



Reclaim Industries Limited
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30 January 2009

Manager Companies
Company Announcements Office
ASX Limited

Dear Sir/Madam

December Quarter 2008 Results (Appendix 4C)

Net Operating cash flows for the second quarter show a net cash outflow of \$323k. Primarily this is due to sales figures in our surfacing division being below expectations and due to costs associated with potential acquisitions of \$90k.

Our tyre collection revenues rose significantly and our manufacturing division has achieved cost savings in excess of \$150k for the quarter, which are ongoing. International sales are also running ahead of expectations, helped by the exchange rate decline.

Capital expenditure for the quarter was \$478k, with \$302k of this being funded by new machinery financing.

The major driver of the decline in sales during the second quarter and for the half year was the effects of a general slowdown in the economy contracting demand for surfacing products and services particularly in the property development market which had traditionally been up to 25% of our business.

To date we have seen very little upside from the Federal Governments infrastructure grant scheme but expect this to kick start the local government market in the second half of the financial year. Quoting activity began to climb in October and is now running at 25% higher than the May to September level.

Extended periods of poor weather in Queensland and WA caused significant delays to the laying of rubber surfacing. However due to these delays we expect these jobs to be completed in the next quarter which will see sales return to improved levels.

Continued intensive management of debtor collections has ensured that the company's level of operating cashflow remains in a manageable position. The tighter cashflow caused the deferral of some of the capital expenditure program.

However in the last week we have secured additional funding which will enable the company to recommence its capital program and support ongoing operating cashflow. The capital expenditure will include the installation of production equipment in W.A. which will double production and have a positive impact on profitability by providing cost effective product which will then generate sales in new markets.

The impact of this capital investment will be realised towards the end of the next quarter and show fully in the fourth quarter.

Yours faithfully



Managing Director

Reclaim industries Ltd

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

RECLAIM INDUSTRIES LIMITED

ABN

47 090 671 819

Quarter ended ("current quarter")

31 DECEMBER 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	3,082	6,907
1.2 Payments for		
(a) staff costs	(779)	(1,689)
(b) advertising and marketing	(43)	(73)
(c) research and development		
(d) leased assets		
(e) other working capital	(2,570)	(5,569)
1.3 Dividends received	-	
1.4 Interest and other items of a similar nature received	9	29
1.5 Interest and other costs of finance paid	(22)	(34)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(323)	(429)

+ See chapter 19 for defined terms.

Appendix 4C
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	Current quarter \$A'000	Year to date (...6... months) \$A'000
1.8 Net operating cash flows (carried forward)	(323)	(429)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(478)	(675)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)	48	(85)
	(430)	(760)
Net investing cash flows		
1.14 Total operating and investing cash flows	(753)	(1,189)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	302	422
1.18 Repayment of borrowings	(36)	(60)
1.19 Dividends paid		
1.20 Other (provide details if material)		
	266	362
Net financing cash flows		
Net increase (decrease) in cash held	(487)	(827)
1.21 Cash at beginning of quarter/year to date	827	1,167
1.22 Exchange rate adjustments to item 1.20		
	340	340
1.23 Cash at end of quarter		

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	58
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors fees and salaries.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	nil	nil
3.2	Credit standby arrangements	nil	nil

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Appendix 4C
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Reconciliation of cash


Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	271	748
4.2 Deposits at call	69	80
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	340	828

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
 (Director/Company secretary)

Date:30th January 2008.....

Print name:SCOTT MORGAN.....

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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