

**Green Compliance plc (“Green” or “the Group”)
Preliminary Results for the twelve months ended 31 March 2010**

19 May 2010

Green Compliance plc today announces its preliminary results for the twelve months to 31 March 2010.

Highlights

- Considerable year of transition for the Group, recapitalised business with defined strategic objectives;
- Divestment of loss making Employment services division;
- Completion of £9.5m (net of fees) equity fund raising in December 2009;
- Roll-out of new strategy of building a blue collar compliance business concentrating on water hygiene, pest prevention and control, fire protection and energy consultancy;
- Strengthening of board with recruitment of new CEO, John Prowse, and new finance director, Richard Hodgson, both with considerable experience of assembling and growing business services organisations;
- Four acquisitions completed so far in 2010 in the water, fire and energy services sectors; and
- New two year £5m revolving credit facility signed with HSBC to augment M&A strategy.

Bob Holt, Non-Executive Chairman, said:

“I am very pleased with the progress that the Group has made in the last six months.

Following the divestment of our loss making employment services division, the recruitment of John Prowse as our new CEO and the raising of new equity funds, we ended the year with a clear strategic direction and focus, a strengthened Board and a pipeline of acquisition activity.

Since the year end we have completed the acquisition of 3 businesses in two of our targeted sectors, Water Hygiene and Fire Protection and have developed discussions with a number of other potential targets.

All of this brings new impetus to enhancing shareholder value. “

Enquiries

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CHAIRMAN'S STATEMENT

This has been a year of transition for the Group culminating in the significant fund-raising in December 2009 based on the strategy to build a blue collar compliance business.

I set out in my letter to shareholders of 8 December 2009 that strategy and I am pleased to report good progress, post balance sheet date, with key acquisitions in the water treatment and hygiene and fire protection sectors.

Following a review by management of the Employment services division – PES, HSD and TEBC - a decision was made to dispose of this loss making division to the management team of that division. This transaction was concluded on 4 January 2010.

As part of our strategic refocusing of the business the directors had identified a number of target companies that they believed could be acquired to provide a platform for growth in the water treatment and hygiene, pest control and prevention and fire protection compliance markets. In order to drive this strategy, a new CEO, with significant experience in growing compliance based businesses – John Prowse – was appointed. In December 2009 in order to fund these future acquisitions the Board completed the raising of £9.5m (net of expenses) through the issue of new ordinary shares, primarily to institutional investors at the same time as undertaking a capital re-organisation of the existing equity base.

The attached accounts and this statement deal principally with the Group trading activities prior to the impact of any of the strategic acquisitions undertaken since financial year end, but do reflect the balance sheet strengthening of the capital raising in December 2009. Regarding continuing activities, the Group made an operating loss before exceptional items of £1,256,000 (2009: loss £199,000) on revenue of £547,000 (2009: £nil).

On 2 February 2010, our Energy Services division acquired a controlling interest in Simon West Limited, trading as CEA Link. This is a key job management software platform for tendering energy certification and other compliance based services.

We ended the year with a clear strategic direction and focus, a strengthened Board and a pipeline of acquisition activity that brings new impetus to enhancing shareholder value.

BOARD CHANGES

Both Ian Rummels and David Collett stood down from the Board at the general meeting in December which approved our placing. Ian led the buy out of the Employment Services division from the Company and David went on to pursue other business interests. I would like to thank them both for their efforts and support over the years.

John Prowse took on the role of CEO on 24 December 2009 and has led the move into compliance based markets. He has a first class track record in building compliance businesses and has already proved his ability in making targeted acquisitions within the sector.

The Board was further strengthened in February 2010 by the appointment of Richard Hodgson as Finance Director. Richard has a strong background in support services businesses and his skills in integrating businesses will play a key element in our future success.

CURRENT TRADING AND PROSPECTS

The Group is now heavily focussed around the four core areas of water treatment and hygiene, fire protection, pest control and prevention and energy consultancy and certification.

These sectors have businesses which have relatively high margins, and operate in fragmented, regulatory driven markets where customers are seeking effective and efficient levels of service. This provides us with the opportunity to offer a platform for integrated services within these sectors whilst driving operational synergies.

Post balance sheet date, the Company has acquired the entire issued share capital of Waterchem Limited – a leading national provider of water treatment and hygiene services for an initial consideration of £5.534m. This has been satisfied by a payment of £4.0m in cash, the issue of loan notes to the value of £533,919 and the issue of new ordinary shares to the value of £1m. Further deferred consideration may become payable, dependent upon the delivery of specified profit targets for the year to 31 December 2010.

Additionally, on 4 May 2010, the Company completed the acquisition of the entire issued share capital of Mayfair Fire Protection Limited for an initial cash consideration of £2.392m and the acquisition of the business and assets of Professional Fire Solutions Limited for an initial cash consideration of £121,951. In each case the vendors are staying with the businesses and are eligible for the payment of deferred consideration depending upon the achievement of agreed levels of EBITDA during the earn out periods.

To assist with the continuing level of acquisition activity anticipated by the Company the Board has agreed a £5m multicurrency revolving credit facility with HSBC Bank plc.

The Board has also taken the opportunity to dispose of the company's remaining 50% interest in Wyatt Biotech Limited and its 25% investment in Audio Medical Services Limited.

Currently, the Board are continuing to review a number of other strategic acquisitions within all of our four core business areas identified previously.

We now have a focussed business operating in profitable market sectors and a management team that is committed to driving shareholder value from a consolidation of activities within our core strategic marketplaces.

Bob Holt
19 May 2010

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Note	Year ended 31 March 2010 £000 Before Acquisitions	Year ended 31 March 2010 £000 Acquisitions	Year ended 31 March 2010 £000 Total	Year ended 31 March 2009 £000
Continuing operations:					
Revenue		-	547	547	-
Cost of sales		-	(458)	(458)	-
Gross profit		-	89	89	-
Administrative expenses		(1,406)	(1,919)	(3,325)	(199)
Operating loss before exceptional items		(549)	(707)	(1,256)	(199)
Exceptional items including impairment of intangible assets	4	(857)	(1,123)	(1,980)	-
Operating loss		(1,406)	(1,830)	(3,236)	(199)
Finance income		1	-	1	-
Finance costs		(85)	-	(85)	(64)
Loss from continuing operations before taxation		(1,490)	(1,830)	(3,320)	(263)
Income tax expense		-	-	-	-
Loss after taxation		(1,490)	(1,830)	(3,320)	(263)
Discontinued operations:					
Loss for the period from discontinued operations	5	(619)	-	(619)	(909)
Loss for the period attributable to equity holders		(2,109)	(1,830)	(3,939)	(1,172)
Basic and diluted loss per share on discontinued activities (pence)	7			(0.23)	(6.46)
Basic and diluted loss per share on continuing activities (pence)	7			(1.23)	(1.87)
Basic and diluted loss per share on all activities (pence)	7			(1.46)	(8.33)

The loss for the year represents the total comprehensive income attributable to the owners of the company

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	As at 31 March 2010	As at 31 March 2009
	£000	£000
ASSETS		
Non-current assets		
Intangible assets	1,042	350
Property, plant and equipment	11	45
Other receivable	44	-
	<u>1,097</u>	<u>395</u>
Current assets		
Inventories	-	22
Trade and other receivables	174	334
Cash at bank and on short-term deposit	6,648	-
Total current assets	<u>6,822</u>	<u>356</u>
Total assets	<u>7,919</u>	<u>751</u>
LIABILITIES		
Current liabilities		
Trade and other payables	(734)	(1,037)
Deferred consideration	(430)	(369)
Bank and other loans	(12)	(768)
Total current liabilities	<u>(1,176)</u>	<u>(2,174)</u>
Non-current liabilities		
Bank and other loans	(12)	(174)
Deferred consideration	(342)	(100)
Total non-current liabilities	<u>(354)</u>	<u>(274)</u>
Total liabilities	<u>(1,530)</u>	<u>(2,448)</u>
Net assets/(liabilities)	<u>6,389</u>	<u>(1,697)</u>
Shareholders' equity		
Called up share capital	11,683	141
Share premium account	2,017	1,903
Capital contribution	900	-
Merger reserve	331	228
Retained loss	(8,542)	(3,969)
Attributable to equity holders of the company	<u>6,389</u>	<u>(1,697)</u>

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2010

	12 months to 31 March 2010 £000	12 months to 31 March 2009 £000
Cash flows from operating activities		
Continuing operations		
Loss for the period	(3,320)	(263)
Expenses settled by issue of shares	10	-
Impairment of investment in subsidiaries	1,123	-
Depreciation of property, plant and equipment	12	1
Profit on disposal of fixed assets	(1)	-
Share-based payment	14	-
Elimination merger reserve	(42)	-
Net finance costs recognised in income statement	84	64
Decrease/(increase) in trade and other receivables	75	(143)
(Decrease)/increase in trade and other payables	(394)	188
Net cash used by continuing operations	(2,439)	(153)
Loss for the period	(619)	(909)
Depreciation of property, plant and equipment	23	70
Amortisation and impairment charges	50	561
Expenses settled by issue of shares	24	-
Share of JV operating loss	-	14
Finance costs recognised in profit and loss	4	8
Decrease in trade and other receivables	24	598
Decrease in inventories	4	10
(Decrease) in trade and other payables	(133)	(93)
Net cash (used by)/generated from discontinued operations	(623)	259
Net cash (used by)/generated from operations	(3,062)	106
Finance costs paid	(82)	(72)
Income taxes paid	(1)	-
Net cash (used by)/generated from operating activities	(3,145)	34
Cash flows from investing activities		
Acquisition of subsidiaries	(143)	(378)
Disposal of subsidiaries	(248)	-
Net overdraft acquired with subsidiaries	(5)	257
Bank balance disposed of with subsidiaries	(73)	-
Purchase of property, plant and equipment	(2)	(5)
Proceeds on disposal of property, plant and equipment	6	-
Net cash used in investing activities	(465)	(126)
Cash flows from financing activities		
Gross proceeds from issue of ordinary shares	10,849	-
Share placing costs	(648)	-
Capital contribution	400	-
Proceeds from long term borrowings	500	133
Repayments of borrowings	(90)	-
Net cash generated from financing activities	11,011	133
Net increase in cash and cash equivalents	7,401	41
Cash and cash equivalents at beginning of the period	(753)	(794)
Cash and cash equivalents at end of the period	6,648	(753)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share Capital £000	Share Premium £000	Retained loss £000	Other Reserves £000	Equity £000
Balance as at 1 April 2008	141	1,903	(2,797)	228	(525)
Loss for the period	-	-	(1,172)	-	(1,172)
Balance as at 31 March 2009	141	1,903	(3,969)	228	(1,697)
Issue of shares	11,542	241	-	-	11,783
Premium on shares issued on acquisition	-	-	-	145	145
Disposal of subsidiary interest	-	-	-	(42)	(42)
Share-based payment	-	-	14	-	14
Capital contribution	-	-	-	900	900
Share placing costs	-	(127)	(648)	-	(775)
Loss for the period	-	-	(3,939)	-	(3,939)
Balance as at 31 March 2010	11,683	2,017	(8,542)	1,231	6,389

NOTES TO THE PRELIMINARY ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

1 CORPORATE INFORMATION

Green Compliance plc is a public limited company incorporated in England and Wales whose shares are publicly traded and listed on the Alternative Investment Market. The preliminary announcement of the company and its subsidiaries ('the Group') for the year ended 31 March 2010 was authorised for issue in accordance with a resolution of the Directors on 18 May 2010.

2 BASIS OF PREPARATION AND ACCOUNTING PRINCIPLES

(a) Basis of preparation

The preliminary announcement contains extracts from the full financial statements.

The full financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also in accordance with IFRS as issued by the International Accounting Standards Board. The financial statements are prepared under the historical cost convention.

(b) Significant accounting policies

The accounting policies remain unchanged from the previous year except for the adoption of IAS 1 (Revised) 'Presentation of Financial Statements' and the adoption of IFRS 8 'Operating Segments'.

The adoption of IAS 1 (Revised) has resulted in a change to the presentation of the primary statements. The adoption of IFRS 8 has required the disclosure of segmental information in line with the way the business is managed. The Group has previously reported in this way and therefore the segments disclosed have not changed as a result of adoption of IFRS 8.

3 SEGMENTAL REPORTING

With effect from 1 April 2009, the Group adopted IFRS 8, 'Operating Segments'. This accounting standard replaced IAS 14 'Segment Reporting' requires a 'through the eyes of management' approach; consequently segmental information is presented on the same basis as for internal reporting purposes. Given the changes in the group's activities and the changes in senior management over the last year, it is to be expected that there is no well-established approach; however, the Group's chief operating decision maker ('CODM') comprising the three executive directors reviews the internal financial reports highlighting the current performance of the operating subsidiaries and the level of central costs in order to make decisions about the allocation of resources. Performance is evaluated on actual operating results.

The operating subsidiaries are combined as the energy services and consultancy division, as at 31 March 2010 the only identifiable operating segment. The activities of this division and the Group as a whole are based wholly in the UK, and all trading is UK based. Central costs are effectively those of Green Compliance plc.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that expenses relating to exceptional items are not included in arriving at the operating profit of the operating segment.

In the previous financial statements, the Group had identified employment consultancy, online risk assessments, drug testing and central costs as separately identifiable segments. The employment consultancy division was sold on 31 December 2009, and, with the exception of central costs, the other segments ceased trading either prior to or during the year commencing 1 April 2009. Consequently, the activities of the employment consultancy, online risk assessments, and drug testing segments are aggregated together as discontinued operations.

Segmental information is analysed as follows:

	Energy Services and Consultancy		Employment consultancy		Total	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Revenue derived entirely from external customers	547	-	645	1,052	1,192	1,052
Cost of sales	(458)	-	(47)	(407)	(505)	(407)
Gross profit	89	-	598	645	687	645
Depreciation and amortisation	(12)	-	(23)	(82)	(35)	(82)
Other operating expenses	(869)	-	(848)	(1,466)	(1,717)	(1,466)
Operating loss	(792)	-	(273)	(903)	(1,065)	(903)
Central costs	(464)	(199)	-	-	(464)	(199)
Group operating loss arising from continuing operations before exceptional items	(1,256)	(199)	(273)	(903)	(1,529)	(1,102)
Exceptional items	(1,980)	-	-	-	(1,980)	-
Operating loss	(3,236)	(199)	(273)	(903)	(3,509)	(1,102)
Finance income	1	-	-	-	1	-
Finance costs	(85)	(64)	(4)	(6)	(89)	(70)
Loss for the period	(3,320)	(263)	(277)	(909)	(3,597)	(1,172)
Loss on disposal					(342)	-
Loss before taxation					(3,939)	(1,172)
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Segment assets						
Employment consultancy	-	-	-	608	-	608
Energy Services and Consultancy	1,254	-	-	-	1,254	-
Central	6,665	144	-	-	6,665	144
	7,919	144	-	608	7,919	752

4 EXCEPTIONAL ITEMS

	2010	2009
	£000	£000
Payments to former directors and employees	288	-
Loan charges	100	-
Acquisition costs incurred	458	-
Other	11	-
	<u>857</u>	-
Impairment of investment in subsidiaries	1,123	-
	<u>1,980</u>	-

Payments to former directors and employees represent the remuneration and termination amounts in respect of directors and employees who have left during the year.

Loan charges represent the aggregate fees on bank facilities totalling £900,000 during the year and which were personally discharged by Bob Holt.

Acquisition costs of £458,000 were incurred during the period in respect of the acquisition of Innovative HIP Limited and Commercial Energy Performance Pack Limited and the acquisition of Waterchem Limited completed on 8 April 2010. Acquisition costs in respect of Waterchem Limited have been charged against profit and loss account in accordance with IFRS 3(R).

The directors consider that the entire investment in Innovative HIP Limited and Commercial Energy Performance Pack Limited should be impaired.

5 DISCONTINUED OPERATIONS

During the year ended 31 March 2010, the Group disposed of the entire share capital in four companies collectively trading as the employment consultancy division. In addition, during the year the Group disposed of its remaining 50% interest in Wyatt Biotech Limited and 25% interest in Audio Medical Services Limited, both for £nil consideration. During the year ended 31 March 2009, the Group ceased its activities in the on-line risk assessment and in drug testing.

The results from operating activities of discontinued operations are set out below:

	2010	Restated 2009
	£000	£000
Revenue	645	1,052
Cost of sales	(47)	(407)
Gross Profit	<u>598</u>	645
Operating expenses	(870)	(1,548)
Operating loss	(272)	(903)
Finance costs	(4)	(6)
	<u>(276)</u>	(909)
Loss on disposal	(342)	-
Other	(1)	-
Loss for the period from discontinued operations	<u>(619)</u>	(909)

6 ACQUISITIONS

On 8 April 2009, the Group acquired the entire issued share capital of Innovative HIP Limited and of Commercial Energy Performance Pack Limited for a consideration payable by the issue of 57.6 million ordinary shares of Wyatt Group plc (renamed Green Compliance plc) at a fair value as determined by the market price of the shares of 1.25p each. 35.6 million shares were issued at 1.25p each in April 2009, giving rise to a cost of investment of £445,000. The £89,000 premium on issue has been taken to the merger reserve. As a result of the share consolidation, the remaining consideration was satisfied on 24 December 2009 by the issue of 3.3 million shares at a fair value of 1p each as determined by the price of new shares issued on the same day, giving rise to a further cost of investment of £33,000. £15,000 costs were attributed to the acquisition.

On 2 February 2010, the Group acquired 51% of the issued share capital of Simon West Limited for a consideration of £175,000 payable as to £150,000 in cash and 1,111,111 ordinary shares issued at a fair value as determined by the market price of the shares of 2.25p each. The remaining share capital will be acquired in two instalments in February 2011 and February 2012 for deferred contingent consideration equivalent to 1.5 times and twice the profit before tax for the years ending 31 January 2011 and 2012 respectively, up to a maximum aggregate amount of £1 million including the consideration satisfied in February 2009. Accordingly, the group is deemed to have acquired 100% of the share capital at the balance sheet date. The discounted estimated deferred contingent consideration is £769,000. The goodwill relates to the acquisition of staff and their knowledge of the market.

On 6 April 2010, by means of a 'reverse takeover' under AIM rules, the Group acquired the entire issued share capital of Waterchem Limited ('WL') for a total initial consideration of £5.534 million to be satisfied by the payment of an initial cash consideration of £4.0 million, the issue of loan notes to the value of £534,000 and the issue of new ordinary shares to the value of £1 million. This consideration is subject to a working capital adjustment at completion. The loan notes are unsecured and interest will accrue at 3% per annum on the outstanding balance of the loan notes. The loan notes and accrued interest will be redeemed in full on or before the first anniversary of the date of Completion.

In addition, conditional on WL achieving specified profit targets for the year ended 31 December 2010, additional consideration will become payable as follows: if the audited Earnings before Interest, Taxation, Depreciation & Amortisation ('EBITDA') of WL for the year ended 31 December 2010 is greater than £1.225 million then an additional £5.50 of consideration will become payable for every £1 of EBITDA in excess of £1.225 million up to a maximum of £4 million of additional consideration. The additional consideration will become payable four weeks after the certification of the EBITDA figure and may be satisfied in cash or loan notes at the option of the vendors.

On 4 May 2010, the Group acquired the entire issued share capital of Mayfair Fire Protection Limited together with the business and assets of Professional Fire Solutions Limited (together 'MF') for an initial cash consideration of £2.514 million and deferred contingent consideration of £1.25 million.

Details of these acquisitions are as follows:

	Acquired during year			Acquired after year-end	
	IHP & CEPP £000	SW £000	Total £000	WL £000	MF £000
Cost of investment					
Cash	-	143	143	4,534	2,514
Issue of fully paid ordinary shares	478	25	503	1,000	-
Discounted deferred contingent consideration	-	769	769	1,250	1,250
Attributable costs	15	-	15	-	-
Fair value of total consideration	493	937	1,430	6,784	3,764
Fair value of assets and liabilities acquired					
Book values					
Property, plant and equipment	22	46	68	147	133
Current assets - trade and other receivables	288	10	298	2,464	322
Current assets/(liabilities) - bank	13	(18)	(5)	751	-
Current liabilities - trade and other payables	(828)	(89)	(917)	(2,000)	(408)
Non-current liabilities - borrowings	(125)	(12)	(137)	(1)	(37)
Fair value of net liabilities acquired	(630)	(63)	(693)	1,361	10
Intangibles capitalised					
Customer contracts	140	150	290	-	-
Goodwill	983	850	1,833	5,423	3,754
	1,123	1,000	2,123	5,423	3,754
Net cash outflows in respect of acquisitions during the year					
Cash consideration expended	-	143	143		
Cash at bank/(overdraft) acquired	13	(18)	(5)		
	13	125	138		

7 EARNINGS PER SHARE

The basic loss per share is based upon an equity loss of £3,939,000 (2009: £1,172,000) and 270,912,704 (2009: 14,065,019) ordinary shares of 1p each, being the weighted average number of shares in issue during the year.

8 PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 March 2010 or 2009. The financial information for the year ended 31 March 2009 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 March 2010 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies.

Green Compliance plc confirms that it has agreed this preliminary statement of annual results with Grant Thornton UK LLP and that the Board of Directors has not been made aware of any likely modification to the auditor's report required to be included with the annual report and accounts for the year ended 31 March 2010.