

Appendix 4D

Preliminary Half Year Report to the Australian Securities Exchange

GR Engineering Services Limited

ABN 12 121 542 738

For the Half Year Ended 31 December 2011
(corresponding period half year ended 31 December 2010)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	<i>Half year ended 31 Dec 2011</i>	<i>Percentage increase / (decrease) from 31 Dec 2010</i>
	<i>\$'000</i>	
Revenue from ordinary activities	79,288	12.19%
Profit from ordinary activities after tax attributable to members	6,725	(36.74%)
Net profit for the period attributable to members	6,725	(36.74%)

INTERIM DIVIDENDS

	<i>Half year ended 31 Dec 2011 (cents per share)</i>	<i>Half year ended 31 Dec 2010 (cents per share)¹</i>
Interim dividend (fully franked, to be paid on 13 March 2012)	4.00	12.50

Subsequent to reporting date, an interim dividend was resolved to be paid of 4 cents per share (fully franked), with a record date for determining entitlements to the interim dividend on 6 March 2012. The payment date of the interim dividend is 13 March 2012.

NET TANGIBLE ASSET BACKING

	<i>Half year ended 31 Dec 2011 (cents per share)</i>	<i>Half year ended 31 Dec 2010 (cents per share)¹</i>
Net tangible asset backing per ordinary share	27.79	1.51

1. For comparative purposes, it has been assumed that 120 million fully paid ordinary shares were on issue as at 31 December 2010. This is based on share capital on issue following a share split in February 2011.

The Half Year Financial Report dated 20 February 2012 forms part of and should be read in conjunction with this Preliminary Half Year Report (Appendix 4D).

This report is based on accounts which have been reviewed. The review report is included in the Half Year Financial Report.

GR Engineering Services Limited

Half Year Financial Report

For the Half Year Ended 31 December 2011

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
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GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Your directors present their report on GR Engineering Services Limited (ASX.GNG) ("Company") for the half-year ended 31 December 2011.

DIRECTORS

The names of the Company's directors in office during the year and until the date of this report follow. The Directors were in office for this entire period unless otherwise stated.

Barry Sydney Patterson (Non-Executive Chairman)
Joseph Mario Paul Ricciardo (Managing Director)
Tony Marco Patrizi (Executive Director)
Terrence John Strapp (Non-Executive Director)
Peter John Hood (Non-Executive Director)

COMPANY SECRETARY

Giuseppe (Joe) Totaro

PRINCIPAL ACTIVITIES

During the financial period the Company's activities have been the provision of high quality process engineering design and construction services to the mining and mineral processing industry.

REVIEW OF RESULTS AND OPERATIONS

The operating profit after tax of the Company was \$6,725,316. (2010: \$10,630,057)

Strong revenue and cash flow reflected the Company's excellent operational performance during the six months ended 31 December 2011.

All construction projects advanced on time and on budget while maintaining a nil lost time injury frequency rate.

The Company was awarded twelve studies in the period under review, primarily for gold and base metal projects in Australia, West Africa and Indonesia. These studies are for a range of clients, from junior explorers to global mining houses.

Please refer to the Company's ASX announcement dated 21 February 2012 for a comprehensive summary of the Company's recent operational performance.

DIVIDENDS

A fully franked interim dividend of 4 cents per share has been declared for the six months ended 31 December 2011. The record date for determining entitlements to the interim dividend is 6 March 2012 and the payment date for the interim dividend is 13 March 2012.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

The auditor's independence declaration to the directors is included on page 4 of the Half-Year Financial Report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Joe Ricciardo
Managing Director

Date: 20 February 2012

GR ENGINEERING SERVICES LIMITED HALF-YEAR FINANCIAL REPORT AUDITORS' INDEPENDENCE DECLARATION



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The Directors
GR Engineering Services Limited
71-73 Daly Street
BELMONT WA 6104

20 February 2012

Dear Board Members

GR Engineering Services Limited – Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GR Engineering Services Limited.

As lead audit partner for the review of the financial statements of GR Engineering Services Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "Conley Manifis".

Conley Manifis
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	Half-Year Ended 31 December 2011 \$	Half-Year Ended 31 December 2010 \$
Revenue			
Rendering of services		79,287,702	70,673,078
Cost of Sales		64,394,654	50,961,699
Gross profit		14,893,048	19,711,379
Finance income	3(b)	1,055,818	385,130
Other Income	3(a)	105,367	400,597
Finance costs	3(b)	26,351	21,513
Occupancy expenses		916,212	514,797
Administrative expenses		4,174,931	2,268,844
Depreciation	3(c)	304,054	257,822
Profit before income tax		10,632,685	17,434,130
Income tax expense		3,907,369	6,804,073
Net profit for the period		6,725,316	10,630,057
Other comprehensive income		-	-
Total comprehensive income for the period		6,725,316	10,630,057
Profit attributable to :			
Owners of the Company		6,725,316	10,630,057
Total comprehensive income attributable to :			
Owners of the Company		6,725,316	10,630,057
Earnings per Share:		<i>Cents per share</i>	<i>Cents per share</i>
Basic (cents per share)		4.48	8.86
Diluted (cents per share)		4.48	8.86

The accompanying notes form part of these Financial Statements.

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	31 December 2011 \$	30 June 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	51,874,868	36,014,084
Trade and other receivables	5	18,902,277	24,739,462
Inventories		1,673,918	1,673,918
Current tax asset		2,464,159	1,202,524
Total Current Assets		74,915,222	63,629,988
Non-Current Assets			
Deferred tax asset		1,931,469	3,222,304
Property, plant and equipment		1,844,646	1,972,638
Total Non-Current Assets		3,776,115	5,194,942
TOTAL ASSETS		78,691,337	68,824,930
LIABILITIES			
Current Liabilities			
Trade and other payables	6	14,593,004	14,760,281
Borrowings	10	307,917	526,904
Provisions	7	3,816,669	6,486,824
Unearned Income	8	17,632,990	5,586,776
Total Current Liabilities		36,350,580	27,360,785
Non-Current Liabilities			
Borrowings	10	277,360	401,581
Provisions	7	374,521	228,370
Total Non-Current Liabilities		651,881	629,951
TOTAL LIABILITIES		37,002,461	27,990,736
NET ASSETS		41,688,876	40,834,194
EQUITY			
Issued capital	9	28,501,548	28,501,548
Reserves		179,988	50,622
Retained earnings		13,007,340	12,282,024
TOTAL EQUITY		41,688,876	40,834,194

The accompanying notes form part of these Financial Statements

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities			
Receipts from customers		96,740,844	84,279,425
Payments to suppliers and employees		(71,535,028)	(55,015,974)
Income tax paid		(3,878,169)	(6,181,090)
Interest received		1,055,818	385,130
Net cash flows from/(used in) operating activities		22,383,465	23,467,491
Cash flows from investing activities			
Purchase of property, plant and equipment		(179,471)	(123,009)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows from/(used in) investing activities		(179,471)	(123,009)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Payment of capital raising costs		-	-
Payment of finance lease liabilities		(379,210)	(108,990)
Proceeds from borrowings		36,000	-
Repayments of borrowings		-	-
Dividends paid		(6,000,000)	(15,000,000)
Net cash flows from/(used in) financing activities		(6,343,210)	(15,108,990)
Net increase/(decrease) in cash and cash equivalents		15,860,784	8,235,492
Cash and cash equivalents at beginning of period		36,014,084	12,399,632
Cash and cash equivalents at end of period	4	51,874,868	20,635,124

The accompanying notes form part of these Financial Statements

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Issued capital \$	Reserves \$	Retained Earnings \$	Total \$
Balance as at 30 June 2010	1,000	-	10,184,098	10,185,098
Profit for the period	-	-	10,630,057	10,630,057
Other Comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	-	-	10,630,057	10,630,057
Dividends	-	-	(19,000,000)	(19,000,000)
Issue of capital	-	-	-	-
Capital raising costs	-	-	-	-
Deferred tax asset (capital raising costs)	-	-	-	-
Issue of options	-	-	-	-
Balance as at 31 December 2010	1,000	-	1,814,155	1,815,155
Balance as at 30 June 2011	28,501,548	50,622	12,282,024	40,834,194
Profit for the period	-	-	6,725,316	6,725,316
Other Comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	-	-	6,725,316	6,725,316
Dividends	-	-	(6,000,000)	(6,000,000)
Issue of capital	-	-	-	-
Capital raising costs	-	-	-	-
Deferred tax asset (capital raising costs)	-	-	-	-
Issue of options	-	129,366	-	129,366
Balance as at 31 December 2011	28,501,548	179,988	13,007,340	41,688,876

The accompanying notes form part of these Financial Statements

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1 CORPORATE INFORMATION

The financial report of GR Engineering Services Limited for the half year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 20th February 2012.

GR Engineering Services Limited is a limited company incorporated and domiciled in Australia. The registered office of GR Engineering Services Limited is located at 71-73 Daly Street, Belmont, Western Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adoption in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(c) Adoption of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2011.

Significant new and revised standards and interpretations effective for the current financial reporting period that are relevant to the Company are:

- AASB 124: Related Party Disclosures;
- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from Annual Improvements Project;
- AASB 2010-5: Amendments to Australian Accounting Standards;
- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.

The adoption of these standards has not had an impact on the Company.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

(d) Standards and Interpretations issued but not yet effective

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company in the half year ended 31 December 2011

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB9 (December 2010) 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets 	1 January 2012	30 June 2013
<ul style="list-style-type: none"> AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements 	1 July 2013	30 June 2014
<ul style="list-style-type: none"> AASB 10 Consolidated Financial Statements 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 11 Joint Arrangements 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 12 Disclosure of Interests in Other Entities 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 127 Separate Financial Statements 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 128 Investments in Associates and Joint Ventures 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 	1 January 2013	30 June 2014

The impact of these recently issued or amended standards and interpretations have not been determined as yet by the Company.

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

3 REVENUES AND EXPENSES

(a) Other income

	<i>31 December 2011 \$</i>	<i>31 December 2010 \$</i>
Government rebates and subsidies	864	21,602
Profit on disposal of inventories	-	262,128
Profit (loss) on sale of fixed assets	(3,411)	-
Sundry revenue	107,914	116,867
	<u>105,367</u>	<u>400,597</u>

(b) Finance (costs) / income

Bank interest received	1,055,818	385,130
Interest charges on finance leases	(26,351)	(21,513)

(c) Depreciation

Depreciation	304,054	257,822
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(d) Employee benefits expense

Wages and Salaries	18,437,332	13,076,655
Workers' compensation costs	63,727	67,722
Superannuation costs	1,330,429	841,673
Share based payments	129,366	-
	<u>19,960,854</u>	<u>13,986,050</u>

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

4 CASH AND CASH EQUIVALENTS

	<i>31 December 2011</i>	<i>30 June 2011</i>
	\$	\$
Cash at bank and in hand	20,544,237	6,279,222
Short term deposits	31,330,631	29,734,862
	<u>51,874,868</u>	<u>36,014,084</u>

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Reconciliation of cash

	<i>31 December 2011</i>	<i>31 December 2010</i>
	\$	\$
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December 2011:		
Cash at bank and in hand	20,544,237	18,863,428
Short-term deposits	31,330,631	1,771,696
	<u>51,874,868</u>	<u>20,635,124</u>

5 TRADE AND OTHER RECEIVABLES (CURRENT)

	<i>31 December 2011</i>	<i>30 June 2011</i>
	\$	\$
Trade receivables	20,020,940	25,923,621
Provision for doubtful debts	(1,525,000)	(1,525,000)
Other receivables	406,337	340,841
	<u>18,902,277</u>	<u>24,739,462</u>

Trade receivables are non-interest bearing and are generally on 30 day terms.

6 TRADE AND OTHER PAYABLES (CURRENT)

	<i>31 December 2011</i>	<i>30 June 2011</i>
	\$	\$
Trade payables	13,227,311	13,015,333
Other payables & accruals	1,365,693	1,744,948
	<u>14,593,004</u>	<u>14,760,281</u>

Trade payables are non-interest bearing and are normally settled on 30 day terms.
The net of GST payable and GST receivable is remitted to the appropriate tax body on a monthly basis.

GR ENGINEERING SERVICES LIMITED
HALF-YEAR FINANCIAL REPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

7 PROVISIONS

	<i>31 December 2011</i>	<i>30 June 2011</i>
	<i>\$</i>	<i>\$</i>
Current liabilities		
Provision for annual leave	1,206,512	1,013,497
Provision for warranty and defects liability	2,284,000	4,608,135
Provision for project returns	326,157	865,192
	<u>3,816,669</u>	<u>6,486,824</u>
 Non-current liabilities		
Provision for long service leave	374,521	228,370
	<u>374,521</u>	<u>228,370</u>

8 UNEARNED REVENUE

	<i>31 December 2011</i>	<i>30 June 2011</i>
	<i>\$</i>	<i>\$</i>
Unearned revenue on construction contracts	17,632,990	5,586,777
	<u>17,632,990</u>	<u>5,586,777</u>

9 ISSUED CAPITAL

	<i>31 December 2011</i>	<i>30 June 2011</i>
	<i>No of shares</i>	<i>No of shares</i>
Ordinary Shares		
Issued and fully paid	150,000,000	150,000,000
 <i>Issue of ordinary shares</i>		
At 30 June 2011	150,000,000	28,501,548
Issue of shares	-	-
At 31 December 2011	<u>150,000,000</u>	<u>28,501,548</u>

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

10 COMMITMENTS AND CONTINGENCIES

	31 December 2011 \$	30 June 2011 \$
Finance leases		
Not longer than 1 year	351,154	591,456
Longer than 1 year and not longer than 5 years	302,192	443,762
Longer than 5 years	-	-
Minimum lease payments	653,346	1,035,218
Less: future finance charges	68,069	106,733
Present value of minimum lease payments	585,277	928,485
Non-cancellable operating lease commitments		
Not longer than 1 year	1,697,944	1,409,799
Longer than 1 year and not longer than 5 years	3,412,108	3,016,766
Longer than 5 years	-	-
Total lease payments	5,110,052	4,426,565
Bank guarantees		
Bank guarantees issued	7,158,970	6,734,862

GR Engineering Services Limited has a bank guarantee facility with the National Australia Bank to provide bank guarantees to support project performance in favour of certain clients of GR Engineering Services Limited and rental property security. The facility has an approved limit of \$7,330,631, with an expiry date of 30 November 2012. The facility is secured by a fixed and floating charge over all the assets of GR Engineering Services Limited and a term deposit letter of set-off over a \$3,330,631 term deposit. The unused facility amount is \$171,661.

Certain claims arising out of engineering and construction contracts have been made by or against the company in the ordinary course of business, some of which involve litigation or arbitration. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the company.

11 EVENTS AFTER THE REPORTING DATE

A fully franked interim dividend of 4 cents per share has been declared for the six months ended 31 December 2011. The record date for determining entitlements to the interim dividend is 6 March 2012 and the payment date for the interim dividend is 13 March 2012.

There has been no other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

12 SEGMENT INFORMATION

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on a company basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

DIRECTORS' DECLARATION

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in compliance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Name: Joseph Mario Paul Ricciardo

Date: 20 February 2012

GR ENGINEERING SERVICES LIMITED HALF-YEAR FINANCIAL REPORT INDEPENDENT AUDITOR'S REVIEW REPORT



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Independent Auditor's Review Report to the Members of GR Engineering Services Limited

We have reviewed the accompanying half-year financial report of GR Engineering Services Limited, which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of GR Engineering Services Limited's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GR Engineering Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GR Engineering Services Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

GR ENGINEERING SERVICES LIMITED HALF-YEAR FINANCIAL REPORT INDEPENDENT AUDITOR'S REVIEW REPORT

Deloitte

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GR Engineering Services Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

CMaf

Conley Manifis
Partner
Chartered Accountants
Perth, 20 February 2012