

## **Green Compliance plc**

### **Acquisitions and New Revolving Credit Facility**

In accordance with the Company's strategy of building a business focused on "blue collar" compliance, the Board of Green Compliance plc (the "Company") is pleased to announce its first acquisitions within the fire protection sector of the market.

On 4 May 2010 the Company completed the acquisition of the entire issued share capital of Mayfair Fire Protection Limited and the acquisition of the business and assets of Professional Fire Solutions Limited. In addition, the Board is pleased to announce that it has agreed a £5 million multicurrency revolving credit facility to be provided by HSBC Bank plc.

Highlights of the acquisitions:

#### **Mayfair Fire Protection Limited ("MFP")**

- Acquisition of the entire issued share capital of MFP for an initial cash consideration of £2.392 million. Conditional on MFP achieving specified profit targets for the year ended 31 December 2010, further deferred cash consideration will become payable. The calculation of the deferred consideration will be based on a multiple of 6 times EBITDA for the year ended 31 December 2010 less the initial cash consideration. The total consideration is capped at a maximum of £4.0 million.
- MFP is primarily engaged in the provision of fire protection equipment and associated services to a broad range of customers including large and small corporate clients, universities and schools. In particular MFP sells fire extinguishers, fire alarm installations, emergency lighting installations, associated maintenance and training services.
- MFP reported unaudited revenue of £1.139 million, EBITDA of £200,000 and profit before tax of £135,000 in the financial year ended 31 December 2009. As at 31 December 2009 MFP had unaudited net assets of £64,000.
- For the three months ended 31 March 2010 MFP reported unaudited revenue of £363,000, EBITDA of £96,000 and profit before tax of £84,000. These results reflect the expansion of the business into Scotland in January 2010 and the roll out of new customer contracts.
- The Directors and vendors of MFP, Richard Cullen and Tony Beale, will remain with the business post completion.

#### **Professional Fire Solutions Limited ("PFS")**

- Acquisition of the business and assets of PFS for an initial cash consideration of £121,951. Conditional on the PFS business achieving specified profit targets over the 2 year period following completion of the acquisition further deferred cash consideration will become payable. The calculation of the deferred consideration will be based on a multiple of 4 times EBITDA for the 24 months following completion less the initial cash consideration. The total consideration is capped at a maximum of £4.0 million.
- PFS is primarily engaged in the recycling of old fire extinguishers. Richard Cullen and Tony Beale are also Directors of PFS and will remain with the PFS business post completion.

- PFS reported unaudited revenue and profit before tax of £91,000 and £20,000 respectively in the financial year ended 30 September 2009. The assets being acquired had an unaudited carrying value of £36,000 at 31 March 2010.

The acquisitions will be funded from the existing cash reserves of the Company and an initial £1.25 million draw down on the new loan facility which the Company has agreed with HSBC Bank plc.

#### **HSBC Bank plc facility**

- A secured multicurrency revolving credit facility of up to £5 million (the “Revolving Credit Facility”) has been agreed with HSBC Bank plc. The Revolving Credit Facility can be used by the Company to fund acquisitions.
- Funds drawn down will attract interest at a rate of 4 per cent. per annum above LIBOR. A fee of 2 per cent per annum will be charged on any part of the Revolving Credit Facility that is not drawn down.

Commenting on the acquisitions John Prowse, CEO of Green Compliance plc, said: “These two acquisitions represent the next major step in the Company’s strategy towards building a business focused on “blue collar” compliance markets. Mayfair Fire Protection’s history and strong reputation in the area of fire protection is a hugely valuable addition to our group and provides a natural fit with our business strategy going forward. We are also very pleased to have agreed the new acquisition facility with HSBC which we are planning to utilise to continue our buy and build strategy.”

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