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Green Compliance plc

Proposed Acquisition and Readmission to AIM

The Board of Green Compliance plc (the “Company”) is pleased to announce the proposed acquisition of Waterchem Limited which is conditional upon Shareholder approval at a General Meeting to be held on 31 March 2010.

An Admission Document containing details of the proposal has been published and will be available on the Company’s website: www.greencomplianceplc.com. A copy of the Admission Document has been posted to Shareholders.

Highlights of the proposed acquisition:

- Proposed Acquisition of the entire issued share capital of Waterchem Limited for an initial consideration of £5.534 million; to be satisfied by the payment of £4.0 million in cash, the issue of loan notes to the value of £533,919 and the issue of new Ordinary Shares to the value of £1 million. Conditional on Waterchem achieving specified profit targets for the year ended 31 December 2010, further deferred consideration may become payable under the terms of the Acquisition Agreement; capped at a maximum of £4.0 million.
- Waterchem Limited is primarily engaged in the provision of water hygiene and water treatment services to facilities management companies, hospitals, universities and local authorities. In addition Waterchem, through its wholly owned subsidiary Towerite Limited, provides independent risk assessments as required to comply with the Approved Code of Practice for Legionella Control guidance provided by the Health and Safety Executive.
- The Waterchem group reported revenue of £7.623 million and profit before tax of £1.435 million in the financial year ended 31 December 2009. As at 31 December 2009 the Waterchem group had net assets of £1.534 million.
- Due to the size of Waterchem in relation to the Company, the Acquisition will constitute a “reverse takeover” under the AIM Rules and is therefore conditional, inter alia, on obtaining prior Shareholder approval.
- Shareholder approval for the Acquisition is to be sought at the General Meeting to be held at 9.00 a.m. on 31 March 2010 and it is expected that dealings will commence in the Enlarged Ordinary Share Capital of the Company at 8.00 a.m. on 1 April 2010.

Commenting on the proposed acquisition John Prowse, CEO of Green Compliance plc, said: “Waterchem is the first significant acquisition following the shift in the Company’s strategy towards building a business focused on “blue collar” compliance markets. Waterchem’s long history and strong reputation in the area of water hygiene is a hugely valuable addition to our group and provides a natural fit with our business strategy going forward”.

This summary should be read in conjunction with the full text of this announcement.

Enquiries:

Green Compliance plc

Chairman – Bob Holt

Tel: 07778 798816

Chief Executive Officer - John Prowse

Tel: 07836 232041

Zeus Capital Limited – Nominated Adviser and Joint Broker

Tel: 0161 831 1512

Ross Andrews and Tom Rowley

Collins Stewart Europe Limited – Joint Broker

Tel: 020 7523 8350

Bruce Garrow and Ileana Antypas

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2010

Admission document publication date	15 March
Latest time and date for receipt of Forms of Proxy	9.00 a.m. on 29 March
Time and date of General Meeting	9.00 a.m. on 31 March
Completion of the Acquisition, Admission and commencement of dealings in the Enlarged Share Capital	8.00 a.m. on 1 April

Notes:

1. References to time in this announcement are to London time. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.
2. The timing of events in the above timetable is indicative only.

KEY STATISTICS

Existing Share Capital

Total number of Existing Ordinary Shares at the date of this announcement	1,030,241,940
Number of Deferred Shares in issue at the date of this announcement	138,045,161

Acquisition

Consideration Shares	56,338,028
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Upon Admission

Total number of Ordinary Shares in issue immediately following Admission	1,086,579,968
Market capitalisation of the Company following Admission*	£23,089,824

*Based on the middle market price of 2.125p per Ordinary Share at the close of business on 15 March 2010, being the latest practicable date prior to publication of the Admission Document.

Proposed Acquisition of Waterchem Limited and Readmission to AIM

1. Introduction

On 8 December 2010, the Company wrote to Shareholders explaining that it was shifting its focus of operations towards the “blue collar” compliance markets which the Board believed would offer Shareholders a greater return in the medium term. At the same time the Board sought permission from Shareholders to complete the raising of £9.5 million (net of expenses) through the issue of ordinary shares to institutional investors in order to fund future acquisitions of businesses providing compliance services. In addition, the Company reported a number of proposed changes to the Board and that the Company’s Employment Services division was to be sold; such disposal was duly completed in January 2010. Simultaneously with the fund raising, the Share Capital Reorganisation was undertaken.

Since then the Board has been strengthened by the appointment as Chief Executive Officer of John Prowse who has considerable experience in building compliance based businesses and, on 1 February 2010, was further strengthened by the appointment of Richard Hodgson as Finance Director.

The Company is now pleased to announce that it has entered into the Acquisition Agreement pursuant to which it has agreed, conditionally, inter alia, on Shareholder approval, to acquire the entire issued share capital of Waterchem for an initial consideration of £5.534 million; to be satisfied by the payment of £4.0 million in cash, the issue of loan notes to the value of £533,919 and the issue of new Ordinary Shares to the value of £1 million. Conditional on Waterchem achieving specified profit targets for the year ended 31 December 2010, further deferred consideration may become payable under the terms of the Acquisition Agreement.

Due to the size of Waterchem in relation to the Company, the Acquisition will constitute a “reverse takeover” under the AIM Rules and is therefore conditional, inter alia, on obtaining prior Shareholder approval and the publication of the Admission Document, which has been sent to Shareholders. Shareholder approval is to be sought at the General Meeting.

The purpose of this announcement and the Admission Document is to provide further details on Waterchem, the Company’s acquisition strategy and to explain why your Directors consider the Acquisition to be in the best interests of the Company.

2. Background to the Proposals

The Company has identified a number of companies in the water hygiene, pest control and prevention and fire protection compliance markets (together “Compliance Services”), which the Directors believe, if acquired, could form the basis for a new investment platform from which the Company could build a portfolio of businesses providing Compliance Services. Each of the companies has been identified as having similar characteristics, being relatively high margin businesses in fragmented, regulatory driven markets, with customers seeking effective and efficient levels of service. Equally, some of them operate in markets typified by dominant market leaders currently losing market share, where the Directors believe opportunities exist to provide better levels of service at more competitive prices.

Waterchem is the first of these companies that the Directors propose to acquire. Your Board is in discussion with other potential acquisition targets in the areas of fire protection and pest prevention and control. Although there is no guarantee that any of these discussions will be successfully concluded, the Directors expect to be able to finalise terms with other companies in due course and will notify Shareholders as appropriate.

The Company has recently received indicative terms for revolving credit finance of £5 million from HSBC plc. The Directors believe that, once a facility has been agreed, the Company will have greater flexibility when considering the financing of future acquisitions. However, there can be no guarantee that the facility will eventually be forthcoming and this facility has not been taken into account when giving working capital statement in the Admission Document.

Further background information on the Compliance Services sector is set out below.

3. Compliance Services Sector

Water hygiene

Under UK government regulations (Health & Safety Act 1974, L8 (ACOP) 2001, COSHH 2002 and Water Supply Regulations 1999), anyone serving the public has a legal duty to prepare and manage a scheme for maintaining safe water quality. Hospitality and leisure facilities, healthcare providers, care homes, as well as employers in general, are therefore faced with the same obligation. As well as requiring risk assessments, organisations subject to the legislation would be required to have access to competent help in applying the provisions of health and safety law, water storage and supply and specification for the design, installation, testing and maintenance of services supplying hot and cold water for use within public buildings. All these regulations are principally driven by the necessity to prevent legionella from developing in water systems.

Of the Compliance Services, the Directors believe that water hygiene represents the most immature and least compliant market and that there are growth opportunities as the competition in this sector is very fragmented.

Pest prevention and control

Businesses are required to ensure that pest prevention and control measures are strictly observed, with principal legislation surrounding the Health & Safety at Work Act 1974, Prevention of Damage by Pests Act 1949, Food Safety Act 1990 and the Food Hygiene Regulations 2005. With the increased rodent population, businesses must ensure their operations are fully compliant with all regulatory requirements, as industry reputation forms a crucial component to success. The market leader is Rentokil Initial plc with approximately 20 per cent. of the market.

Fire

The Regulatory Reform (Fire Safety) Order 2005 (“FSO”) came into effect in October 2006 and replaced over 70 sets of fire safety regulations. The FSO applies to all non-domestic premises in England and Wales, including the common parts of blocks of flats and houses within multiple occupation. Under the FSO, a fire safety risk assessment must be undertaken regularly and a fire management implementation plan must be maintained.

The three main operators in the UK are Chubb Fire Limited, ADT Fire and Security Plc and Kiddie Products Limited. The regional market is fragmented and the Directors believe opportunities exist to gain market share.

Energy Services

The existing Energy Services division specialises in providing services and guidance with regard to energy performance services necessary under the EU initiated Energy Performance of Buildings Directive 2007. The Company offers consultancy, certification and project management services based around the wider Energy Services industry. In particular, commercial energy performance certificates (CEPCs), consultancy and software tools around providing compliance with the carbon reduction commitment (CRC) legislation, air conditioning inspections, energy management systems, display energy certificates for public sector buildings, energy performance certificates for the residential marketplace (EPCs), and home information packs (HIPs). The Company works closely with local government and a selection of professional services companies, including financial advisers, property agents, developers and solicitors. Due to the nature of the legislation around which the Energy services division is based the business also works closely with a number of housing associations and local councils.

In February 2010, the Company acquired a controlling interest in Simon West Limited, trading as CEA Link. The Company had an existing trading relationship with CEA Link which provides an established job management software platform for sourcing energy certification and other compliance based services.

4. Information on the Enlarged Group

a) Information on Waterchem

Waterchem was established in 1978 and is primarily engaged in the provision of water hygiene and water treatment services primarily to facilities management companies, hospitals, universities and local authorities. In addition Waterchem, through its wholly owned subsidiary Towerite Limited, provides independent risk assessments as required to comply with the Approved Code of Practice for Legionella Control (“ACop L8”) guidance provided by the Health and Safety Executive.

From its head office in Worcester and regional offices in Lamport, Northampton and Wickford, Essex, Waterchem provides a near national coverage with its main customer concentration is in the South East, the Thames Valley, the Midlands, Yorkshire and the North West.

The Waterchem group has grown its turnover from £5,552,977 in the financial year ended 31 December 2007 to £7,622,606 in the financial year ended 31 December 2009 while profit before tax has increased from £446,438 to £1,435,092 over the same period. As at 31 December 2009 the Waterchem group had net assets of £1,534,062. The company is currently focused on building its business further through new products such as the introduction of a range of solid chemicals, which are diluted on site, and the supply of chlorine dioxide units which management believes will result in further growth in the future.

Approximately 90 per cent. of the Waterchem group's sales relate to water treatment and water hygiene services including chemical analysis, supply of chemicals and monitoring and control of engineered water systems. Such services are provided on a cyclical basis – monthly, quarterly or annually – and are considered to be repeat business. The remaining 10 per cent. of the Waterchem group's sales relate to air hygiene services and equipment sales.

The business of Towerite Limited was acquired by Waterchem Limited in 2005.

Services Provided

Waterchem undertakes three core areas of activity:

(i) Water Hygiene

The company provides monitoring, remedial and disinfection services. Monitoring services are supplied by Environmental Service Technicians who are either site based or mobile staff who travel to customers in a specific geographic area. Remedial work, usually identified through conducting a risk assessment, involves services such as tank relines, refurbishments and upgrades (eg rodent filters and pipe work modifications). The company also provides services in relation to the disinfection of hot and cold water systems and cooling towers.

(ii) Water Treatment

The company designs and implements water treatment programmes, including the supply of chemicals to prevent scale and corrosion within the heating, cooling and chilled market for both open and closed systems. All chemical products are supported by up to date health and safety information. Recently, in a new initiative, a range of solid chemicals has been launched which has proved to be successful in gaining new business and improving current customer relationships.

(iii) Air Hygiene

The company provides air hygiene related services including testing, risk assessments, cleaning and disinfection of air conditioning systems. Historically, turnover has been small but more recently the company has agreed to partner with AirisQ Limited in respect of tenders to supply air hygiene services to hospitals.

Routes to Market

Waterchem has a number of field based technicians as well as those based on site with customers. The company is currently focusing on achieving further sales growth through external telemarketing campaigns.

Customer Base

Sales to Waterchem's top three customers accounted for 24 per cent. of total revenue in the year ended 31 December 2009, but due to the nature of the work undertaken by the Group it has a large client base of around 400 customers.

Market and Competition

The total market size for Waterchem's activities is estimated by the Directors to be in excess of £200 million per annum in the UK. The market for its services is fragmented with numerous regional competitors. The main competitors with a national coverage include Clearwater Technology Limited, Promanex (Total FM & Environmental Services) Limited and Integrated Water Services Limited, a subsidiary of South Staffordshire plc.

b) Information on the Company's existing business

The existing Energy Services division specialises in providing services and guidance with regard to energy performance services necessary under the EU initiated Energy Performance of Buildings Directive 2007 (EPBD). The Company offers consultancy, certification and project management services based around the wider Energy Services industry. In particular, commercial energy performance certificates (CEPCs), consultancy and software tools around providing compliance with the carbon reduction commitment (CRC) legislation, air conditioning inspections, energy management systems, display energy certificates for public sector buildings, energy performance certificates for the residential marketplace (EPCs), and home information packs (HIPs). The Company works closely with local government and a selection of professional services companies, including financial advisers, property agents, developers and solicitors.

Due to the nature of the legislation around which the Energy services division is based the business also works closely with a number of housing associations and local councils. The Company has increasingly moved its focus from delivering certification services to the provision of added value consulting and project management services within the Energy Services sector.

Legislative Landscape

The core requirement of the EPBD legislation is the provision of Energy Performance Certificates (measuring a building's carbon emissions rate) in relation to the following:

- public and private sector residential properties: an Energy Performance Certificate is required where a property is made available for sale or tenancy;
- all commercial properties over 50 metres² in size: a CEPC is required where a property is made available for sale or tenancy;
- all public buildings over 1,000 metres² in size: a DEC is required by each applicable public body; and
- commercial and public sector air conditioning units (depending on the size of unit and date of installation).

In February 2010, the Company acquired a controlling interest in Simon West Limited, trading as CEA Link. The Company had an existing trading relationship with CEA Link which provides an established job management software platform for sourcing energy certification and other compliance based services.

Market Size

The Directors believe the energy services certification and associated consultancy services market in the UK is valued in excess of £1 billion and have broken this down into the following sub-sectors:

- EPCs: in the lettings and residential market there are over 2.6 million private lettings and sales per annum;
- EPCs: there are in excess of 800 housing associations covering approximately 3.6 million properties, all of which will require EPCs. In addition, all new build social housing will require a HIP;
- CEPCs: there are approximately 140,000 sales of commercial properties per annum plus additional changes of lease;
- DECs: there are approximately 40,000 public buildings more than 1,000 metres² in size, e.g. schools, universities, museums, leisure centres, National Health Service hospitals and local authority buildings; and
- Air Conditioning: there are no statistics available to calculate the size of the air conditioning market. However, the Directors believe this is potentially the largest subsector of the market and in the medium term they estimate that it will be a significant contributor to total revenues.

Barriers to entry and Competition

The Company operates in a developing and highly fragmented market and the Directors believe that they benefit from a number of advantages, which act as barriers to entry for new operators including:

- the relationships developed and work already undertaken with commercial and public sector property owners e.g. DECs prepared for the Ministry of Justice on 80 court buildings;

- a recent track record of delivering CEPCs and DECs;
- an experienced management team with detailed knowledge of the market place;
- the need for appropriate infrastructure and systems to deal with high activity levels which have already been established; and
- some facilities management companies and commercial property agents may be unwilling to enter the market as the returns from certification work are typically below those achievable from their core activities.

Historical information on the Company is contained on the Company's website: www.greencomplianceplc.com.

5. Principal terms of the Acquisition

Under the Acquisition Agreement, the Company has, conditional upon, inter alia, Shareholder approval and Admission, agreed to acquire Waterchem for a total initial consideration of £5.534 million; to be satisfied by the payment of the Initial Cash Consideration of £4.0 million, the issue of the Loan Note Consideration to the value of £533,919 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 cent. 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 Waterchem achieving specified profit targets for the year ended 31 December 2010, the Additional Consideration will become payable as follows: if the audited EBITDA of Waterchem 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. This 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.

Under the Acquisition Agreement, the shareholders of Waterchem have agreed not to dispose of any of the Consideration Shares within 12 months from the date of Completion. In the subsequent six months the shareholders of Waterchem have agreed not to dispose of any of the Consideration Shares except through the Company's broker.

6. Current Trading and Prospects for the Enlarged Group

Since the announcement of the interim results for the six months ended 30 September 2009, the Company has disposed of its Employment Services Division, undertaken the Share Capital Reorganisation, has raised £9.5 million, net of expenses, to pursue its stated strategy of building a business within the "blue collar" compliance services market place. Further, in February 2010, the Company acquired a controlling interest in Simon West Limited, trading as CEA Link, a business providing an established job management software platform to the compliance consultancy market place.

Turnover within the Energy Services Division in the second half of the year ending 31 March 2010 is likely to be significantly below that achieved in the first half of the year although the cost base has been cut further with 10 employees leaving in the last few months. The plc cost base has increased however reflecting the shift in focus to the new buy and build strategy within the "blue collar" compliance services market place.

As at 12 March 2010, the Company had net cash of £6.95 million with the overdraft and bank loans having been settled in full. The Company has recently received indicative terms for revolving credit finance of £5 million from HSBC plc. However, there can be no guarantee that the facility will eventually be forthcoming and this facility has not been taken into account when giving the working capital statement in the Admission Document.

7. The Board

The Board comprises of the following directors:

Bob Holt, Non-Executive Chairman (aged 55)

Bob has been Chairman of the Company since its admission to AIM in 2001. He has a background in developing support service businesses and has operated in the service sector since 1981, initially in a financial capacity before moving into general management. He is Chairman and Chief Executive Officer of Mears Group plc and a director of a number of other businesses.

John Prowse, Chief Executive Officer (aged 48)

John became a Director in December 2009. He has a background in the services market and has previously been involved in building and managing two large businesses in this sector, most recently in the compliance sector as Managing Director of Connaught plc's compliance business and previously, from 2000 to 2007, as Managing Director of Iron Mountain in Europe in the records and information management sector.

Richard Hodgson, Finance Director (aged 41)

Richard qualified as a chartered accountant in 1995 whilst working for the financial services group of Deloitte in London. For the last seven years Richard has been a finance director in the business services industry: he was European Finance Director for Iron Mountain Europe, the records and information management company; after that he was Chief Financial Officer for Triplearc plc, an AIM listed print management company; and most recently he has been Chief Financial Officer for Reconomy Limited, a private equity backed waste management company.

John Charlton, Chief Operating Officer (aged 53)

During a 28 year career with Barclays Bank plc, John fulfilled a variety of roles from risk management to internal audit but was predominately involved with larger corporate banking clients. More recently John was responsible for listed business services and professional practices in the south west of England. Since leaving Barclays Bank plc in January 2007, John has been involved in corporate finance and consultancy projects. He is an associate of the Chartered Institute of Bankers and joined the Board in April 2009.

Reg Pomphrett, Non-Executive Director (aged 66)

Reg has been involved in corporate finance for over 30 years and is a director of a number of companies including Mears Group plc. He is a chartered secretary and a member of the Securities Institute. He joined the Board in 2001.

8. Corporate Governance and Internal Controls

The Directors acknowledge the importance of the principles set out in the Combined Code issued by the Committee on Corporate Governance (the "Combined Code"). Although the Combined Code is not compulsory for AIM quoted companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

Your Board comprises a non-executive Chairman, three executive directors and one further non executive director. Your Board meets regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls. In addition the executive Directors meet on a monthly basis for operational meetings. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Subject to the terms of the executive Directors' service contracts, Directors are subject to retirement by rotation and re-election by the Shareholders at Annual General Meetings each year, as required by the Articles of Association and any Director appointed by the Board shall hold office only until the next Annual general Meeting and shall then be eligible for election.

The Directors have established Audit and Remuneration Committees.

The Audit Committee comprises Reg Pomphrett as Chairman and John Charlton and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit committee meets at least twice a year.

The Remuneration Committee comprises of Reg Pomphrett as Chairman, Bob Holt and John Prowse and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets no less than once every year.

The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has a share dealing code which is appropriate for an AIM quoted company.

9. Dividend Policy

The Directors do not intend to pay a dividend in the current financial year.

10. Recommendation

The Directors consider the Acquisition to be in the best interests of Shareholders and unanimously recommend you to vote in favour of the resolution to be proposed at the General Meeting as they have irrevocably undertaken to do in respect of their aggregate shareholdings of 14,421,268 Existing Ordinary Shares representing 1.40 per cent. of the Company's Existing Share Capital.

DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise.

“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Waterchem, to be effected pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 15 March 2010, between (1) the shareholders of Waterchem and (2) the Company under which the Company has conditionally agreed to acquire Waterchem
“Act”	the Companies Act 2006
“Additional Consideration”	the additional consideration, based on the achievement of specific profit targets for Waterchem for the year ended 31 December 2010
“Admission”	admission of the existing and to be issued ordinary share capital of the Company to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“Admission Document”	the admission document sent to Shareholders on 15 March 2010
“AIM”	a market operated by London Stock Exchange plc
“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange plc from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
“Board”	the board of directors of the Company
“Company” or “Green”	Green Compliance plc
“Completion”	legal completion of the Acquisition in accordance with the Acquisition Agreement

“Consideration”	together, the Initial Cash Consideration, the Loan Note Consideration, the Consideration Shares and the Additional Consideration
“Consideration Shares”	the 56,338,028 Ordinary Shares to be issued to the shareholders of Waterchem on Completion pursuant to the Acquisition Agreement
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), as amended, and any applicable rules made under those regulations
“Deferred Shares”	the deferred shares of 1p each in the capital of the Company
“Directors”	the directors of the Company
“Enlarged Group”	the Company and its subsidiaries following completion of the Acquisition
“Enlarged Share Capital”	the entire issued ordinary share capital of the Company as enlarged by the issue of the Consideration Shares
“Existing Ordinary Shares”	existing ordinary shares of 1p each in the capital of the Company
“Existing Share Capital”	the Existing Ordinary Shares
“General Meeting” or “GM”	the general meeting of the Company, convened for 9.00 a.m. on 31 March 2010 and any adjournment thereof
“Group”	the Company and its subsidiaries
“Initial Cash Consideration”	the cash consideration of £4.0 million to be paid on Completion to shareholders of Waterchem pursuant to the Acquisition Agreement
“Loan Note Consideration”	the loan note consideration of £533,919 to be paid on Completion to shareholders of Waterchem pursuant to the Acquisition Agreement
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company and (for the purposes of this announcement) references to Ordinary Shares in issue or allotted prior to 24 December 2009 shall be deemed to be references to ordinary shares of 1p in the capital of the Company before the Share Capital Reorganisation took effect and references to Ordinary Shares in issue or allotted after 24 December 2009 shall be deemed to be references to ordinary shares of 1p in the capital of the Company after the Share Capital Reorganisation had taken effect
“Proposals”	the acquisition of Waterchem pursuant to the Acquisition Agreement and Admission

“Registrars”	Neville Registrars Limited of Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA
“Resolution”	the resolution to be proposed at the General Meeting, details of which are set out in the Notice
“RIS”	Regulatory Information Service
“Share Capital Reorganisation”	the consolidation and subdivision of Ordinary Shares that took effect on 24 December 2009
“Shareholders”	holders of Ordinary Shares
“Waterchem”	Waterchem Limited, a company registered in England and Wales with registered no. 03572340 and (where appropriate) its wholly owned subsidiaries Towerite Limited and Maplin A Division of Waterchem Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Zeus Capital”	Zeus Capital Limited, a company registered in England and Wales with registered no. 4417845

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The distribution of this announcement outside the UK may be restricted by law. No action has been taken by the Company or Zeus Capital Limited that would permit a public offer of shares in the Company or possession of this announcement where action for that purpose is required. Persons outside the UK who come into possession of this announcement should inform themselves about, and observe any restrictions on the distribution of this announcement in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdictions.