ASX ANNOUNCEMENT

26 August 2009

Agreed Merger of Greencap and Emerson Stewart to Create Powerful National Service Offering

Greencap and Emerson Stewart are delighted to announce the execution of a Heads of Agreement (**HOA**) to give effect to the merger of the two groups by scheme of arrangement under the Corporations Act. The HOA is conditional upon finalisation of due diligence and execution of a formal implementation agreement (anticipated by mid September 2009), and will thereafter require shareholder and court approvals in accordance with the Corporations Act (anticipated by early December 2009).

“The merger of the two groups will create a significant national market presence in the risk management, environmental, project management and engineering and diagnostic sectors” agreed Jeffrey Broun and Dario Amara, the respective MD’s of each of the companies.

“This merger creates the opportunity to generate further revenues and value from the existing businesses by combining Greencap Group’s excellent stable of companies in diversified but complementary business areas, national footprint, strong revenue lines and institutional shareholder base, with Emerson Stewart’s project management and engineering consultancy operations with strong WA focus. It will result in a company with an experienced Board, strategic leadership capability and a strong balance sheet”.

The Scheme of Arrangement is to be proposed by Emerson Stewart on the basis that Greencap will acquire Emerson Stewart shares on a 1:1 basis (with any outstanding Emerson Stewart options being acquired or otherwise replaced on comparable terms to those existing options). Post merger the “new” Greencap shareholder base is expected to comprise approximately 28.5% existing Emerson Stewart shareholders and 71.5% existing Greencap shareholders.

Board and senior executive management structure of the merged entity is currently intended to be four independent non-executive directors and three executive directors as follows:

CEO/Managing Director – Dario Amara (current Emerson Stewart CEO)
Executive Director - Finance and Corporate – Jeffrey Broun (current Greencap MD)
Executive Director – Cameron Hunter (current Greencap executive)
Non Executive Chairman – Steven Cole (current Emerson Stewart chairman)
Deputy Chairman – Stephen Belben (current Greencap chairman)
Non-Executive Directors – Andrew Gay (current Greencap NED) and David Richardson (current Emerson Stewart NED).

Set out below are the approximate consolidated summarised balance sheets and profit/loss statements of the merged entity as if the transaction had been completed as at 30 June 2009 (based on audited accounts of Greencap and unaudited management accounts of Emerson Stewart as at 30 June 2009).

Summarised Consolidated Balance Sheet as at 30/06/09

	Greencap $'000	Emerson Stewart $'000	Consolidated $'000
Current Assets			
Cash	3,787	9,284	13,071
Receivables	12,439	2,500	14,939
Other current assets	1,638	1,838	3,476
Current Assets - total	**17,864**	**13,622**	**31,486**
Non Current Assets			
Fixed Assets	2,582	153	2,735
Intangibles	61,384	414	61,798
Other non-current assets	672	0	672
Non Current Assets – total	**64,638**	**567**	**65,205**
Total Assets	**82,502**	**14,189**	**96,691**
Current Liabilities			
Creditors	6,554	1,502	8,056
Borrowings - current	2,510	0	2,510
Current Liabilities - total	**9,064**	**1,502**	**10,566**
Non Current Liabilities			
Borrowings	12,997	0	12,997
Other liabilities	5,455	69	5,524
Non current liabilities – total	**18,452**	**69**	**18,521**
Total Liabilities	**27,516**	**1,571**	**29,087**
Shareholders Equity / net assets	**54,986**	**12,618**	**67,604**

Summarised Consolidated Profit & Loss Statement Year to 30/06/09

	Greencap $'000	Emerson Stewart $'000	Consolidated $'000
Gross Revenue	**60,143**	**12,900**	**73,043**
EBITDA	**10,083**	**1,660**	**11,743**
Depreciation	(655)	(146)	(801)
Amortisation	-	-	-
EBIT	**9,428**	**1,514**	**10,942**
Interest income	158	581	739
Interest expense	(1,094)	(4)	(1,098)
Net interest	(936)	577	(359)
Operating profit before taxation	**8,492**	**2,091**	**10,583**
Tax Expense			
- Current year	(2,533)	(640)	(3,173)
- Prior yr credit	977	-	977
NPAT bef discontinued ops	**6,936**	**1,451**	**8,387**
Discontinued ops cost	(98)	-	(98)
NPAT	**6,838**	**1,451**	**8,289**

"All parties are fully committed to realising the opportunities to be presented by this merger. The competitive advantage through the combined Group's national market presence, and its expanded service offering, is anticipated to be significant. All stakeholders are expected to benefit from the resultant uplift in business growth, opportunity and efficiency," agreed Stephen Belben and Steven Cole, the respective chairmen of the two companies. In addition, "the current acquisitive growth targets of each entity will continue to be considered on the merits to further enhance stakeholder value." they said.

Preliminary soundings of major stakeholders of each entity have been positive to the prospect of such a merger.

Stephen Belben
Chairman Greencap

Steven Cole
Chairman Emerson Stewart

Jeffrey Broun
MD Greencap

Dario Amara
MD Emerson Stewart

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About Greencap Limited (ASX: GCG) www.greencap.com.au

Greencap Limited was established in July 2007 and has acquired ten highly respected companies that deliver practical solutions to corporate and governments in a diversified range of services consistent with our tag line of "*protecting people, property and environments™*."

The Greencap group's scope of services ranges from occupational health & safety matters, hazardous materials, contamination, environmental matters / licensing approvals through to biological sciences, laboratory testing and water and energy efficiency advice.

The Greencap group currently has 380 staff in 15 offices through all mainland states. With revenue of $60 million and after-tax profits in excess of $6 million, Greencap group has solid backing and credentials to provide quality advice in these critical risk management areas.

The Risk Management sector is the core competency for Greencap. The demand for the groups' services is driven in part by continually evolving legislation but also heightened corporate awareness of the need to better manage risk.

About Emerson Stewart Limited (ASX: ESW) www.emersonstewart.com

Established in 2005 with headquarters in Perth, Western Australia, Emerson Stewart is a project implementation and advisory group providing services across:

- Resources + Energy: minerals; oil + gas; power generation + distribution; chemicals

- Infrastructure: urban development; building + property; aviation; water +environment; defence

Emerson Stewart has a strong network of corporate customers.

The Company's current and past clients include BHP Billiton, Inpex, Midwest Corporation, Straits Resources, Fortescue Metals, Crescent Gold, Territory Resources, Australasian Resources, Gindalbie Metals, OMG Group, Envirogold, PEET Limited and Stockland, Department of Housing and Perseus Mining Limited.

With approximately 50 staff the company is well positioned for growth both within WA and nationally.