

Environmental Recycling Technologies plc

Preliminary Results for the year ended 31 December 2009

Environmental Recycling Technologies plc (“ERT” or the “Company”) (AIM: ENRT), which has developed and is exploiting the patented rights to the Powder Impression Moulding (“PIM”) process capable of converting mixed waste plastics into commercially viable products, announces its preliminary results for the year ended 31 December 2009

Highlights

- The Company is now operating completely under an out-licensing business model
 - significant reduction in overhead and costs as a result
- Worldwide Master Flat Sheet licence agreement signed with 2k Manufacturing Ltd
- Revenue and other income £1.21 million (2008: £1.35 million)
- Loss on operations £3.55 million (2008: £2.75 million)
- Loss attributable to equity shareholders £4.65 million (2008: £3.18 million)
- Enquiry levels continue to escalate and are expected to result in further licences to be granted for specific product areas
- Long running litigation settled

For further information:

Environmental Recycling Technologies Plc

Ken Brooks (Chairman)

01993 779 468

David Shepley-Cuthbert (Finance Director)

Evolution Securities (Nominated Adviser)

Tim Worlledge

0207 071 4300

Bobbie Hilliam

The Company confirms that the Company's Annual Report and Accounts for the year ended 31 December 2009 will be sent to shareholders and will be available on the Company's website by 30 June 2010: www.ertplc.com.

Chairman's Statement

I am very pleased to say that after over two years of very hard work from your Board of Directors, the Company has been transformed.

The virtual model the present Board introduced in 2008 has been implemented although the Company has had to face additional costs relating to concluding several old development projects.

The Company has also been impacted by various claims and litigation.. As a result your Board feels that issues arising from previous years have largely been addressed allowing the Board to focus on the future development of the company.

Our showcase licensee is 2K Manufacturing Limited and their lead product "EcoSheet". Progress at their factory at Luton has been slower than planned, but 2K is on course to be in full production this year. After a slow start, 2K's expansion plans have accelerated at pace and the future for them looks very exciting.

By the same token, there are several other development projects underway none of which result in significant costs to the Company. This is the model going forward.

The Board will continue to pursue cost saving opportunities where possible in the future. This may include a share capital reorganisation in order to bring the ongoing plc costs in line with the size of the Company.

In short, having refocused the company, dealt with the issues of the past and heavily cut back on our costs, your Board feels confident about the future of your Company.

In the meantime our colleague Henry Bellingham has now resigned following his appointment to the government. We would like to thank him for all he has done and wish him well in his new role. The process of appointing a replacement Non-executive Director has begun but the Board feels it best to make a considered appointment rather than a quick appointment.

It has been a testing period for the Company and I am personally grateful for all the support and assistance given to the company and myself by so many of you.

Ken Brooks
Chairman

Managing Director's Review

Despite uncertain economic times, the Company continues to make progress in its ambitions to commercialise the PIM technology and to deliver a viable and sustainable business model.

The long running dispute with the Company's former CEO in Kyrgyzstan has been resolved. This problem had not only been a drain on resources but a distraction, preventing the Board from focussing on the Company's primary commercial objectives.

A key milestone in our strategy has been to sign the "Master Sheet License" with 2K Manufacturing and marks a commitment from 2K to focus on the roll out of its "EcoSheet" brand worldwide.

Under the "Master Flat Sheet" License, 2K have agreed to give up its rights under the "Master Construction" License and to hand these back to the Company to re-market.

We are already in discussion with a prospective UK Licensee who wishes to use the laboratory PIM rig at Brunel University to develop PIM as a means of production for a construction product which they currently manufacture in substantial quantities using conventional materials.

We can report that the leading global consulting engineers, Arup, continue to be excited by the potential of PIM in the construction sector and we look forward to developing a closer relationship between them, our licensees (both existing and future) and the Company.

We believe the potential of PIM to be used in anti-ballistic and military applications is likely to be a key element of its commercialisation. Our Nafta licensee, Aeropro, continue to maintain their option to license the technology for such purposes whilst they continue their research and development programme. In the UK a license has been signed with One Delta to develop PIM for a specific anti-ballistic protection system which was exhibited at the recent DVD 2010 military equipment show.

During the year, shareholders have expressed their disappointment at the lack of news announced by the Company. As stated before, the Board only intends to announce specific licences when they have been signed and are material financially, or when we are required to do so for regulatory reasons in relation to existing licences.

In the current economic climate, the need for "green" technologies is as relevant as it has ever been. 2K Manufacturing will be demonstrating this as their first line comes on stream later this summer. Your Board remains confident that the PIM process offers exciting opportunities for companies trying to embrace "green" principles over the coming years.

Roger Baynham
Managing Director

Financial Review for the year ended 31 December 2009

Results

Revenue together with other income for the year ended 31 December 2009 was £1.21 million (2008: £1.35 million). The loss from operations was £3.55 million compared to losses of £2.75 million in 2008. Losses attributable to equity shareholders were £4.65 million (2008 loss £3.18 million).

Dividends and loss per share

No dividend payment is proposed. The loss per share was 1.49 pence compared to 1.18 pence in 2008.

Trading and Outlook

The progress towards profitability is challenging and the group has reported another operating loss for the year. Whilst there are a number of uncertainties as outlined in the Directors' report and in note 23 to the financial statements, the outlook is now more promising as 2K Manufacturing moves closer to volume production of its "EcoSheet".

Administrative expenses excluding exceptional items for the period were £2.17 million compared to £2.38 million in the same period in 2008 and include in addition to normal running expenses, corporate finance costs, legal costs associated with the on-going intellectual property rights and additional write down of the moulds.

Exceptional costs were £2.59 million compared to £1.72 million in 2008. They cover additional costs for the final legal and settlement costs associated with a former employee in Krygyzstan and an additional provision in relation to a financial guarantee in respect of the Alpha Line sale & leaseback agreement (see note 11).

Financing

Measures have been implemented to manage cash resources and secure appropriate levels of finance.

Total borrowings amounted to £3.05 million compared to £3.13 million at 31 December 2008.

The Yorkville convertible loan of £1,474k was due to be repaid or converted before 31 December 2009 and has been rolled forward. The Directors do not expect there to be a requirement to repay the loans in cash during the next 12 months. Although no formal commitment has been received discussions with Yorkville indicate that it will be possible to extend the loan or to request the conversion of the loan into equity. The Directors believe that arrangements to renew the loan facilities or convert debt into equity will be achievable.

As far as the other loans are concerned, written assurance has been received from the lender of £1.325 million that there is no intention to request immediate repayment and that subject to agreement the lender would accept repayment by the issue of shares in the company. The remaining loans are due for repayment by 30 June 2011 at which date the lenders gain conversion rights.

Furthermore there is a £5 million Standby Equity Distribution Agreement ("SEDA") that could be used to facilitate settlement of claims and repayment of loans over time.

Going concern

Based upon forecasts prepared, after making enquiries and the comments made above, the Directors have a reasonable expectation that the company and the group have adequate resources to meet commitments as they fall due and continue in operational existence for the foreseeable future. The Directors have concluded that due to the ongoing discussions in relation to extending the company's finance facilities and the reliance on the support from the above lenders, there is an inherent uncertainty in relation to the group's and company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the group and the company

have adequate resources to continue on operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts (see note 1).

David Shepley-Cuthbert
Finance Director

Group Statement of Comprehensive Income

Year ended 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
Continuing operations	£'000	£'000
Revenue	1,101	1,089
Other income	106	262
Administrative expenses		
Exceptional	(2,586)	(1,724)
Other	(2,167)	(2,379)
Total administrative expenses	(4,753)	(4,103)
Loss on operations	(3,546)	(2,752)
Finance costs	(948)	(424)
Loss for the year before income tax	(4,494)	(3,176)
Tax charge/(credit) on loss on on ordinary activities	—	—
Loss for the year from continuing operations attributable to equity shareholders of the company	(4,494)	(3,176)
Other comprehensive income		
Available-for-sale financial assets - losses in year	(154)	—
Tax charge/(credit) on other comprehensive income	—	—
Other comprehensive income (net of tax)	(154)	—
Total comprehensive loss for the year attributable to equity shareholders of the company	(4,648)	(3,176)
Loss per share (pence)		
Basic and diluted loss per share	(1.49p)	(1.18p)

Group Statement of Financial Position

At 31 December 2009

	31 December 2009		31 December 2008	
Assets	£'000	£'000	£'000	£'000
Non-Current Assets				
Intangible assets		9,791		10,685
Plant & equipment		—		296
Available-for-sale financial assets		701		855
Total non current assets		10,492		11,836
Current assets				
Trade and other receivables	804		228	
Cash and cash equivalents	204		17	
Total current assets		1,008		245
Total assets		11,500		12,081
Liabilities				
Current liabilities				
Trade and other payables	2,247		1,224	
Borrowings	3,050		3,128	
Provisions	2,433		563	
Total current liabilities		7,730		4,915
Total liabilities		7,730		4,915
Net assets		3,770		7,166
Equity attributable to the shareholders of the parent				
Share capital		8,412		7,160
Share premium reserve		35,500		35,500
Warrant reserve		945		1,021
Available-for-sale reserve		(154)		—
Retained earnings		(40,933)		(36,515)
Total equity		3,770		7,166

Group Statement of Changes in Equity

Year ended 31 December 2009

	Share Capital £'000	Share Premium £'000	Warrant Reserves £'000	Available -for-sale Reserve £'000	Retained earnings £'000	Total £'000
Loss for year	-	-	-	-	(4,494)	(4,494)
Available-for-sale reserve	-	-	-	(154)	-	(154)
Total comprehensive loss for the year	-	-	-	(154)	(4,494)	(4,648)
Issue of share capital	1,252	-	-	-	-	1,252
Warrants and options lapsed	-	-	(76)	-	76	-
Movement for the year	1,252	-	(76)	(154)	(4,418)	(3,396)
Balance at 1 January 2009	7,160	35,500	1,021	-	(36,515)	7,166
Balance at 31 December 2009	8,412	35,500	945	(154)	(40,933)	3,770

Year ended 31 December 2008

	Share Capital £'000	Share Premium £'000	Warrant Reserves £'000	Available -for-sale Reserve £'000	Retained earnings £'000	Total £'000
Loss for year	-	-	-	-	(3,176)	(3,176)
Total comprehensive loss for the year	-	-	-	-	(3,176)	(3,176)
Issue of share capital	850	53	-	-	-	903
Warrant adjustments	-	-	26	-	(26)	-
Options lapsed	-	-	(372)	-	372	-
Movement for the year	850	53	(346)	-	(2,830)	(2,273)
Balance at 1 January 2008	6,310	35,447	1,367	-	(33,685)	9,439
Balance at 31 December 2008	7,160	35,500	1,021	-	(36,515)	7,166

Group Statement of Cash Flow

Year ended 31 December 2009

	31 December 2009 £'000	31 December 2008 £'000
Continuing Activities		
Loss before tax	(4,494)	(3,176)
Adjusted for:		
Depreciation on property plant and equipment	296	312
Amortisation of intangible assets	894	894
Accrued interests costs	368	351
Debt issue costs	546	-
Adjusted loss from operations	(2,390)	(1,619)
(Increase)/decrease in trade and other receivables	(576)	48
Increase/(decrease) in trade and other payables	861	(520)
Increase in provisions	1,870	18
Cash used by operations	(235)	(2,073)
Tax receipt	-	-
Net cash outflow from operations	(235)	(2,073)
Cash flows from investing activities		
Purchase of plant and machinery	-	(2)
Net cash used in investing activities	-	(2)
Cash flow from financing activities		
Inception of loans	543	2,272
Repayment of loans	(121)	(325)
Interest paid	-	(1)
Net cash generated in financing activities	422	1,946
Net increase/(decrease) in cash	187	(129)
Cash and cash equivalents at beginning of period	17	146
Cash and cash equivalents at end of period	204	17

Notes to the financial statements

1. Accounting policies

Basis of accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRS’s”). The financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies preparing financial statements in accordance with IFRS.

IFRS 8 Operating Segments (effective for periods beginning on or after 1 January 2009) replaces IAS 14 Segmental reporting. Further details are provided below.

The Group has adopted the revised IAS1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

As permitted under the revised IAS1, the Group has elected to present one statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard.

The Group has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7) effective for the year ending 31 December 2009. This amendment requires enhanced disclosures about fair value measurements and liquidity risk which have been provided in the financial statements. The amendment does not change the recognition or measurements of transactions and balances in the financial statements.

Going concern

The group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Reviews. The financial position of the group, its borrowings and borrowing facilities are described in the Financial Review. In addition note 23 to the financial statements includes the group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As described in the Financial Review the progress towards profitability is challenging and the group has reported another operating loss for the year. Whilst there are a number of uncertainties, the Directors’ consider that the outlook is now more promising. The Directors have instituted measures to manage cash resources and secure appropriate levels of finance. At the date of approving these accounts the company’s debt to Yorkville is £1.9 million including interest and debts to other lenders amount to £1.8 million. All these debts are due for repayment before 31 December 2011.

As explained the Directors are in discussions with Yorkville concerning extending the loan term and the conversion of more loan into equity and with the other lenders to settle the outstanding loans by the issue of shares in the company rather than settling in cash. During the year, other lenders converted £796,000 into shares. No formal agreements have been reached but discussions with Yorkville indicate that existing facilities will remain available or could be settled in shares rather than cash. In addition a written assurance has been received from one lender covering £1.325 million that there is no intention to request immediate repayment and that subject to agreement the lender would accept repayment by the issue of shares in the

company. Similarly the expectations arising from the terms of the remaining loan arrangements are that lenders would take settlement in shares if the company was unable to repay the loans. If appropriate, draw downs from the Standby Equity Distribution Agreement (“SEDA”) may be made available to facilitate settlement of claims and repayment of loans over time, however this would be dependant upon the company’s share price returning to greater than par. There is sufficient headroom to issue shares to convert the total debt and interest outstanding following the consent of shareholders at the Annual General Meeting held in September 2009.

The Standby Equity Distribution Agreement (SEDA) with Yorkville to the value of £5 million expires in September 2010. Funding facilities, underwritten by the Yorkville facility, have been organised to cover the company’s normal overheads for the rest of the year. The company has had commercial discussions with lenders to ensure that existing facilities remain available or will be settled in shares rather than cash. There are currently no reasons to believe that arrangements cannot be made on acceptable terms.

Based upon forecasts prepared, after making enquiries and the comments made above, the Directors have a reasonable expectation that the company and the group have adequate resources to meet commitments as they fall due and continue in operational existence for the foreseeable future. The Directors have concluded that due to the ongoing discussions in relation to extending the company’s finance facilities and the reliance on the support from the above lenders, there is an inherent uncertainty in relation to the group’s and company’s ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the group and the company have adequate resources to continue on operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The financial statements consolidate the accounts of Environmental Recycling Technologies plc and its non-trading subsidiary undertakings. Intercompany transactions and balances between companies are eliminated in full.

2. Revenue and segment information

The revenue and loss before tax are attributable to the principal activities of the Group being the licensing of the intellectual property of the plastic Powder Impression Moulding system to generate licence fees and ongoing royalties.

In the opinion of the Directors, the only business segment is the exploitation of the group’s intellectual property. Whilst customers may be operating in different economic environments the group operates from the United Kingdom and all business is subject to English law.

All assets are held in the UK.

Reporting of external revenue by location of customer is as follows:

	Year ended 31 December 2009 £’000	Year ended 31 December 2008 £’000
United Kingdom	801	203
Rest of Europe	-	14
North America	300	872
	1,101	1,089

Revenue arises from:

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Licence income	517	1,038
Royalties	583	-
Pre-production sales	1	51
	1,101	1,089

Revenue of £800,000 related to customer A, £300,000 to customer B and £1,470 to customer C of the group's total revenue respectively.

3. Loss on operations before interest and finance

Loss on operations is stated after charging/ (crediting):

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Depreciation of plant and equipment	296	312
Amortisation of intangible fixed assets	894	894
Fees payable to the Company's auditor in respect of –		
- Audit of the Company's annual accounts	48	48
- Tax services	7	7
- All other services	-	20
Hire of other assets – operating leases	-	18
Net loss/(gain) on foreign currency translation	74	(17)
Equity settled share based payments	456	-
Grant income	(106)	(262)

Grant income is of a revenue nature.

Amounts paid to the company's auditors in respect of services to the company, other than audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4. Exceptional items

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Legal and settlement costs	749	642
Product development work	7	1,082
Finance guarantee obligations	1,830	-
	2,586	1,724

The legal and settlement costs are associated with the claim from a former employee in Kyrgyzstan and settlement costs of a legal dispute in Asia in 2008. The product development work relates to fulfilling contractual obligations for product development for Mediwall and pre production work for Contour. Finance guarantee obligations relates to a financial guarantee, dated August 2006, which guaranteed the Alpha Line finance agreement that was transferred to Enviro Polytek (formerly Environmental Polymer Technologies Limited) on the sale of 3DM Europe and 3DM Group Limited on 30 November 2006 (see note 11)

5. Finance costs

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Loan interest	367	221
Bank interest	1	1
Stock lending costs	489	-
Amortisation of finance costs	91	202
Total finance costs	948	424

6. Earnings per share

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Numerator		
Loss used for calculation of basic and diluted EPS	(4,648)	(3,176)
	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Denominator		
Weighted average number of shares used in basic and diluted EPS	311,557,369	270,112,435

At 31 December 2009, there were 12,896,785 (2008: 21,041,785) of potentially issuable shares which are anti-dilutive; such shares may become dilutive in future periods.

Since the year end, the Company has issued additional shares (see note 15) which would have impacted on the earnings per share calculation if they had occurred before 31 December 2009.

7. Available-for-sale financial assets

Group and Company	Listed Shares £'000	Unlisted Shares £'000	Total £'000
Cost			
At 1 January 2009	410	445	855
Equity swap	445	(445)	-
Unrealised foreign exchange losses	(74)	-	(74)
Net losses transferred to equity	(80)	-	(80)
At 31 December 2009	701	-	701
	Listed Shares £'000	Unlisted Shares £'000	Total £'000
Cost			
At 1 January 2008	-	-	-
Additions	410	445	855
At 31 December 2008	410	445	855

During 2008, 500,000 shares in Longborough Capital Corp Inc. (LBOC), a company with shares traded on pink sheets in New York, were received in settlement of licence fees amounting to US\$625,000 due from LBOC. In addition GTI Inc. a subsidiary of LBOC has paid licence fees due amounting to US\$650,000 by issuing 1,083,333 shares. These GTI Inc. shares were exchanged for 520,000 shares in LBOC on 30 March 2009.

Listed shares are carried at fair value based on quoted market prices (level 1).

Company

The Company's investment in the capital of unlisted subsidiary undertakings is less than £1,000 in total and it represents:

	Nature of business	Shareholding	Incorporated
3DM Product Developments Limited	Dormant	100%	England
Camco Corporation Limited	Dormant	100%	England

The total cost of these investments is £602 against which there is an impairment provision of £600.

8. Trade and other receivables

	31 December 2009 £'000	31 December 2008 £'000
Current – due within one year		
Trade receivables	335	134
VAT recoverable	4	1
Other debtors and prepayments	465	93
	804	228

All receivable balances are in sterling. As at 31 December 2009 trade receivables of £150,000 (2008: £nil) were past due but not impaired. They relate to customers with no default history.

The ageing analysis of these receivables is as follows:

	31 December 2009 £'000	31 December 2008 £'000
Up to 3 months	185	134
6 to 12 months	150	-
	335	134

The Group's main income is from licence and royalty fees. Accrued income and receivables are regularly reviewed by the Board of Directors to assess the recoverability of amounts due.

9. Trade and other payables – current

	31 December 2009 £'000	31 December 2008 £'000
Trade payables	1,272	839
Social security and other taxes	39	9
Accruals and deferred income	936	376
	2,247	1,224

Book value is a fair approximation for fair value and debts are due for repayment under normal trading terms.

The ageing analysis of these payables is as follows:

	31 December 2009 £'000	31 December 2008 £'000
Up to 3 months	1,528	873
6 to 12 months	719	351
	2,247	1,224

10. Borrowings

	31 December 2009 £'000	31 December 2008 £'000
Current – due within one year		
Short term borrowings	1,576	1,479
Current portion of long term borrowings	1,474	1,649
Total borrowings	3,050	3,128

The carrying value (which is a reasonable approximation to fair value) of borrowings analysed by lender is as follows:

	31 December 2009	31 December 2008
YA Global Investment Limited – current	1,474	1,649
Other loans	1,576	1,479
Total borrowings	3,050	3,128

The amounts due to YA Global Investments Limited (“Yorkville”) are stated net of unamortised finance costs. This convertible loan was unsecured and denominated in Sterling. Pursuant to an agreement dated 27 March 2008 Yorkville borrowings are secured by a debenture over the assets of the undertaking. The loan was due for repayment on or before 31 December 2009. As explained in the Finance review, the Directors are in discussions with Yorkville concerning extending the loan term. Interest is being charged at 12% per annum. Subject to certain conditions Yorkville may convert their loan to ordinary shares of the company.

Other loans advanced during the year totalled £499,158. A further £495,925 costs were incurred for stock lending and arrangement fees. Loans totalling £121,000 were repaid or transferred and £796,000 was converted during the year into ordinary shares. These loans carry interest at rates varying from 7.5% to 15% and conversion rights into ordinary shares.

The company has no other borrowing facilities except for the SEDA referred to in the Financial Review.

11. Provisions

	31 December 2009 £'000	31 December 2008 £'000
Legal claims		
At 1 January 2009	563	545
Increase in provisions	601	179
Utilised in year	(148)	(161)
At 31 December 2009	1,016	563

	31 December 2009 £'000	31 December 2008 £'000
Financial guarantee obligations		
At 1 January 2009	-	-
Increase in provisions	1,417	-
At 31 December 2009	1,417	-
	31 December 2009 £'000	31 December 2008 £'000
Current	1,079	563
Non-current	1,354	-
Total provisions	2,433	563

Provisions cover claims for legal and settlement costs associated with a former employee in Kyrgyzstan. The provision was increased to cover further legal costs incurred during the year, interest accruing on the court judgment and the terms of the settlement reached in February 2010 which are set out in note 26. Amounts paid during the year to the former employee and legal advisors were offset against the provision.

Finance guarantee obligations relates to a financial guarantee dated August 2006, which guaranteed the Alpha Line finance agreement that was transferred to Enviro Polytek Limited (formerly Environmental Polymer Technologies Limited) on the sale of 3DM Europe Limited and 3DM Group Limited on 30 November 2006. On 15 January 2010, Enviro Polytek Limited went into administration. The finance guarantee obligation provision represents the Directors' best estimate of the outstanding financial obligation in respect of the Alpha Line finance agreement.

12. Commitments under operating leases

The Group total contracted lease payments under non-cancellable operating leases as set out below.

	Lease commitments	
	31 December 2009 £'000	31 December 2008 £'000
	Motor vehicles	Motor vehicles
Within one year	-	4

13. Related party transactions

Invoices totalling £59,710 (2008: £27,746) were received from the A H Brooks Partnership for services rendered and recoverable expenses. The partners are K W Brooks and Mrs N Brooks, wife of K W Brooks. The amount outstanding at the year end was £54,592 (2008: £10,781), which was due to the A H Brooks Partnership.

Invoices totalling £nil (2008: £8,333) were received from Oxford Corporate Services Limited for recoverable expenses. This Company is controlled by Mrs N Brooks, wife of K W Brooks. The amount outstanding at the year end was £nil (2008: £nil).

Aston Hall Limited invoiced £46,362 (2008: £49,288) to the Group in respect of director's fees for D C Shepley-Cuthbert who is also a director and controlling party of Aston Hall Limited. The amount outstanding at the year end was £26,018 (2008: £13,448).

Oakridge Business Services Limited, of which Mrs A Baynham wife of R Baynham is a director, invoiced £15,000 (2008: £30,000) in the year for director's fees. The amount outstanding at the year end was £11,250 (2008: £7,500).

Philip Tyler Polymers Limited, a company that K W Brooks and R Baynham are directors of, invoiced £29,536 (2008: £29,945) to the Group in respect of support services. The amount outstanding at the year end was £29,719 (2008: £14,872).

14. Share based payments

Environmental Recycling Technologies plc operates an unapproved option scheme for Executive Directors, senior management and certain employees.

	Weighted average Exercise price (pence)	2009 number	Weighted Average Exercise price (pence)	2008 Number
Outstanding at the beginning of the year	59	2,821,000	59	3,863,000
Lapsed during the year	-	-	61	(1,042,000)
	59	2,821,000	59	2,821,000

The exercise price of options outstanding at the end of the year ranged between 6p and 72p (2008 6p and 72p) and their weighted average contractual life was 3.8 years (2008 – 4.8 years)

The weighted average share price (at the date of exercise) of options exercised during the year was nil p (2008: nil p)

The weighted average fair value of each option granted during the year was nil p (2008: nil p)

Environmental Recycling Technologies plc issues warrants to third parties for the provision of services rendered and the provision of finance.

	Weighted average Exercise price (pence)	2009 number	Weighted Average Exercise price (pence)	2008 Number
Outstanding at the beginning of the year	7	18,220,785	17	20,115,785
Exercised during the year	-	-	8	(125,000)
Lapsed during the year	7	(8,145,000)	24	(1,770,000)
	7	10,075,785	7	18,220,785

The exercise price of warrants outstanding at the end of the year ranged between 2.5p and 88p (2008: 2.5p and 88p) and their weighted average contractual life was 0.9 years (2008 – 1.6 years)

The weighted average share price (at the date of exercise) of warrants exercised during the year was 8p (2007: 3p)

The weighted average fair value of each warrant granted during the year was nil p (2008: nil p)

15. Events after the reporting date

The settlement by agreement of a series of disputes and litigation with Mr Sean Daley (“Mr Daley”), the former director of Camco Corporation Limited and CEO of the group’s Central Asian operations was announced on 2 February 2010. The settlement will be paid over three years, with £400,000 of the settlement in cash with £554,849 to be satisfied in shares. Full provision has been made in the 2009 accounts.

Creditors have been reduced since the year end by £868,070 with the issue of ordinary shares at par.