
Proceeds from vending of assets		-	2	181
Dividend received from joint venture		442	-	1,220
Transaction costs of Mynydd Clogau		-	-	(360)
Repayments / advances of borrowings – related parties		(25)	213	234
<b>Net cash inflow / (outflow) from investing activities</b>		98	(1,443)	(1,957)
<b>Cash flows from financing activities</b>				
Proceeds from issues of shares and other equity securities converted to equity-net of transaction costs		32	6,647	6,628
<b>Net cash inflow from financing activities</b>		32	6,647	6,628
<b>Net (decrease) / increase in cash and cash equivalents</b>				
		(1,899)	4,651	2,543
Cash at the beginning of the period		3,865	1,156	1,156
Effects of exchange rate changes on cash		-	178	166
<b>Cash at the end of period</b>		1,966	5,985	3,865
<b>Reconciliation of cash balances</b>				
Cash at bank		1,966	5,985	3,865

## **Novera Energy Limited**

### **Notes to the interim accounts for the six months ended 30 June 2006**

#### **1. Basis of Preparation**

The interim financial information has been prepared using the accounting policies set out in the Company's statutory financial statements for the year ended 31 December 2005. The interim financial information for the periods ended 30 June 2006 and 2005 is unaudited. The 31 December 2005 numbers have been extracted from the audited accounts except for the representation of £671k of advisory fees between revenue and other income, £126k separately disclosed as interest receivable and £130k between administration expenses and cost of sales.

In the opinion of directors the financial information for this period presents fairly the financial position, results of operations and cash flows for the period in conformity with Australian International Financial Reporting Standards (AIFRS) consistently applied. The interim report for the six months ended 30 June 2006 was approved by the directors on 12 September 2006.

#### **2. Other Income**

	<b>30-Jun-06</b>	<b>30-Jun-05</b>	<b>31-Dec-05</b>
Advisory Fees	657	240	671
Release of deferred income	77	83	161
Net proceeds from sale of Mynydd Clogau wind farm	-	937	937
Other	52	123	125
	<u>786</u>	<u>1,383</u>	<u>1,894</u>

#### **3. Dividends**

There were no dividends provided or paid during the six months.

#### **4. Reconciliation of (loss) / profit from ordinary activities after income tax to net cash flow**

	<b>30-Jun-06</b>	<b>30-Jun-05</b>	<b>31-Dec-05</b>
(Loss) / Profit from ordinary activities after income tax	(1,203)	255	(2,448)
Share of (profits) / losses from JV not received as distributions	(291)	138	1,373
Depreciation	28	12	29
Completion payment	25	-	-
Release of WRG discounted income	(52)	(52)	(123)
Release of deferred revenue	(77)	(77)	(161)
Foreign exchange gain	3	149	116
Gain on sale of Mynydd Clogau wind farm	-	(937)	(937)
(Increase) in trade & other receivables	(420)	(354)	(345)
(Decrease) / increase in trade & other payables	(99)	210	365
Increase / (decrease) in provision for annual leave	39	89	(11)
Decrease in options reserve	18	14	14
Cash outflow from operating activities	<u>(2,029)</u>	<u>(553)</u>	<u>(2,128)</u>

## 5. Pro-forma of Novera and NMRE proportionately consolidated Income Statement

In the Primary Statement on page 5 the results have been presented in accordance with AIFRS which is to equity account for our 50% interest in NMRE. Given the significance of Novera's investment in its 50% joint venture NMRE, the Income Statement of Novera and NMRE prepared on a proforma proportionately consolidated basis is set out below as additional information for shareholders. Depreciation and amortisation of intangibles have been disclosed separately to show EBITDA and EBITA.

	<i>Unaudited</i> 30-Jun-06 £'000	<i>Unaudited</i> 30-Jun-05 £'000	<i>Unaudited</i> 31-Dec-05 £'000
<b>Revenue</b>	8,880	6,809	14,257
Cost of sales	(4,961)	(3,767)	(8,399)
<b>Gross Profit</b>	<b>3,919</b>	<b>3,042</b>	<b>5,858</b>
Other income	786	1,383	1,894
Development costs	(1,412)	(230)	(1,513)
Restructuring / relocation costs	(125)	(230)	(657)
Other administrative expenses	(1,245)	(1,210)	(2,348)
Administrative Expenses	(1,370)	(1,440)	(3,005)
<b>EBITDA</b>	<b>1,923</b>	<b>2,755</b>	<b>3,234</b>
Depreciation	(1,357)	(1,200)	(2,506)
<b>EBITA</b>	<b>566</b>	<b>1,555</b>	<b>728</b>
Amortisation of intangible	(616)	(500)	(993)
<b>Operating (Loss) / Profit</b>	<b>(50)</b>	<b>1,055</b>	<b>(265)</b>
Interest payable and similar charges	(1,509)	(1,272)	(2,578)
Interest receivable	177	204	418
Share of post tax profits / (losses) from joint ventures	-	3	(23)
Gain on sale of business	179	-	-
<b>Loss before tax</b>	<b>(1,203)</b>	<b>(10)</b>	<b>(2,448)</b>
Tax credit	-	265	-
<b>(Loss) / Profit for the period</b>	<b>(1,203)</b>	<b>255</b>	<b>(2,448)</b>

## 6. Investment in Novera Macquarie Renewable Energy Joint Venture

A breakdown of Novera's 50% holding and the financial performance and financial position of NMRE are disclosed below:

NMRE Income Statement	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	Novera's 50% share 30-Jun-06 £'000	Novera's 50% share 30-Jun-05 £'000	Novera's 50% share 31-Dec-05 £'000
Revenue	7,787	5,963	12,469
Cost of sales	(4,015)	(3,049)	(6,883)
<b>Gross Profit</b>	<b>3,772</b>	<b>2,914</b>	<b>5,586</b>
Restructuring cost of business acquisition	-	(231)	(410)
Other administrative expenses	(336)	(311)	(770)
Administrative Expenses	(336)	(542)	(1,180)
<b>EBITDA</b>	<b>3,436</b>	<b>2,372</b>	<b>4,406</b>
Depreciation	(1,329)	(1,188)	(2,477)
<b>EBITA</b>	<b>2,107</b>	<b>1,184</b>	<b>1,929</b>
Amortisation of intangible	(616)	(500)	(993)
<b>Operating Profit</b>	<b>1,491</b>	<b>684</b>	<b>936</b>
Interest payable and similar charges	(1,509)	(1,272)	(2,577)
Interest receivable	130	183	290
Share of post tax profits / (losses) from joint ventures	-	3	(22)
Gain on sale of business	179	-	-
<b>Profit / (Loss) before tax</b>	<b>291</b>	<b>(402)</b>	<b>(1,373)</b>
Tax expense	-	264	-
<b>Profit / (Loss) for the period</b>	<b>291</b>	<b>(138)</b>	<b>(1,373)</b>

<b>NMRE Balance Sheet</b>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	Novera's 50% share	Novera's 50% share	Novera's 50% share
	<b>30-Jun-06</b>	<b>30-Jun-05</b>	<b>31-Dec-05</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	36,393	33,907	38,370
Intangible assets	22,065	18,558	22,956
Investment in JV	189	215	189
<b>Total non-current assets</b>	<b>58,647</b>	<b>52,680</b>	<b>61,515</b>
<b>Current assets</b>			
Cash and cash equivalents	7,642	6,627	8,326
Receivables	3,717	3,998	4,223
<b>Total current assets</b>	<b>11,359</b>	<b>10,625</b>	<b>12,549</b>
<b>Total assets</b>	<b>70,006</b>	<b>63,305</b>	<b>74,064</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities	2,103	917	3,497
Trade and other payables	4,563	4,552	6,032
<b>Total current liabilities</b>	<b>6,666</b>	<b>5,469</b>	<b>9,529</b>
<b>Non-current liabilities</b>			
Financial liabilities	45,023	39,896	47,344
Provisions for liabilities and charges	1,871	1,744	1,871
<b>Total non-current liabilities</b>	<b>46,894</b>	<b>41,640</b>	<b>49,215</b>
<b>Total liabilities</b>	<b>53,560</b>	<b>47,109</b>	<b>58,744</b>
<b>Net assets</b>	<b>16,446</b>	<b>16,196</b>	<b>15,320</b>
<b>CAPITAL AND RESERVES</b>			
Contributed equity	19,380	17,506	19,380
Other reserves	98	(868)	(1,180)
Accumulated Losses	(3,032)	(442)	(2,880)
<b>Total Equity</b>	<b>16,446</b>	<b>16,196</b>	<b>15,320</b>