COMPANY INFORMATION

DIRECTORS

S T Hargrave (non-executive Chairman)
N Bryson (non-executive)
M Cox
P R S Earl
J M Eyre
R Sampson (non-executive)
E R Shaw
J G West (non-executive)

SECRETARY

S A Laker

COMPANY NUMBER

5496202

REGISTERED OFFICE

5th Floor
Prince Consort House
Albert Embankment
London
SE1 7TJ

AUDITORS

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

BUSINESS ADDRESS

5th Floor
Prince Consort House
Albert Embankment
London
SE1 7TJ

BANKERS

HSBC Bank plc
13-14 Sloane Square
London
SW1W 8AL

NOMINATED ADVISER AND BROKER

Execution Noble & Co Limited
The Old Truman Brewery
91 Brick Lane
London
E1 6QL

SOLICITORS

Skadden, Arps, Slate,
Meagher & Flom (UK) LLP
40 Bank Street
Canary Wharf
London
E14 5DS

CONTENTS

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders of IPSA Group PLC the Report and Accounts for the year to 30 September 2009. In my last annual statement I highlighted the cash flow constraints under which we were operating as a result of the continued delay in putting in place a power purchase agreement for the plant at Newcastle. These constraints continued throughout the year, to the extent that I reported the temporary cessation of steam supplies to our customers in my interim statement. Unfortunately this situation persists.

In the year under review the Group after tax loss was £5.5m (2008: loss of £4.5m). The loss at Newcastle Cogeneration (Pty.) Ltd ("NewCogen") was £1.4m, of which £3.0m was attributable to the take or pay element of the gas contract at NewCogen but this was more than offset by a non-cash foreign exchange gain on sterling denominated loans to NewCogen of £3.4m due to sterling weakness. The remainder of the Group's loss of approximately £4m was attributable principally to the cost of holding equipment either in the form of storage charges, interest expense or foreign exchange loss as sterling weakened against the Euro.

At the beginning of the financial year on which we are now reporting, the decision was taken to pursue the sale of the 521 MW of generation equipment the Company has been holding since 2007, given that no definitive programme to put generation capacity on the Industrial Development Zone at Coega near Port Elizabeth had materialised. A conditional agreement was signed in December 2009 for the sale of one of the four turbines to a company controlled by Peter Earl, IPSA's chief executive. It is emphasized however that this transaction is subject to financing.

The Group still intends to refinance the NewCogen plant as soon as a power purchase agreement ("PPA") is put in place with Eskom, the country's parastatal generator and distributor. In the event, the tender for the Medium-Term Power Purchase Programme ("MTPPP") has taken much longer than expected to conclude, a factor entirely beyond IPSA's control, and one that increases the difficulty of the predicament in which we find ourselves. We have had to rely on the financial support of our shareholders both for a small amount of equity injected in March 2009, together with the conversion of debt to equity by Independent Power Corporation PLC (a company controlled by our chief executive, Peter Earl) and more recently funds raised in the form of a £650,000 loan note issue with warrants, completed and announced in March 2010.

Our creditors have also been extremely patient and since the year-end, we have agreed a standstill agreement with our largest creditors, Standard Bank PLC and TurboCare SpA, which places the Company in a more stable position whilst the turbines are marketed.

I draw your attention to the fact that the independent auditors have again included an emphasis of matter paragraph in their unqualified audit opinion.

CONCLUSION

The financial year ended September 2009 was an extremely difficult one. I would like to thank the operating team at the plant in Newcastle for their hard work and faith in the future of power generation in South Africa, as well as the directors in London, who have showed determination and tenacity in the face of difficult times. As with last year, financing remains our top priority and significant risks still remain. The recent announcement by the South African Energy Regulator indicates that the MTPPP tender now has, at least, a regulatory foundation, given that an allowance for the costs associated with its implementation is now included in the Eskom multi-year tariff determination.

In summary, the situation has developed not necessarily to the Company's advantage but IPSA is still here and still fighting. I have been chairman for four turbulent years and have now decided to focus my attention on other matters both in business and outside. I will therefore step down from the Board at the conclusion of the Annual General Meeting on 26 April 2010. I can assure shareholders that they will not find anywhere a more hardworking team of executive directors. I look forward to participating in their success through my own shareholding in the Company.

Stephen Hargrave
Chairman
29 March 2010

The effects of the global economic downturn were evident during the last financial year. The sharp fall in commodity prices resulted in a drop in electricity demand (2.2 per cent for the calendar year, 4.6 per cent for the 12 months ending September 2009), easing the strain on the South African electricity system that was so evident in 2007/8. South African GDP fell 1.8 per cent during the 2009 calendar year, in spite of the cushioning effect of increased public expenditure on capital projects ahead of the FIFA World Cup, which will take place in June 2010. Electricity consumption fell 2.7 per cent over the same period, but over the period covered by our financial year the drop in demand was more than double that at 4.6 per cent.

The reduced demand for electricity meant that Eskom delayed delivery of electricity under the planned tender for new generation capacity, the MTPPP (supply was scheduled under the tender for March 2009) and also stalled the process for tendering for large-scale independent power plants under the multi-site baseload programme. The economic downturn meant that electricity users were more concerned with securing their immediate survival rather than securing their electricity supplies for the future, in spite of the penalties due to be introduced in the first quarter of 2010 under the power conservation programme.

The effects of these changes on our operating business, NewCogen, were significant, resulting in the company being unable to secure a power purchase agreement. Without electricity sales contracts, the economics of the plant are not sustainable and we reluctantly took the decision to impose a temporary suspension in the supply of steam to our customers from February 2009. The decision was a difficult one as even without operations we remained liable under the take or pay element of the gas supply contract.

In spite of the dismal situation in which they found themselves, the staff at Newcastle have continued to work together to preserve the plant ready for start up. They have also made contributions to the local community. In one project our staff at the plant assisted the local school by donating a container, converting it into an office and classroom and refurbishing them ready for the start of the new term.

Following approval of the new tariff regime for Eskom under the electricity regulator's multi year price determination which will take effect from 1st April 2010, we believe that the way forward to supply electricity under an MTPPP power purchase agreement has been prepared. It is likely that the MTPPP will begin at some time during this financial year. However, there has been no formal confirmation of a timetable. Furthermore, we have to refinance the NewCogen plant in order to place it on a sustainable footing for the future and in order to re-start our operations.

In September 2008, we announced that we had agreed the outline terms of the coal supply agreement for the planned development of the Indwe power plant in the Eastern Cape, which is intended to consist of up to 500 MW of new coal-fired capacity. The coal will be supplied by Elitheni Coal Pty. Limited, the 74 per cent subsidiary of AIM-quoted Strategic Natural Resources PLC. Work on the environmental approvals is now underway. A site adjacent to the mine has been selected and an option to purchase the land has been executed. Technology selection and preliminary engineering work is expected to take place during the course of this year using funds raised in the recent loan note issue.

In the coming twelve months the Company will focus on its efforts to complete the sale of the four gas turbines which we originally purchased in March 2007 and which were intended for installation at the Industrial Development Zone at the port of Coega, near Port Elizabeth. As announced, we have recently entered into a marketing agreement with TurboCare SpA and Standard Bank PLC which provides for the marketing of the units as well as a formal standstill arrangement in respect of the amounts due to both these entities now and arising over the period of the agreement. I believe that this important development puts us in a good position to sell our turbines from a position of strength.

This has been a truly horrible year. I would like to thank my colleagues for their hard work in such difficult and unrewarding circumstances and our shareholders and suppliers for their patience.

Peter Earl
Chief Executive
29 March 2010

The directors present their report together with the audited financial statements for the year ended 30 September 2009.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the Group comprise the acquisition and development of power generation assets to support regional electrification projects, initially in markets in southern Africa. The Group's strategy is to create a portfolio of power generation assets in southern Africa, in conjunction with project partners where the directors believe this to be advantageous. In the event that appropriate opportunities present themselves outside this geographic area, the Group's investment boundaries may be extended.

The Company was incorporated on 1 July 2005 and was admitted to AIM in September 2005. In October 2006, the Company obtained a secondary listing, on the Alternative Exchange of the Johannesburg Stock Exchange Limited (Alt^{x}).

A review of the Group's activities and future plans is set out in the Chairman's Statement and the Chief Executive's Review.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group include the completion of the conditional sale of one of the Siemens gas turbines and the sale of the remaining three turbines, securing a power purchase contract with Eskom under the delayed MTPPP in South Africa and reaching a satisfactory agreement with Sasol Gas for a new gas contract and settlement of the overdue amounts of approximately £3m claimed by Sasol in respect of past gas consumption and take or pay liabilities, all of which impact on the Group's liquidity risk (see also notes 4.2 and 26(c)). In addition to these liquidity risks, the future growth and profitability of the Group will be influenced by:

Currency risk – movements in the value of the ZAR relative to Sterling affect the Sterling value of assets located in South Africa and will, in the future, affect the value of dividends which the Company expects to receive from its activities in South Africa. In due course the directors will, where appropriate, use hedging instruments, including ZAR denominated finance, to reduce the impact of currency risk.

Political – the directors believe the Government of the Republic of South Africa supports the provision of efficient power generation by independent producers and that the Company's listing on Alt^{x}, with local shareholders now owning a significant portion of the Company, further strengthens the Group's position in the Republic of South Africa.

Financing – the current economic conditions have affected the market for project finance and have delayed the Group's expansion plans. If these conditions continue for a prolonged period, the Group may experience difficulties in raising funds to finance future development plans.

KEY PERFORMANCE INDICATORS

At this stage in the Group's development, the directors consider that the key performance indicators are:

• The Group's MW capacity – at the date of this report, the Group owns plant with a total MW capacity of 539 MW of which 18 MW of capacity has been successfully operated in South Africa and 521 MW which has been fully refurbished and upgraded and is available for sale. As set out in the Chairman's statement last year, the planning aspects associated with the proposed installation of the 521 MW plant experienced major delays and the Board therefore decided in 2008 to sell these 4 Siemens gas turbines and will, if appropriate, enter into options to acquire new turbines for the project.

• Operating efficiency and input costs – the Group is committed to investing in efficient technology appropriate for its purpose.

• Profitability and return on shareholders' funds – the construction of efficient and cost effective generation plants in areas where demand is rapidly increasing and is expected to deliver predictable earnings and shareholder dividends.

As the Group's operations expand, further key performance indicators will become relevant.

RESULTS AND DIVIDENDS

The Group results for the year ended 30 September 2009 are set out in the consolidated income statement. No dividend has been paid or proposed.

GOING CONCERN

The directors have continued to adopt the 'going concern' basis for the preparation of the financial statements since the directors consider that the Company and the Group will have sufficient financial resources available to continue trading for the foreseeable future (see also note 4.2).

However, the availability of these resources is dependent upon the sale of the 4 Siemens gas turbines in order to repay the £15m loan which was originally due to be repaid by 30 September 2009 (see note 24), but over which a formal standstill has been agreed after the balance sheet date (see note 31 (iii)). As noted in the Chairman's statement, one turbine has been conditionally sold for $30m (see note 31(i)) and negotiations for the sale of the other turbines remain positive but as at the date of signing of these financial statements, no firm agreement has been reached.

Since the year end and as further detailed in note 31(ii) and (iii), the Company has raised additional working capital of £650k by issuing a loan note and has also entered into an agency agreement between the Company, Standard Bank and Turbocare. Under the terms of this agreement, Standard Bank and Turbocare have agreed a formal standstill on the amounts owing to them.

The Company is also in discussions with banks in South Africa with the objective of raising local finance which is required to recommence electricity and steam production.

SHARE CAPITAL

Details of the authorised and issued share capital and changes during the year are set out in note 22.

DIRECTORS

The directors who served during the year are as follows:
S Hargrave
N Bryson
M Cox
P Earl
J Eyre
R Sampson
E Shaw
J West

DIRECTORS' INTERESTS

The beneficial interests of the directors who served during the year in the share capital of the Company at the year-end were as stated below:

	30 September 2009	30 September 2008
S Hargrave	5,370,370	5,370,370
N Bryson	50,000	50,000
M Cox	40,000	–
P Earl*	13,135,000	10,010,000
J Eyre	1,250,000	1,250,000
E Shaw	1,268,750	1,250,000
J West	1,750,000	1,750,000

* P Earl's interest in the shares of the Company includes his personal holding, his wife's holding and the holding of Independent Power Corporation PLC ("IPC"). IPC is controlled by P Earl and P Earl and E Shaw are directors of IPC.

R Sampson has an indirect interest in the share capital of the Company as a result of being a director and shareholder of Amandla Energy which has an option to acquire 13,434,612 shares from Metc Metlife.

There have been no changes in the above shareholdings since the year end.

CORPORATE GOVERNANCE

The Group's policy on Corporate Governance is set out on pages 12 to 15.

POLICY AND PRACTICE ON PAYMENT OF SUPPLIERS

It is the policy of all Group companies, with respect to suppliers, to a) determine payment terms when agreeing the terms of each transaction, b) ensure suppliers are made aware of the terms of payment and c) pay in accordance with the contractual and legal obligations. The Company's average creditor payment was significantly extended during the year and at 30 September 2009, excluding the amounts owed to Turbocare (see note 23), the average creditor period was 442 days.

RISK MANAGEMENT POLICIES AND OBJECTIVES

The financial risk management policies and objectives are set out in note 26.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgments and estimates that are reasonable and prudent;
• state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

• there is no relevant audit information of which the Company's auditors are unaware; and
• the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Elizabeth Shaw
Director
29 March 2010

INTRODUCTION

The Company is committed to applying high standards of corporate governance, integrity and business ethics to all activities. The Company is not required by the rules of AIM to comply with the Combined Code on Corporate Governance (June 2008) ("the Code"). However, the Board is accountable to the Company's shareholders for good corporate governance and has therefore taken steps to aspire to compliance with the Code in so far as is practicable as a smaller company.

The Company's primary listing is on the AIM market of London Stock Exchange and as a result, the Group is exempt from complying with the requirements of the King Code of corporate governance in South Africa.

THE BOARD OF DIRECTORS

The Group supports the concept of an efficient and effective Board managing the Company in an entrepreneurial manner. The Board is responsible for approving the Company policy and strategy with regard to management structure and senior appointments, strategic or policy considerations, capital transactions, finance and general matters. It meets regularly and has a schedule of matters specifically reserved to it for decision which include raising new capital, entering into financing facilities for projects, treasury policies and approval of annual operating budgets. The Board met ten times during the year to 30 September 2009. Management supplies the Board with appropriate and timely information that they consider necessary.

The current Board consist of four executive directors and four non-executive directors. Neil Bryson is the only non-executive director who is regarded under the Code as independent. Stephen Hargrave has significant shareholding in the Company, James West holds cross directorships with other directors through involvement in other companies and Rizelle Sampson has an indirect interest in the shares of the Company, all being circumstances which may appear to impact their independence. Neil Bryson has been appointed to all the committees of the Board and is regularly consulted at a senior level on business operations and strategy. The Chairman of the Board is Stephen Hargrave, who is also Chairman of two other companies and is a trustee of 3 registered charities. The Chief Executive Officer is Peter Earl.

All directors are involved in significant decisions. The Chief Executive Officer, Peter Earl, leads the executive directors with particular regard to the protection and enhancement of shareholder value, project financing arrangements, government and public relations and dialogue with shareholders. Elizabeth

Shaw has responsibility for the day to day operations of the Group, Michael Cox has responsibility for financial matters and Mike Eyre has responsibility for technical operations and engineering matters.

RELATIONS WITH SHAREHOLDERS

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with its institutional shareholder to discuss objectives.

The Annual General Meeting ("AGM") is used to communicate with private investors and they are encouraged to participate. The Chairman of each of the Audit, Remuneration and Nominations Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

ACCOUNTABILITY AND AUDIT

The Board seeks to present a balanced and understandable assessment of the Group's position and prospects in all interim and price-sensitive reports, reports to regulators and the information required by statute.

The Audit Committee comprises Jimmy West, Stephen Hargrave and Neil Bryson, who are all non-executive directors. Jimmy West, who has recent and relevant financial experience, is the Chairman of the Audit Committee.

The terms of reference of the Audit Committee include keeping under review the scope and results of the external audit and its cost effectiveness. The Committee reviews the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the Group, seeking to balance objectivity and value for money.

INTERNAL CONTROL

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The risk management process and the systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against misstatement or loss.

ASSESSMENT OF BUSINESS RISK

A system of business risk identification, assessment and evaluation is in place within the management process through the Group. Strategic risks are regularly reviewed by the Board. Risk relating to the key activities within the subsidiary operation units is assessed continuously by their respective boards of directors. Further details are set out in note 26.

CONTROL ENVIRONMENT

The Group's operating procedures include a comprehensive system for reporting financial and non-financial information to the Board including:

• preparation and review of annual budgets

• review of the business at each Board meeting, focusing on any new risks arising (for example key changes in the market).

CONTROL PROCEDURES

Detailed operational procedures have been developed to safeguard shareholders' investments and the Company's assets that embody key controls and these are reviewed annually by the Board. The implications of changes in law and regulations are taken into account within these procedures.

MONITORING PROCESS

There are clear procedures for monitoring the system of key controls. The significant components are a review by the Audit Committee of the processes for identifying and assessing risk and the effectiveness of controls. The Board has considered the need for an internal audit function but has decided that is not justified at present. However, it will keep the decision under review on at least an annual basis.

DIRECTOR'S REMUNERATION

The Board recognises that director's remuneration is of legitimate concern to the shareholders and it is committed to following current best practise. The particulars of the remuneration of the directors are set out in note 30 and their interests in the shares of the Company are set out in the Directors' Report. The Remuneration Committee comprises Neil Bryson (Chairman) and Stephen Hargrave.

APPOINTMENT OF DIRECTORS

The Nominations Committee meets to make recommendations to the Board on all new Board appointments and comprises Stephen Hargrave and Neil Bryson. The Board does not use an external consultancy in the appointment of directors.

Elizabeth Shaw
Director
29 March 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPSA GROUP PLC

For the year ended 30 September 2009

We have audited the financial statements of IPSA Group PLC for the year ended 30 September 2009 which comprise the principal accounting policies, the consolidated income statement, the consolidated and parent company statements of changes in equity, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement as set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB") Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;

• the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 4.2 of the accounting policy note to the financial statements concerning the group and the parent company's ability to continue as a going concern.

The group incurred a net loss of £5.5m during the year ended 30 September 2009. As explained in note 4.2, the group's cash resources have been impacted by delays in seeking buyers for 4 Siemens gas turbines originally acquired for the Coega project in South Africa, and securing a medium term electricity generating contract for the plant in Newcastle. The directors have extended finance facilities of £15m with Standard Bank PLC and raised additional finance of £650k from shareholders, to provide the Group with additional working capital. In view of the uncertainty over the realisation of proceeds and timing of the sale of the Siemens gas turbines, and ability to repay debt finance facilities, along with the other matters explained in note 4.2 to the financial statements, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Charles Hutton-Potts
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London
29 March 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2009

	Notes	Year ended 30.9.09 £'000	Year ended 30.9.08 £'000
Revenue	5	**1,039**	**2,828**
Cost of sales		(2,227)	(3,630)
Gross profit		**(1,188)**	**(802)**
Administrative expenses	7	(985)	(1,421)
Other expense	8	(1,792)	(2,221)
Finance income	9	18	33
Finance expense	10	(1,519)	(40)
Loss before tax		**(5,466)**	**(4,451)**
Tax expense/credit	11	–	–
Loss for the year attributable to equity shareholders of the parent		**(5,466)**	**(4,451)**
Loss per share (basic, diluted and headline)	13	(5.92p)	(4.97p)

All of the Group's activities are continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 September 2009

	Notes	30.9.09 £'000	30.9.08 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	13,978	11,574
Intangible assets	15	666	750
		14,644	**12,324**
Current assets			
Trade and other receivables	20	2,380	1,454
Cash and cash equivalents	21	136	405
		2,516	**1,859**
Non-current assets classified as held for sale	19	**32,253**	**32,253**
Total assets		**49,413**	**46,436**
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	1,900	1,792
Share premium account		26,027	25,267
Foreign currency reserve		(1,562)	(454)
Profit and loss reserve		(13,794)	(8,328)
Total equity		**12,571**	**18,277**
Current liabilities			
Trade and other payables	23	19,553	12,017
Borrowings	24	17,289	16,142
		36,842	28,159
Total equity and liabilities		**49,413**	**46,436**

The financial statements were approved by the Board on 29 March 2010.

P R S Earl
Director

E R Shaw
Director

Company registration number: 5496202

The accompanying accounting policies and notes form an integral part of these financial statements.

COMPANY BALANCE SHEET

As at 30 September 2009

	Notes	30.9.09 £'000	30.9.08 £'000
Assets			
Non-current assets			
Investments	18	500	500
Trade and other receivables	16	19,833	3,239
		20,333	**3,739**
Current assets			
Trade and other receivables	20	2,286	15,115
Cash and cash equivalents	21	20	348
		2,306	**15,463**
Non-current assets classified as held for sale	19	**32,253**	**32,253**
Total assets		**54,892**	**51,455**
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	1,900	1,792
Share premium account		26,027	25,267
Profit and loss reserve		(4,867)	(1,755)
Total equity		**23,060**	**25,304**
Current liabilities			
Trade and other payables	23	14,559	10,028
Borrowings	24	17,273	16,123
		31,832	**26,151**
Total equity and liabilities		**54,892**	**51,455**

The financial statements were approved by the Board on 29 March 2010.

P R S Earl
Director

E R Shaw
Director

Company registration number: 5496202

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2009

	Notes	Year ended 30.9.09 £'000	Year ended 30.9.08 £'000
Net cash outflow from operating activities before interest	25	**(1,094)**	**(4,357)**
Interest received		18	33
Interest paid		(99)	(40)
Net cash outflow from operating activities		**(1,175)**	**(4,364)**
Cash flows from investing activities			
Additions to plant and equipment		(30)	(1,660)
Additions to plant under construction		–	(10,416)
Cash used in investing activities		**(30)**	**(12,076)**
Cash flows from financing activities			
Issue of shares (net of costs)		868	–
Bank loans		–	15,000
Other loans received		618	1,142
Other loans repaid		(550)	–
Cash inflow from financing activities		**936**	**16,142**
Decrease in cash and cash equivalents		**(269)**	**(298)**
Reconciliation and analysis of change in net funds			
Decrease in cash during year		(269)	(298)
Cash and cash equivalents at start of year		405	703
Cash and cash equivalents at end of year	21	**136**	**405**

The accompanying accounting policies and notes form an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT

For the year ended 30 September 2009

	Notes	Year ended 30.9.09 £'000	Year ended 30.9.08 £'000
Net cash outflow from operating activities before interest	25	**(52)**	**(4,159)**
Interest received		16	32
Interest paid		–	(40)
Net cash outflow from operating activities		**(36)**	**(4,167)**
Cash flows from investing activities			
Additions to plant under construction		–	(10,416)
Long term loan to subsidiary		(1,234)	(1,722)
Cash used in investing activities		**(1,234)**	**(12,138)**
Cash flows from financing activities			
Issue of shares (net of costs)		868	–
Bank loans		–	15,000
Other loans received		624	1,123
Other loans repaid		(550)	–
Cash inflow from financing activities		**942**	**16,123**
Decrease in cash and cash equivalents		**(328)**	**(182)**
Reconciliation and analysis of change in net funds			
Decrease in cash during year		(328)	(182)
Cash and cash equivalents at start of year		348	530
Cash and cash equivalents at end of year	21	**20**	**348**

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 September 2009

	Share capital £'000	Share premium account £'000	Foreign currency reserve £'000	Profit and loss reserve £'000	Total equity £'000
1. Group					
At 30.9.07	**1,792**	**25,267**	**(550)**	**(3,877)**	**22,632**
Exchange differences	–	–	96	–	96
Loss for the year	–	–	–	(4,451)	(4,451)
Total recognised income and expense for year	–	–	96	(4,451)	(4,355)
At 30.9.08	**1,792**	**25,267**	**(454)**	**(8,328)**	**18,277**
Exchange differences	–	–	(1,108)	–	(1,108)
Loss for the year	–	–	–	(5,466)	(5,466)
Total recognised income and expense for year	–	–	(1,108)	(5,466)	(6,574)
Allotment of shares	108	760	–	–	868
At 30.9.09	**1,900**	**26,027**	**(1,562)**	**(13,794)**	**12,571**
2. Company					
At 30.9.07	**1,792**	**25,267**	**–**	**(157)**	**26,902**
Loss for the year	–	–	–	(1,598)	(1,598)
Total recognised income and expense for year	–	–	–	(1,598)	(1,598)
At 30.9.08	**1,792**	**25,267**	**–**	**(1,755)**	**25,304**
Loss for the year	–	–	–	(3,112)	(3,112)
Total recognised income and expense for year	–	–	–	(3,112)	(3,112)
Allotment of shares	108	760	–	–	868
At 30.9.09	**1,900**	**26,027**	**–**	**(4,867)**	**23,060**

1. PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The principal activity of IPSA Group PLC and its subsidiaries ("Group") is the construction, development and operation of electricity generation assets and the supply of electricity to the wholesale market and major end-users.

During the year under review, the Group's operating activities included the generation and sale of electricity and steam by the Group's gas fired plant in Newcastle, Republic of South Africa. However, due to continued delays in obtaining an electricity generating contract from Eskom, the Group decided to suspend operations of the facility in Newcastle in February 2009.

The Group continued to seek suitable acquirers for its 4 Siemens gas turbines which were originally acquired in early 2007 for the then proposed Industrial Development Zone at Coega near Durban. Due to the delays in this project reported last year, the Group decided that the shareholders' best interests would be served by disposing of these turbines. As a result of the weakness in the capital markets for project finance, the disposal is taking longer than initially expected. Following the end of the year, one turbine has been conditionally sold (see note 31(i)).

Further details are provided in the Chairman's statement and the Chief Executive's review of operations.

2. GENERAL INFORMATION

IPSA Group PLC is the Group's ultimate parent company. It is incorporated and domiciled in England and Wales. The address of IPSA Group PLC's registered office is given on the information page. IPSA Group PLC's shares are traded on the Alternative Investment Market ("AIM") in London and, since October 2006, the shares have had a dual listing on Alt^{x} (the Alternative Exchange of the Johannesburg market).

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 September 2009 were approved by the Board of directors on 29 March 2010.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting

Standards ("IFRS") as adopted by the European Union. The measurement bases and principal accounting policies of the Group are set out below.

4.2 Going concern

As set out in the Chairman's statement and the Chief Executive's review, the Board has continued to pursue a medium term electricity generating contract for the plant in Newcastle and has been actively seeking buyers for the 4 Siemens gas turbines originally acquired for the Coega project in South Africa.

These delays have impacted the Group's cash resources and the directors have therefore obtained a formal standstill agreement on the £15m loan from Standard Bank PLC, which was originally due to be repaid in September 2009. Standard Bank PLC has also agreed to a formal standstill for the interest owing and accrued since October 2008 (see note 31(iii)).

Following the end of the year, and as set out in note 31(ii), the Group issued a £650k loan note to provide the Group with additional working capital to enable the Group to continue to i) pursue a medium term electricity generating contract for the plant in South Africa, ii) further develop the Group's plans for coal fired plants in South Africa and iii) secure disposal of the 4 Siemens gas turbines on favourable terms.

Until the Group is successful in securing a buyer for the gas turbines, there remains a material degree of uncertainty upon the Company and the Group's ability to continue as a going concern.

However, as a result of events during the past few months, including the conditional sale of one turbine, a number of serious enquiries for the other turbines, indications from the authorities in South Africa that independent power suppliers will be invited to enter into medium term power purchase agreements within the next few months and the standstill agreement entered into with Standard Bank PLC and Turbocare SpA, the directors consider that there is a reasonable expectation that the Group and the Company does and will continue to have adequate resources to continue in operation for the foreseeable future and for these reasons continue to adopt the going concern basis in preparing these financial statements.

4.3 Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 September 2009.

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Joint ventures are arrangements in which the Group has a long-term interest and shares control under a written contractual agreement. The Group reports its interest in jointly controlled entities using proportionate consolidation such that the Group's share of the assets, liabilities, income and expenses are combined with the equivalent items in the consolidated financial statements on a line by line basis.

Unrealised gains on transactions between the Group and subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiary entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the acquired company, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

4.4 Intangible assets acquired as part of a business combination

In accordance with IFRS 3: Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from the goodwill where the individual fair values of the assets in the group are not reliably measured. Where the individual fair value of the complementary assets is reliably measurable, the Group recognises them as a single asset, provided the individual assets have similar lives. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write-off the cost of the intangible asset over its useful economic life.

4.5 Impairment of property, plant, equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.6 Foreign currency translation

The financial information is presented in pounds sterling, which is also the functional currency of the parent company.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognised in the income statement under “other income” or “other expenses”, respectively.

In the consolidated financial statements, all separate financial statements of subsidiary entities, originally presented in a currency different from the Group's presentation currency, have been converted into sterling. Monetary assets and liabilities have been translated into sterling at the closing rate at the balance sheet date. Income and expenses have been converted into sterling at the average rates over the reporting period. Any differences arising from this procedure have been charged/(credited) through the statement of recognised income and expenditure to the Foreign Currency Reserve.

4.7 Income and expense recognition

Revenue from the sale of goods and services is recognised when i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and services which is when supply has been made, ii) the amount of revenue can be reliably measured and iii) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In the year to 30 September 2009 the Group's revenue primarily included the sale of steam, until February 2009, when it was decided that the plant would be temporarily taken out of commission until a new electricity power purchase agreement was obtained since it was not considered economic to operate the plant without being able to supply electricity.

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin. All other income and expenses are reported on an accrual basis.

4.8 Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. No depreciation is charged during the period of construction.

All operational plant and equipment in the course of construction is recorded as plant under construction until such time as it is brought into use by the Group. Plant under construction includes all direct expenditure. On completion, such assets are transferred to the appropriate asset category.

Depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment other than freehold land by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Plant and equipment: 3 to 15 years

Material residual values are updated as required, but at least annually, whether or not the asset is revalued. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

4.9 Non-current assets classified as held for sale

Assets are categorised as non-current assets classified as held for sale when the directors intend that the asset be sold rather than employed as an operating asset. Non-current assets classified as held for sale are valued at the lower of cost and fair value less costs to sell.

4.10 Borrowing costs

All borrowing costs, and directly attributable borrowing costs, are expensed as incurred except where the costs are directly attributable to specific construction projects, in which case the costs are capitalised as part of those assets.

4.11 Taxation

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement or through the statement of recognised income and expense.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising in investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

4.12 Financial assets

The Group's financial assets include cash and cash equivalents, trade and other receivables.

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits.

Receivables are non-derivative financial assets with fixed or determinable payment dates that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Receivables are measured initially at fair value and subsequently re-measured at amortised cost using the effective interest method, less provision for impairment. Any impairment is recognised in the income statement.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

4.13 Financial liabilities

Financial liabilities are obligations to pay cash or other financial instruments and are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in "finance expense" in the income statement except to the extent that the costs are directly attributable to specific construction projects. Bank and other loans are raised for support of long term funding of the Group's operations. They are recognised initially at fair value, net of transaction costs. In subsequent periods, they are stated at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

4.14 Hedging instruments

The Group has not entered into any derivative financial instruments for hedging or for any other purpose.

4.15 Equity

Equity comprises the following:

• "Share capital" represents the nominal value of equity shares.
• "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
• "Foreign currency reserve" represents the differences arising from translation of investments in overseas subsidiaries.
• "Profit and loss reserve" represents retained earnings.

4.16 Investment in subsidiary undertakings

The Company's investments in subsidiary undertakings are stated at cost less any provision for impairment.

4.17 Amounts due from subsidiaries

Amounts due from subsidiaries are stated at their original value less any provision for impairment.

4.18 Pensions

During the year under review, the Group did not operate or contribute to any pension schemes.

4.19 Key assumptions and estimates

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The Board has considered the critical accounting estimates and assumptions used in the financial statements and concluded that the main areas of significant risk which may cause material adjustment to the carrying value of assets and liabilities within the next financial year are in respect of:

i) the value of plant and equipment and intangible assets where it has been assumed that the MTPPP contract with Eskom will be obtained and a new gas supply contract with Sasol will be secured, following which the plant will resume full production of electricity and steam and therefore no impairment to either of these assets has occurred;

ii) the value of non-current assets classified as held for sale where it has been assumed that a sale at not less than the carrying value will be achieved in the next 12 months, despite the fact that marketing of the assets initially started in September 2008; and

iii) the going concern basis for the preparation of these financial statements, further details of which are set out in note 4.2.

4.20 Accounting standards and interpretations not yet applied

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 October 2008 are:

– IFRS 8 Operating Segments (effective 1 January 2009)
– Amendment to IFRS 2 Vesting Conditions and Cancellations (effective 1 January 2009)
– Improvements to IFRS 2008 (various effective dates, mostly effective 1 January 2009 other than changes relating to business combinations)
– IAS 1 (Revised 2007) Presentation of Financial Statements (effective 1 January 2009)
– IAS 23 (Revised 2007) Borrowing Costs (effective 1 January 2009)
– Amendment to IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2009)
– Amendment to IAS 32 Financial Instruments: Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
– Amendment to IFRS 7 Improving Disclosures about Financial Instruments (effective 1 January 2009)
– IFRS 9 Financial Instruments (effective 1 January 2013)
– IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
– IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
– Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
– Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
– IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
– IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
– IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
– IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)

IFRS 8, 'Operating segments'
IFRS 8 replaces IAS 14, 'Segment reporting', and is effective for annual periods beginning on or after 1 January 2009. The new standard requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes.

IAS 1, 'Presentation of financial statements'
A revised version of IAS 1 was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner

changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity; all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The adoption of this revised standard will impact only presentational aspects; therefore, it will have no impact on profit or earnings per share.

IFRS 3, 'Business combinations' (revised 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 October 2009).
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply the revised standard prospectively to all business combinations from 1 January 2010.

IFRS 9, 'Financial instruments: Classification and measurement'
In November 2009, the Board issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

'Improvements to IFRS' (issued in April 2009)
The improvements project contains numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2010 respectively, with earlier application permitted.

No material changes to accounting policies are expected as a result of these amendments. In 2009, the Group did not early adopt any new or amended standards and does not plan to early adopt any of the standards issued not yet effective.

5. SEGMENT ANALYSIS

The following table provides a segmental analysis by geographic region. At present, there are two geographic and two business segments. Activities in RSA relate to Newcastle Cogeneration (Pty.) Ltd ("NewCogen") and the business of generating electricity and steam, and activities in UK relate to IPSA Group PLC and Blazeway Engineering Ltd.

	RSA £'000	UK £'000	Intra-Group eliminations £'000	Total £'000
i) Year ended 30 September 2009				
Revenue	1,039	–	–	1,039
Cost of sales	(2,227)	–	–	(2,227)
Administrative expenses	(563)	(422)	–	(985)
Other income/(expense)	396	(2,188)	–	(1,792)
Net finance expense	(99)	(1,402)	–	(1,501)
Loss for the year	**(1,454)**	**(4,012)**	–	**(5,466)**
At 30 September 2009				
Total assets	14,918	50,190	(15,695)	49,413
Total liabilities	20,705	31,832	(15,695)	36,842
ii) Year ended 30 September 2008				
Revenue	2,828	–	–	2,828
Cost of sales	(3,630)	–	–	(3,630)
Administrative expenses	(498)	(923)	–	(1,421)
Other expense	(654)	(1,567)	–	(2,221)
Net finance income/(expense)	1	(8)	–	(7)
Loss for the year	**(1,953)**	**(2,498)**	–	**(4,451)**
At 30 September 2008				
Total assets	13,180	47,736	(14,480)	46,436
Total liabilities	16,488	26,151	(14,480)	28,159

6. SENSITIVITY ANALYSIS

The value of shareholder equity and the results for the Group are affected by changes in exchange rates, prices for electricity, steam and gas, and interest rates. The following illustrates the effects of changes in these variables.

• Sensitivity to exchange rates

The Group's electricity generating assets, which also provide steam to industrial customers, are located in South Africa and therefore the sterling value of the revenues and costs from this activity are affected by movements in the value of the £ versus the ZAR.

The parent company has provided 100% of the funding for the construction of the plant. The loans are denominated in sterling and therefore the ZAR value of the loans is affected by movements in the value of the ZAR versus Sterling.

The parent company acquired, in 2007, 4 gas turbines from an Italian manufacturer. The cost of the refurbishment, storage and interest charges is denominated in € and the £ liability outstanding during the year and at the year end is therefore affected by movements in the exchange rate between the £ and the €.

The exchange rates applicable to the results for the current and prior year were as follows:

	Year to 30.09.09	Year to 30.09.08
i) Closing rate		
ZAR to £	11.83	14.90
€ to £	1.09	1.26
ii) Average rate		
ZAR to £	14.00	14.74
€ to £	1.15	1.31

a) The effect of closing exchange rates at the year end is summarised below:

i) ZAR vs. £
If the closing rate of the ZAR relative to Sterling at 30 September 2009 had been stronger or weaker by 10% with all other variables held constant, shareholder equity would have been £1.1m (2008 – £1.1m) higher or lower than reported and the loss for the year would have been £1.74m (2008 – £1.46m) lower or higher than the loss reported.

ii) € vs. £
If the closing rate of the € relative to Sterling at 30 September 2009 had been stronger or weaker by 10% with all other variables held constant, shareholder equity would have been £1.56m (2009 – £950k) lower or higher than reported.

b) The effect of average exchange rates during the year is estimated to be:

i) ZAR vs. £
If the average rate of the ZAR relative to Sterling during the year to 30 September 2009 had been stronger or weaker by 10% with all other variables held constant, the loss for the year would have been £1.2m (2008 – £126k) higher or lower than the loss reported.

ii) € vs. £

Since no € liabilities were settled during the year, there was no impact on the Group results arising on settlement of € liabilities. (During the year to 30 September 2008, the amount of € liability settled was €15.7m. If the rate of the € vs. £ at the date of settlement had been 10% lower or higher, the loss for the year to 30 September 2008 would have been £1.26m lower or higher than the reported loss).

• Sensitivity to price changes in electricity and steam revenues and gas purchases

The results of the Group are affected by the price that electricity and steam is sold at and by the price paid for the gas which is used by the turbines.

The following table illustrates the effect on the results for the year and shareholder equity at the year end of a 10% increase or decrease in these prices:

	Year ended 30.09.09 £'000	Year ended 30.09.08 £'000
Selling price of electricity	–	116
Selling price of steam	102	167
Purchase price of gas	415	287

• Sensitivity to interest rates

The majority of the Group's funding has been provided by share capital. In 2008, the Group agreed a £15m bank loan to assist in the funding of the 4 Siemens gas turbines. If the interest rate on the loan had been 10% higher or lower, the effect on the finance expense for the year would have been to increase or decrease the finance expense by £100k (2008 – nil effect since in 2008 the interest expense was capitalised and added to the cost of the turbines).

The Group has other short term loans. A 10% change in the interest rate applied to these loans would have changed the interest expense for the year by £8k (2008 – £4k).

7. ADMINISTRATIVE EXPENSES

	Year ended 30.09.09 £'000	Year ended 30.09.08 £'000
Expenditure incurred in administrative expenses is as follows:		
Payroll and social security	401	728
Other administrative expenses	540	661
Audit fees	44	32
	985	**1,421**

Audit fees comprise £33k (2008 – £22k) paid to the Company's auditors and £11k (2008 – £10k) paid to the auditors in respect of the audit of subsidiary companies.

8. OTHER EXPENSE

	Year ended 30.09.09 £'000	Year ended 30.09.08 £'000
Storage charges[1]	(762)	–
Shortfall on gas 'take-or-pay' contract[2]	(2,968)	–
Foreign exchange gains/(losses)[3]	1,938	(2,221)
	(1,792)	**(2,221)**

1 Storage charges have arisen during the year in respect of the 4 Siemens gas turbines (2008 – nil). These charges will continue until the turbines have been sold.

2 During the year, the plant in Newcastle was unable to supply electricity due to the absence of a electricity offtake agreement with the result that the gas purchased for the plant was less than the minimum offtake level required under the 'take-or-pay' contract. The shortfall between the gas consumed and the required level amounted to £3.0m (2008 – nil).

3 Net foreign exchange gains (2008 – losses) have arisen as a result of i) sterling denominated loans by the parent company to NewCogen being converted into ZAR at the exchange rate ruling at the balance sheet date as compared to the exchange rates ruling at the dates of the individual transactions (2009 – £3.352m gain, 2008 – £654k loss), ii) weakness of the £ vs. the € on the € denominated liability due to the supplier of the 4 Siemens gas turbines (£1.457m loss, 2008 – £1.567m loss) and iii) other exchange gains of £43k (2008 – nil).

9. FINANCE INCOME

	Year ended 30.09.09 £'000	Year ended 30.09.08 £'000
Interest received on bank deposits	18	33

10. FINANCE EXPENSE

	Year ended 30.09.09 £'000	Year ended 30.09.08 £'000
Bank interest (see note 24)	997	2
Loan interest (see note 24)	522	38
	1,519	**40**

11. TAX EXPENSE/CREDIT

No UK corporation tax or foreign tax is payable on the results of the Group. The relationship between the expected tax credit and the tax credit actually recognised is as follows:

	Year ended 30.09.09 £'000	Year ended 30.09.08 £'000
Loss for the year before tax	(5,466)	(4,451)
Standard rate of corporation tax in UK	28%	28%
Expected tax credit	1,530	1,246
Tax effect of consolidation adjustments and rate differences	–	277
Tax losses carried forward	1,530	1,523

No deferred tax asset has been recognised at the balance sheet date due to uncertainty as to the timing of the expected utilisation of the tax losses.

12. LOSS ATTRIBUTABLE TO THE PARENT COMPANY

The loss attributable to the parent company, IPSA Group PLC, was £3.11m (year to 30.9.08 – £1.6m loss). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The parent company loss in the year to 30 September 2009 includes exchange losses of £1.4m (2008 exchange loss – £1.6m).

13. LOSS PER SHARE

The loss per share is calculated by dividing the loss for the year attributable to shareholders by the weighted average number of shares in issue during the year.

	Year ended 30.09.09	Year ended 30.09.08
Loss attributable to equity holders of the Company	£5,465,921	£4,451,409
Average shares in issue during the year	92,284,081	89,564,081
Basic, diluted and headline loss per share	**(5.92p)**	**(4.97p)**

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £'000	Plant under construction £'000	Total £'000
a) Group			
Cost			
Cost at 30 September 2007	**10,894**	**21,837**	**32,731**
Additions in year to 30.9.08	1,660	10,416	12,076
Exchange adjustment	(566)	–	(566)
Transfer to 'Assets held for resale'	–	(32,253)	(32,253)
Cost at 30 September 2008	**11,988**	**–**	**11,988**
Additions in year to 30.9.09	30	–	30
Exchange adjustment	3,294	–	3,294
Cost at 30 September 2009	**15,312**	**–**	**15,312**
Depreciation			
Depreciation at 30 September 2007	**7**	**–**	**7**
Exchange adjustment	(5)	–	(5)
Charge for the year to 30.9.08	412	–	412
Depreciation at 30 September 2008	**414**	**–**	**414**
Exchange adjustment	107	–	107
Charge for the year to 30.9.09	813	–	813
Depreciation at 30 September 2009	**1,334**	**–**	**1,334**
Net book value at 30 September 2009	**13,978**	**–**	**13,978**
Net book value at 30 September 2008	**11,574**	**–**	**11,574**
b) Company			
Cost			
Cost at 30 September 2007	**–**	**21,837**	**21,837**
Additions in year to 30.9.08	–	10,416	10,416
Transfer to 'Assets held for resale'	–	(32,253)	(32,253)
Balance at 30 September 2008 and 2009	**–**	**–**	**–**
Depreciation			
Depreciation at 30 September 2007	**–**	**–**	**–**
Charge for the year to 30.9.08	–	–	–
Depreciation at 30 September 2008 and 2009	**–**	**–**	**–**
Net book value at 30 September 2009	**–**	**–**	**–**
Net book value at 30 September 2008	**–**	**–**	**–**

Property, plant and equipment has been valued at cost. At 30 September 2007, plant under construction represented the 4 Siemens gas turbines which were acquired by the Company for use in the planned Coega Basin project in South Africa. During 2008, the refurbishment work on these turbines was completed but as a result of delays to the Coega project, a decision was taken to sell the turbines.

15. INTANGIBLE ASSETS

	30.09.09 £'000	30.09.08 £'000
Net book value at beginning of year	750	833
Amortisation during the year	(84)	(83)
Net book value at end of year	**666**	**750**

The intangible asset represents the directors' estimate of the fair value of a contract, owned by NewCogen at the date of acquisition, to supply steam from the electricity generating plant. Amortisation over the life of the contract commenced in October 2007. The directors estimate that the expected life of the contract will be between 10 and 15 years. The amount of amortisation, which has been included within 'administrative expenses' in the consolidated income statement, is based on a 10% per annum straight line charge.

16. TRADE AND OTHER RECEIVABLES DUE IN MORE THAN 1 YEAR

	30.09.09 £'000	30.09.08 £'000
a) Group	–	–
b) Company		
Amount due from subsidiary	19,833	3,239

Interest charged on the loan to subsidiary is at the rate of 3 month LIBOR plus 1.5% and amounted to £900k in the year.

As a result of the continuing delay in NewCogen obtaining a medium term contract for the supply of electricity, it is unlikely that the loans to NewCogen will be repaid within the next 12 months and accordingly the amounts due from NewCogen have been reclassified as being receivable in more than 12 months. In 2008, the amounts due (£14.5m) were classified in trade and other receivables due in less than 12 months.

17. DEFERRED TAX ASSET

	30.09.09 £'000	30.09.08 £'000
a) Group	–	–
Asset recognised in respect of tax losses	–	–
Unrecognised asset in respect of tax losses	3,964	2,434
b) Company		
Asset recognised in respect of tax losses	–	–
Unrecognised asset in respect of tax losses	1,919	796

In view of the uncertainty over the timing of the utilisation of the tax losses, the directors consider that it would be inappropriate to recognise the potential deferred tax asset at this early stage in the development of the Group.

18. INVESTMENTS

	30.09.09 £'000	30.09.08 £'000
Investment in subsidiary companies	500	500
Investment in joint venture company	–	–
	500	**500**

i) Investment in Blazeway Engineering Ltd
The Company owns 100% of the issued share capital of Blazeway Engineering Ltd (a company incorporated in England and Wales, company number 5356014). The investment has been valued at cost. Blazeway Engineering Ltd owns 100% of Newcastle Cogeneration (Pty.) Ltd (a company incorporated in the Republic of South Africa).

ii) Investment in Elitheni Clean Coal Holdings Ltd
On 11 October 2007, Elitheni Clean Coal Holdings Ltd ("ECCH") was incorporated under the British Virgin Islands Companies Act 2004 (company number 1437070) as a wholly owned subsidiary of the Company. During the year, the Company re-acquired at nil cost the outstanding 50% of the shares. Since the year-end, ECCH entered into an option to purchase land which the directors intend to use, subject to appropriate planning approvals, as a site for a coal fired generating plant. Since the project has not commenced, the investment is being carried at cost ($100).

19. ASSETS HELD FOR RESALE – GROUP AND COMPANY

	30.09.09 £'000	30.09.08 £'000
Balance at beginning of year	32,253	–
Steam turbines (transferred from property, plant and equipment)	–	32,253
Balance at end of year	**32,253**	**32,253**

These assets comprise 4 Siemens gas turbines which were acquired in 2007 for the Coega project at a cost of £21.8m. During 2008, the manufacturer refurbished the turbines at a cost of £9.8m and £0.6m was added to the cost in respect of interest on a £15m bank loan which was used to partly finance their purchase and is secured by a first charge on the assets. The turbines were initially classified as 'plant under construction'. Following the completion of their refurbishment and the delay in the timetable for the Coega project, it was decided in 2008 to sell the turbines and since then the asset has been reclassified as 'assets held for resale'. As set out in note 31(i), one turbine has been conditionally sold since the year-end.

The directors consider, on the basis of professional valuations, that the fair value, based on 'open market value', is in excess of the carrying value. 'Open market value' assumes willing buyer and willing seller.

20. TRADE AND OTHER RECEIVABLES DUE IN LESS THAN 1 YEAR

	30.09.09 £'000	30.09.08 £'000
a) Group		
Trade receivables	75	1,370
Other receivables and prepayments	2,305	84
	2,380	**1,454**
b) Company		
Trade receivables	75	588
Other receivables and prepayments	2,211	66
Amounts due from subsidiary	–	14,461
	2,286	**15,115**

All trade and other receivables are unsecured and are not past their due dates. The fair values of receivables is not materially different to the carrying values shown above.

Amounts due from subsidiary in 2008 represent short term finance to NewCogen in order to provide funding for the development of the plant in Newcastle. The loan has been reclassified as a non-current asset during the year (see note 16).

21. CASH AND CASH EQUIVALENTS

	30.09.09 £'000	30.09.08 £'000
a) Group		
Cash at bank and in hand	38	54
Short term bank deposits	98	15
Short term bank deposits held as collateral	–	336
	136	**405**
b) Company		
Cash at bank and in hand	20	12
Short term bank deposits	–	–
Short term bank deposits held as collateral	–	336
	20	**348**

The deposits held as collateral in 2008 were provided as security for gas purchases by NewCogen.

22. SHARE CAPITAL

	30.09.09 £'000	30.09.08 £'000
a) Authorised		
150,000,000 ordinary shares of 2p each	3,000	3,000
b) Allotted, called-up and fully paid		
95,004,081 ordinary shares of 2p each	1,900	1,792
c) Reconciliation of movement in share capital	**Number**	**£**
At 30 September 2007 and 2008	89,564,081	1,791,282
Allotment during the year	5,440,000	108,800
Total at 30 September 2009	**95,004,081**	**1,900,082**

The difference between the total consideration, less related costs, arising from shares issued and the nominal value of the shares issued has been credited to the share premium account.

23. TRADE AND OTHER PAYABLES

	30.09.09 £'000	30.08.08 £'000
a) Group		
Trade payables	18,922	11,108
Other payables	631	909
	19,553	**12,017**
b) Company		
Trade payables	14,493	9,553
Other payables	66	475
	14,559	**10,028**

Trade payables at 30 September 2009 includes an amount of €15.3m/£14.01m (2008 – €11.8m/£9.4m) owing to Turbocare in respect of the refurbishment work (which was completed in 2008 on the 4 Siemens gas turbines originally acquired for the Coega project) plus storage charges and interest (calculated at 1 month EURIBOR plus 1% per annum on the amount outstanding). €12m of the €15.3m owing is not due until the turbines are either sold or commissioned and a formal standstill over the due date for the remaining balance of €3.3m/£3.0m has, since the year end, been granted by Turbocare (see note 31(iii)).

24. BORROWINGS

	30.09.09 £'000	30.09.08 £'000
a) Group		
Bank loan	15,000	15,000
Overdue interest	997	–
Other loans	1,292	1,142
	17,289	**16,142**
b) Company		
Bank loan	15,000	15,000
Overdue interest	997	–
Other loans	1,276	1,123
	17,273	**16,123**

The bank loan comprise a fully drawn facility of £15m which was originally repayable on 30 September 2009. Interest is calculated on 3 month LIBOR plus a margin of 2.25% and a default margin of 2%. The interest rate applicable at 30 September 2009 was 4.85% (2008 – 8.56%). Interest charged during the year amounted to £997k (2008 – £618k). This interest charged in 2008 was capitalised. The loan is secured by a first charge on the 4 Siemens gas turbines.

Since the year-end, the Company has agreed a formal standstill on the bank loan and the overdue interest until at least 30 November 2010 (see note 31(iii)).

Other loans comprise short term loans which are repayable on between 1 and 6 months notice. The loans bear interest at between 5% and 8% per annum (2008 – 8%). Interest charged during the year amounted to £82k (2008 – £38k).

All borrowings are denominated in sterling.

25. RECONCILIATION OF LOSS BEFORE TAX TO CASH OUTFLOW FROM OPERATIONS

	30.09.09 £'000	30.08.08 £'000
a) Group		
Loss before tax	**(5,466)**	**(4,451)**
Depreciation	813	412
Amortisation of intangible	84	83
Changes in working capital		
Trade and other receivables	(925)	(362)
Trade and other payables	7,195	(703)
Exchange translation adjustments	(4,296)	657
Interest received	(18)	(33)
Interest paid/payable	1,519	40
Net cash outflow from operating activities	**(1,094)**	**(4,357)**
b) Company		
Loss before tax	**(3,112)**	**(1,598)**
Changes in working capital		
Trade and other receivables	(1,631)	(619)
Trade and other payables	4,190	(1,050)
Interest received/receivable	(918)	(932)
Interest paid/payable	1,419	40
Net cash outflow from operating activities	**(52)**	**(4,159)**

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from both its operating and investing risks. The Group's risk management is coordinated to secure the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant risks to which the Group is exposed are described below:

a) Foreign currency risk

The Group's principal trading operations are based in South Africa and as a result the Group has exposure to currency exchange rate fluctuations in the ZAR relative to sterling.

b) Interest rate risk

Group funds are invested in short term deposit accounts, with a maturity of less than three months, with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

c) Liquidity risk

The Group attempts to anticipate the future cash requirements for each project and seeks to put in place appropriate equity and debt facilities to match the funding requirements of these projects. Given the delays experienced in projects to date, there is a risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities since the Group's assets consist primarily of plant and equipment which may take time to realise (see also note 4.2). However, since the year-end and as set out in notes 23, 24 and 31(iii), the Company has agreed a formal standstill with its bankers and also with its main trade creditor with respect to repayment terms which is expected to provide sufficient time to realise proceeds from the sale of the four Siemens gas turbines and enable the Group to meet its financial obligations as they fall due.

d) Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

The financial assets and liabilities of the Group and the Company are classified as follows:

30 September 2009

	Group			Company		
	Fair value through profit and loss £'000	**Loans and receivables £'000**	**Amortised cost £'000**	**Fair value through profit and loss £'000**	**Loans and receivables £'000**	**Amortised cost £'000**
Trade and other receivables > 1 year	–	–	–	–	19,833	–
Trade and other receivables < 1 year	–	75	–	–	75	–
Cash and cash equivalents	–	136	–	–	20	–
Trade and other payables	–	–	(19,553)	–	–	(14,559)
Borrowings	–	–	(17,289)	–	–	(17,273)
	–	**211**	**(36,842)**	**–**	**19,928**	**(31,832)**

30 September 2008

	Group Fair value through profit and loss £'000	Group Loans and receivables £'000	Group Amortised cost £'000	Company Fair value through profit and loss £'000	Company Loans and receivables £'000	Company Amortised cost £'000
Trade and other receivables > 1 year	–	–	–	–	3,239	–
Trade and other receivables < 1 year	–	1,370	–	–	14,461	–
Cash and cash equivalents	–	405	–	–	348	–
Trade and other payables	–	–	(12,017)	–	–	(10,028)
Borrowings	–	–	(16,142)	–	–	(16,123)
	–	**1,775**	**(28,159)**	**–**	**18,048**	**(26,151)**

In the opinion of the directors, there is no significant difference between the fair values of the Group's and the Company's financial assets and liabilities and their carrying values.

27. CAPITAL COMMITMENTS

There were no outstanding capital commitments at the year end.

28. CONTINGENT LIABILITIES

In July 2006, NewCogen entered into a contract with Sasol Gas for the supply of gas. The contract provided for minimum offtake requirements ("take-or-pay") during the first 5 years of the contract. In July 2009, the supplier terminated the contact due to non-performance under the payment terms of the contract, following the decision to temporarily cease power generation at the plant owing to the delays by the authorities in South Africa in granting a power purchase agreement. The directors of NewCogen are in discussions with Sasol Gas concerning possible claims for non-performance under the take-or-pay terms. The maximum potential claim amounts to ZAR 115.5m/£9.4m. The directors have provided for ZAR 4.7m/£0.4m in respect of the period from 1 July 2009 to 31 July 2009, being the date of termination of the contract as the directors have been advised by their lawyers that any claim for subsequent periods is unlikely to be successful.

As a result of NewCogen temporarily ceasing steam production in February 2009, NewCogen's steam customers have indicated that they may make a claim against NewCogen for additional costs of working, based on their costs of procuring replacement steam. The directors of NewCogen do not consider that any liability exists.

29. RELATED PARTY TRANSACTIONS

Material transactions with related parties during the year were as follows:
i) Charge to the Company of £60k by Independent Power Corporation PLC ("IPC") under a "Shared Services Agreement" for the provision of offices and other administrative services. P Earl and E Shaw are shareholders and directors of IPC. A sum of £115k (2008 – £23.5k) was owing to IPC at 30 September 2009.

ii) Short term loan from IPC amounting to £791k, including accrued interest, at the year-end (2008 – £781k). Interest on the loan, which is being charged at 8%, amounted to £57k (2008 – £12k). During the year, £550k of loans were capitalised by subscription for 3,437,500 ordinary 2p shares at 16p per share. The loan is repayable on six months notice.

iii) Short term loan from Secteur Holdings Ltd amounting to £350k, including accrued interest, at the year-end (2008 – £330k). Interest on the loan, which is being charged at 3 month LIBOR + 3%, with a minimum of 5%, amounted to £21k (2008 – £26k). The loan is repayable on 3 month's notice. Mrs E Earl, P Earl's wife, is a director of Secteur Holdings Ltd.

iv) Payment by the Group of salaries (short term employee benefits) to key management totalling £60k (2008 – £372k).

Transactions between the Company and NewCogen included:

i) Expense recharges in relation to services provided – £nil (2008 – £213k).

ii) Increase in unsecured loans by the Company to NewCogen of £1.2m (2008 – £1.7m).

iii) Interest charge of £900k on loan balances outstanding (2008 – £900k).

30. DIRECTORS AND EMPLOYEE COSTS

	30.09.09 £'000	30.09.08 £'000
Aggregate remuneration of all employees and directors (including national insurance)	401	728

Directors' remuneration

	Salary		Fees		Total	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
S Hargrave (Chairman)	–	45	–	–	–	45
P Earl (Chief Executive)	–	53	–	–	–	53
N Bryson	–	–	19	31	19	31
M Cox	–	20	–	–	–	20
J Eyre	9	53	–	–	9	53
R Sampson	–	–	–	10	–	10
E Shaw	9	53	–	–	9	53
J West	–	3	17	22	17	25
Total	18	227	36	63	54	290

Fees include £18,750 (2008 – £30,500) charged by Balmyle Ltd, a company controlled by N Bryson and £16,500 (2008 – £22,000) charged by Jimmy West Associates Ltd, a company controlled by J West. No fees were paid to Balmyle Ltd or Jimmy West Associates Ltd during the year and the amounts charged were outstanding at the year-end.

The average number of employees in the Group, including directors, was 21. At 30 September 2009, the total number of employees in the Group was 20.

31. POST BALANCE SHEET DATE EVENTS

i) On 22 December 2009, the Company sold one of its four Siemens gas turbines on a conditional contract to IPOL Bolivia Sucursal, a branch office of Independent Power Operations Ltd, a subsidiary of IPC, a related party as disclosed in note 29(i). The sale price of $30m is payable by i) a non-refundable deposit of $1m which has been offset against loans to the Company from IPC, ii) $20m payable on completion and iii) $9m payable no later than 31 March 2011. Completion is dependent upon the purchaser raising funds and making payment of $20m.

ii) On 5 March 2010, the Company issued a £650k unsecured loan note, with interest payable at 6%. The loan note is repayable by 31 January 2011 or the earlier of a change of control of the Company or the sale of two of the steam turbines or a full or partial sale of certain plant and equipment in South Africa. The loan note holders have also been issued warrants over 6.5m ordinary shares exercisable between the repayment date and 30 months thereafter at the lower of 19 pence per share and the price at which any future ordinary shares are issued prior to such exercise.

iii) On 5 March 2010, the Company entered into an agency agreement with Standard Bank and Turbocare in respect of the marketing of the 4 Siemens gas turbines and the distribution of the proceeds received in connection with the sale. The agreement also provides for a standstill agreement whereby Standard Bank and Turbocare have undertaken that they will not take proceedings against the Company to recover debts owed to them and that they will not enforce any security rights they may have during the term of the agreement. This agreement terminates on 31 January 2011 or earlier in the event that Standard Bank and Turbocare are paid all sums due to them prior to that date or at Standard Bank's election after 30 November 2010 in the event that a sale has not been secured.

iv) The Company's subsidiary, NewCogen is currently endeavouring to secure a power purchase contract with Eskom for its power plant in South Africa under the delayed MTPPP. There has been no new announcement from Eskom regarding the MTPPP. However on 24 February 2010 the South African electricity regulator, NERSA, announced the new multi-year price determination for Eskom, which included an allocation of resources in connection with power purchase contracts with independent producers, of which the MTPPP forms a part. It is the intention of the directors of NewCogen to substantially refinance its 18MW power plant as soon as a power purchase agreement is signed. NewCogen needs to come to an agreement with Sasol for a new gas contract and settle overdue amounts of approximately £3m claimed by Sasol in respect of gas consumption and take-or-pay liabilities prior to restarting the plant.

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