



*protecting people, property and environments*

*Media and ASX Release 29 January 2009*

The Company Announcements Platform  
Australian Securities Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs,

### **REPORT ON QUARTER ENDED 31 DECEMBER 2008**

- ✓ **Business units performing well across the group**
- ✓ **Group exceeds cash-flow budget**
- ✓ **\$5 million cash on hand at 31 December 2008**
- ✓ **First dividend paid**
- ✓ **Innovations & efficiencies continue to be a key focus**

**(Melbourne: 29 January 2009)** The Directors of Greencap Limited are pleased to advise the market of its 2<sup>nd</sup> quarter cash-flow performance.

Net operational cash flows contributed \$1.1 million to the Company's cash reserves for the quarter with a cumulative operational cash-flow of \$1.5 million for the 6 months to 31 December 2008. Cash on hand at 31 December 2008 totalled \$ 5.0 million.

The Q2 operational cash-flow is ahead of group cash-flow budgets. The quarter 2 cash-flow performance is higher than quarter 1 in line with normal cash flow patterns. Historically, there is a greater orientation of cash generation / build up in the second half of the financial year given the nature of the clients' activity and payment cycles.

### **Group highlights for the quarter ended 31 December 2008**

- The group is trading ahead of expectations and budget. In volatile economic times it is testament to the pro-active efforts of our business unit executives and long established client relationships that place our group in such a strong position.
- Cash has built up to \$5 million as at 31 December 2008.
- Greencap paid it's maiden fully franked dividend of 0.5 cents per share
- Significant new work and contract wins are evidence of the group's standing in their respective markets.
- During the quarter the Company issued 2,883,500 ordinary shares and paid cash of \$0.577 million to the vendors of ELP and ECC in relation to deferred consideration entitlements.

## Company News

### Noel Arnold & Associates Pty Ltd ("NAA")

Project activity remained strong for the half year to 31 December 2008. The conversion rate for proposals remains high and increased business development activity has focused on critical governance and risk management requirements of clients. Highlights for the period include:

- NAA were recently selected to join the Department of Defence Environment and Heritage Panel for the provision of pollution prevention and contaminated site assessment and management services. The assessment and management of land contamination is an important priority for Defence and it is anticipated that NAA and other Greencap companies will benefit from the increased opportunities presented by being on this panel. NAA were also recently appointed to the panel for the provision of environmental services to VIC Roads in relation to contaminated land, asbestos and hazardous materials and flora and fauna assessment.
- NAA recently completed a full scale soil remediation project of a former landfill site in Melbourne over a 10 month period. The project involved successful on-site treatment of contaminated soils that delivered significant cost savings to the client. The Victorian EPA showcased this project as an example of proactive and efficient management of soil contamination issues.
- Energy Australia recently appointed NAA to a four year contract to provide asbestos risk management services to Energy Australia facilities throughout Australia particularly New South Wales.
- The Cm3 contractor OHS prequalification web portal continues to experience steady growth in contractor registrations to the system. Positive discussions are currently underway with several major corporations which have recognized the significant benefits and efficiencies of using a web-based system for streamlining their contractor prequalification process.

### ENV Australia Pty Ltd ("ENV")

ENV performed above expectations in the first half of the financial year. Growth was been experienced in the Sustainability and Water area particularly and recent staff appointments should foster continued growth in these areas. Greater client diversity has been a result of increased marketing activity, particularly in the resource sector.

The following highlights were achieved during the first half of the 2008 financial year:

- ENV was selected to join the WA Department of Planning and Infrastructure Panel for the provision of contaminated site management services over a five year period.
- ENV was selected to join the WA Public Transport Authority Panel for the provision of contaminated site management services over a three year period.
- ENV completed substantial flora and fauna assessments for resource development projects throughout WA including an assessment of a number of preferred sites for a coastal LNG hub within the Kimberley.
- An important study involving the assessment of over 45 artificial and nature wetlands and lakes was completed for the WA Department of Water that will assist in the design and approval process for the incorporation of lakes within an urban context.

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+ See chapter 19 for defined terms.

- ENV completed environmental approvals work to support a Local Structure Plan for a 300ha greenfield residential land development in the Perth Northern corridor. Work continues on Federal environmental approval issues.

#### **ECC Pty Ltd ("ECC")**

ECC Pty Ltd has continued to experience growth in Legionella risk management, water and energy management with revenue increasing by 29% from Jul-Dec 2008 compared to the same period in 2007.

Major projects undertaken / started /completed during the period:

- Sydney Water: contract for water management projects associated with cooling tower water management and commercial building system water efficiency projects (refer ASX announcement 5 December 2008).
- Myer: risk assessments associated with cooling tower systems for Myer shopping centres throughout Australia.
- Stockland: commenced cooling tower risk assessments for 2008/2009, representing repeat business with this client on a national basis.
- Ford: ECC have signed a three-year contract with Ford motor company for the provision of consultancy services to include cooling tower risk assessments and strategic advice associated with Legionella risk. In addition ECC completed water management reviews for the Geelong Manufacturing Plants.

#### **ELP Pty Ltd ("ELP")**

ELP has continued to perform well during the quarter, with revenue and EBIT both running ahead of plan. A number of relevant features are noted;

- Increased staffing levels on the British Gas / Queensland Gas Pipeline LNG project.
- Continuing to finalise mining lease requirements in respect of the Watershed project in North Queensland.
- Successfully recruiting new staff to service project commitments.

#### **AEC Environmental ("AEC")**

Contaminated site auditing continues to be a particularly strong area for AEC, with in excess of 20 audits currently in progress. A number of key highlights during the period include:

- AEC appointed by Transport SA to audit the environmental aspects of the electrification project for the metropolitan railway network – this project is anticipated to have an ongoing involvement by AEC for at least two years.
- AEC appointed to the Environmental Consultants' Panel of the Land Management Corporation (LMC), responsible for land development in South Australia, with ongoing environmental assessment work being required by the LMC.
- Winning the tender to undertake asbestos audits for Defence SA, to be completed during the quarter to March 2009.
- Appointed to Spotless Defence panels in both South Australia and the Northern Territory, to be positioned to provide work in asbestos auditing and environmental site assessments.
- Strong revenue performance in the quarter to 31 December, with assignments completed for 263 clients.

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+ See chapter 19 for defined terms.

**Trevor R Howse & Associates Pty Ltd (“TRH”)**

Whilst affected by the slowdown in the construction sector within New South Wales, the TRH business continues to generate and maintain excellent margins on activity undertaken. TRH has also been successful in winning new work.

Several new and major clients have been secured in the first half of FY09, most notably the Trivest Group which is responsible for the multi-million dollar redevelopments of the South Sydney Leagues Club and Alexandria Creative Park projects. TRH has since been appointed to provide advisory services for these projects.

**Leeder Consulting Pty Ltd (“Leeder”)**

The first six months of this financial year has seen Leeder Consulting exceed their sales budget and profit margins.

Leeder Consulting has been awarded key contracts with Food Standards Australia for the analysis of trace residues in food including ‘melamine’, which was at the centre of the recent baby milk scandal in China. (Refer ASX announcement 9 December 2008).

The company is also underway with a prospectively large testing regime in Queensland – agreements are being finalised and a further announcement about this will be made once the agreement is signed.

Leeder Consulting’s long standing relationship with clients, comprehensive specialist testing equipment and long term projects holds the company in good stead for the future.

**Protex Healthcare (Aus) Pty Ltd (“Protex Australia”)**

Protex Australia, a wholly owned subsidiary of Greencap Limited, owned all the issued capital in Protex Healthcare (UK) Limited which conducted the wound dressing business prior to and subsequent to the transformation of Acuron to Greencap in July 2007. Protex Australia completed the disposal of 75% of its shareholding in Protex UK on 27 January 2009 for a nominal sum. The residual 25% shareholding allows Greencap to share in any value upside should the new majority shareholder successfully exploit the intellectual property. Greencap has no investment or carrying value on its balance sheet for the residual holding in Protex UK, and has no ongoing exposure to any financial liability or funding requirements of the Protex business.

**Mr. Jeffrey Broun, Managing Director of Greencap Limited**, concluded that “the first half of the financial year has seen all business units continue to perform well, with a strong flow of revenue activity. Whilst current external market conditions are unstable, the group has, at this stage, not seen any significant adverse impact.

We continue to receive interest from prospective businesses interested in joining the Greencap group. It is a most encouraging long term sign that we are receiving a continual and growing level of enquiry in our business model. The current market conditions will be fully considered as we review and assess new opportunities.”

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About Greencap Limited (ASX: GCG) [www.greencap.com.au](http://www.greencap.com.au)

**Greencap Limited** provides quality risk management service delivery in Australia. Our tag line is "*protecting people, property and environments*" and we deliver the risk management services via our group companies which are well regarded in the risk management industry. Our market cap is approx \$42 million with 257 million shares on issue. FY09 NPAT forecast is \$6.4 million with EPS approx 2.5 cents.

Our group companies presently are:

**Noel Arnold & Associates Pty Ltd** - commenced business in August 1984. The company has offices in Melbourne, Sydney and Brisbane with a combined staff of approx 200 with revenues of approximately \$27 million. The company operates across a wide range of risk management disciplines, including occupational health and safety, environmental risk, property risk and business risk – for further information refer to [www.noel-arnold.com.au](http://www.noel-arnold.com.au).

**Trimevac Pty Ltd** - Trimevac provides a broad range of fire and emergency response management and safety risk assessment services to assist building owners, employers and employees manage their 'duty of care' in this specialist field. Trimevac was established in 1978 and has a total staff of 25 with offices and resources located in Sydney, Melbourne, Brisbane and Canberra. Refer [www.trimevac.com.au](http://www.trimevac.com.au)

**ENV Australia Pty Ltd** – commenced business in 2000 and offers a broad based environmental services solution to both public and private sector clients, with particular expertise in earth chemistry, water and sustainability, environmental management, and biological sciences. ENV has approx 55 staff with its main office in Perth Western Australia and revenues of approx \$9 million – refer [www.env.net.au](http://www.env.net.au)

**Validus Group Pty Ltd** – Validus specialises in rare fauna monitoring and management, short range endemic fauna studies, subterranean fauna surveys and venomous snake awareness and relocation training for occupational health and safety. Refer [www.validusgroup.com.au](http://www.validusgroup.com.au)

**ECC Pty Ltd** – ECC commenced business in 1999 and has earned a reputation as a leading specialist Legionella risk management consultancy in Australia. ECC provides specialist advice in Legionella, water, energy and corrosion management for owners and managers of commercial buildings, hotels, hospitals and shopping centres as well as industrial and manufacturing sites throughout Australia. ECC has a team of 8 staff - Refer [www.eccptyltd.com](http://www.eccptyltd.com)

**Environmental & Licensing Professionals Pty Ltd** – ELP commenced business in 1986 and is a well respected specialist environmental consultancy. ELP / Muddy Boots has a staff of 20 people, service revenues of approx \$3 million and is based in Brisbane. The company offers environmental licensing and approvals, title and tenement management capability (including native title and cultural heritage), environmental management systems development and emissions reporting. Refer [www.elp.com.au](http://www.elp.com.au) and [www.muddyboots.net.au](http://www.muddyboots.net.au)

**AEC Environmental Pty Ltd** - joined the Greencap group in August 2008 - is a leading Adelaide based consultancy established in 1993. AEC specialises in key issues surrounding land contamination and asbestos management. This includes the provision of independent environmental audits of potentially contaminated land. AEC also has an office in Darwin. AEC has a staff of 30 with revenues in excess of \$3 million. Refer [www.aecaust.com.au](http://www.aecaust.com.au)

**Trevor R Howse & Associates Pty Ltd** - a specialist Sydney based building and fire safety services company – joined the Greencap group in October 2008. Revenues of \$5 million from three specialist spheres of activity: Building Regulations; Fire Safety Engineering; and Management Services refer [www.trh.com.au](http://www.trh.com.au)

**Leeder Consulting Pty Ltd** is a specialist Lab providing high quality laboratory and data interpretation services and has one of Australia's widest range of NATA accreditation for specialised environmental testing. The company headquarters are at Mitcham, Victoria, where it operates a large well equipped laboratory, and also has offices in Brisbane and Adelaide. There are 29 permanent staff members. Refer [www.leederconsulting.com](http://www.leederconsulting.com)

**Note to editors / journalists**

**Mr Jeffrey Broun, Managing Director, Greencap Limited is available for interview. To arrange an interview contact the Company's IRO on 1300 78 28 41.**

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+ See chapter 19 for defined terms.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

GREENCAP LIMITED

ABN

24 006 631 769

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	17,721	32,234
1.2	Payments for (a) staff costs	(8,148)	(15,172)
	(b) advertising and marketing	(39)	(104)
	(c) research and development	-	-
	(d) leased assets	(573)	(996)
	(e) other working capital	(2,444)	(4,873)
	(f) project and testing costs	(3,511)	(5,934)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	40	113
1.5	Interest and other costs of finance paid	(334)	(650)
1.6	Income taxes refunded / (paid)	(517)	(995)
1.7	Other – GST	(1,081)	(2,105)
<b>Net operating cash flows</b>		<b>1,114</b>	<b>1,518</b>

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>1,114</b>	<b>1,518</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) controlled entities (item 5)	(3,457)	(12,359)
(b) cost incurred in acquiring controlled entities	(262)	(386)
(c) intellectual property	-	-
(d) physical non-current assets	(1,616)	(1,694)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) controlled entity (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	3	1
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(5,332)</b>	<b>(14,438)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(4,218)</b>	<b>(12,920)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	7,200
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	7,187	9,737
1.18 Repayment of borrowings	(152)	(1,549)
1.19 Other:		
Payment of external dividend	(1,167)	(1,167)
Payment of share issue costs	(521)	(551)
Payment of part dividend entitlements to vendor shareholders of ENV and ELP	(200)	(735)
<b>Net financing cash flows</b>	<b>5,147</b>	<b>12,935</b>
<b>Net increase (decrease) in cash held</b>	<b>929</b>	<b>15</b>
1.20 Cash at beginning of quarter/period	4,111	4,752
1.21 Exchange rate adjustments to item 1.20	(15)	(5)
Other – cash acquired on acquisition of controlled entities	-	263
<b>1.22 Cash at end of quarter</b>	<b>5,025</b>	<b>5,025</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
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**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
1.23 Aggregate amount of payments to the parties included in item 1.2	417
1.24 Aggregate amount of loans to the parties included in item 1.11	-
1.25 Explanation necessary for an understanding of the transactions	<p>Total payments made to all directors of Greencap incorporating;</p> <ul style="list-style-type: none"> <li>• Executive service agreements of three directors employed directly by operational controlled entities (\$247,977);</li> <li>• Executive service agreements of two executive directors of Greencap Limited (\$132,926);</li> <li>• Two non executive Directors - fees for period (\$36,000)</li> </ul>

**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

<p>Issue of 2,633,500 fully paid ordinary shares of \$0.20 per share, to the vendor of Environmental &amp; Licensing Professionals Pty Ltd being part deferred consideration relating to final June 2008 EBIT result, as determined by the original share sale agreement.</p> <p>Issue of 250,000 fully paid ordinary shares of \$0.20 per share, to the vendor of ECC Pty Ltd being part deferred consideration relating to the actual 12 months EBIT performance to 30 September 2008, as determined by the original share sale agreement.</p> <p>Issue of 588,510 fully paid ordinary shares at a deemed issue price of \$0.1785 to shareholders who opted to take dividend entitlements in the form of Greencap shares under the Company's Dividend Reinvestment Plan.</p>
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- 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

N/A
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**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 and bank overdraft facilities		
o commercial Bill and Vendor loan facility	18,576	17,598
o Leasing and bank facilities	2,015	1,371
3.2 Credit standby arrangements	N/A	N/A

+ See chapter 19 for defined terms.



**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**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	3,472	2,656
4.2	Deposits at call	1,553	1,455
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		<b>5,025</b>	<b>4,111</b>

**Acquisitions and disposals of business entities**

Payments during quarter 2 related to deferred consideration payments on previously acquired businesses.

		Acquisitions (Item 1.9(a))	
5.1	Name of entity	Environmental & Licensing Professional Pty Ltd	
5.2	Place of incorporation or registration	Queensland	
5.3	Consideration for acquisition or disposal	Deferred consideration in respect of final agreed EBIT performance attained by the business for the 12 months to 30 June 2008. Deferred consideration amounted to \$1,053,400 being paid as \$526,700 in the form of cash, and \$526,700 through the issue of 2,633,500 fully paid ordinary shares in Greencap Limited.	
5.4	Total net assets	\$59,713 as at date of original acquisition – 17 June 2008	
5.5	Nature of business	Environmental management services, and Title / Tenement management services	

		Acquisitions (Item 1.9(a))	
5.1	Name of entity	ECC Pty Ltd	
5.2	Place of incorporation or registration	Victoria	
5.3	Consideration for acquisition or disposal	Deferred consideration in respect of final agreed EBIT performance attained by the business for the 12 months following acquisition by Greencap Limited, being to 30 September 2008. Deferred consideration amounted to \$100,000 being paid as \$50,000 in the form of cash, and \$50,000 through the issue of 250,000 fully paid ordinary shares in Greencap Limited.	
5.4	Total net assets	Nil at original date of acquisition – 1 October 2007.	
5.5	Nature of business	Legionnaires risk management consulting	

+ See chapter 19 for defined terms.

## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

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As reported in the Quarter 1 4C report, Greencap Limited completed the acquisition of Trevor R Howse & Associates Pty Ltd (TRH), and Leeder Consulting (Leeder) on 30<sup>th</sup> September 2008. Of the cash consideration payable to the vendors of each business, a portion was paid in quarter 2, being \$1,496,250 in respect of TRH, and \$1,512,000 in respect of Leeder. In quarter 2, \$128,000 was reclassified as purchase of net assets as part of the acquisition of AEC Environmental in quarter 1.

#### 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: .....  
Managing Director

Date: 29 January 2009

Print name: Jeffrey Broun

#### 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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