EMERSON
STEWART

ASX ANNOUNCEMENT

January 29, 2010

Appendix 4C – Quarterly Report

Emerson Stewart Group Limited (ASX: ESW) advises the market of its Q2 Appendix 4C Quarterly Report in the attached terms.

Despite a relatively impressive client order book, with new work emerging, client project commencement delays and project deferrals impacted revenue and resulted in a net operating cash flow of negative $82K for the 3 months to 31 December 2009.

Over the quarter, the Company also:

- continued to invest in systems and business acquisition opportunities; and
- paid its maiden dividend to shareholders since IPO;

amounting in the aggregate to a further $473K cash outflow for the quarter.

However, the overall cash position of ESW continues to be a robust $6.35 million, down from $6.9 million as at 30 September 2009.

Coupled with the Company's relatively strong balance sheet, the increasing demand for the Company's services, and the recently announced proposed acquisition of Whelans (WA) Pty Ltd, the Company looks forward to growth in 2010.

- END -

About Emerson Stewart (ASX: ESW)

Established in 2005 and based in Perth, Western Australia, Emerson Stewart is a project delivery, engineering, sciences and consultancy group providing services across:

- **mining + industry:** minerals; oil and gas; chemicals; manufacturing
- **utilities + environment:** water and environment; power generation and distribution
- **buildings + property:** urban development; buildings and property; aviation; 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, Stockland, QUBE, Department of Housing, Perseus Mining Limited, Brookfield Multiplex, Clough, International Minerals, Curtin University, IMX Resources, Samsung Engineering, Perdaman Industries and PTT Asia Pacific Mining.

www.emersonstewart.com

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Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000 Amended 30/9/2001, 24/10/2005

Name of entity

EMERSON STEWART GROUP LIMITED

ABN	Quarter ended ("current quarter")
80 122 958 178	December 2009

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (6 Months) $A'000
Cash flows related to operating activities				
1.1	Receipts from customers		2,094	4,457
1.2	Payments for	(a) staff costs	(1,198)	(2,297)
		(b) advertising and marketing	(24)	(49)
		(c) research and development		
		(d) leased assets		
		(e) other working capital	(1,131)	(2,379)
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		34	333
1.5	Interest and other costs of finance paid			
1.6	Income taxes paid		143	(64)
1.7	Other (provide details if material)			
	Net operating cash flows		(82)	1

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (6 Months) $A'000
1.8	Net operating cash flows (carried forward)	**(82)**	**1**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets	(97)	(105)
	(e) other non-current assets	(14)	(124)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities	25	25
1.13	Other		
	Net investing cash flows	(86)	(204)
1.14	**Total operating and investing cash flows**	(168)	(203)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings		
1.19	Dividends paid	(387)	(387)
1.20	Other (Share Buy-Back)		(2,344)
	Net financing cash flows	(387)	(2,731)
	Net increase (decrease) in cash held	(555)	(2,934)
1.21	Cash at beginning of quarter/year to date	6,905	9,284
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	6,350	6,350

+ See chapter 19 for defined terms.

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
1.24	Aggregate amount of payments to the parties included in item 1.2	(309)
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Key management personnel and non-executive director compensation.

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

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

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 facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

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	250	299
4.2 Deposits at call	6,100	6,606
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	6,350	6,905

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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: Rod Smith .... Date: 29/1/10
(Company secretary)

Print name: ...Rod Smith...

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.

+ See chapter 19 for defined terms.