



GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ASX RELEASE

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For immediate release to the market

HY13 FINANCIAL RESULTS

Headline Results

- Sales revenue \$56.6 million
- EBIT \$1.6 million
- PBT \$2.3 million
- NPAT \$1.3 million
- Cash flow from operations \$4.6 million
- Interim dividend of 2cps (fully franked)
- HY13 net cash of \$31.4 million¹

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its financial results for the half year ended 31 December 2012.

GR Engineering reported HY13 EBIT of \$1.6 million (HY12 \$9.6 million) and PBT of \$2.3 million (HY12 \$10.6 million). The Company has met the upper end of its November 2012 earnings guidance for HY13 with revenue of \$56.6 million and profit before tax of \$2.3 million. Management remains confident of improved second half performance with contributions expected from existing and anticipated design and construction works.

Commenting on the HY13 results, GR Engineering's Managing Director, Mr Joe Ricciardo said:

"It is pleasing that the Company achieved its guidance forecast for HY13 notwithstanding the one-off costs and project deferrals cited in the Company's prior announcement.

GR Engineering is pursuing a number of initiatives that are all targeted at generating growth, maintaining and building upon the high standards we bring to our clients and to deliver greater total shareholder returns. We have embarked on executing our strategy and we are now well positioned to capitalise on the associated potential benefits, including a sustained improvement in financial performance."

¹ Including cash held to secure contingent liabilities under the Company's bonding facilities.



A summary of the HY13 financial results follow:

		HY13	HY12
Revenue from operations	\$m	56.6	79.3
EBIT	\$m	1.6	9.6
PBT	\$m	2.3	10.6
Tax	\$m	1.1	3.9
NPAT	\$m	1.3	6.7
Basic EPS	cps	0.8	4.5
Net operating cashflow	\$m	4.6	22.4
		HY13	FY12
Net Cash¹	\$m	31.4	38.4
Total Equity	\$m	37.7	42.2

1. Including cash held to secure contingent liabilities under the Company's bonding facilities.

Safety Performance

During HY13, GR Engineering continued to maintain its excellent safety record of zero lost time injury frequency rate (LTIFR), extending its record to 975 consecutive days LTIFR for all employees and sub-contractors as at 25 February 2013.

GR Engineering remains committed to further improving its already robust safety performance.

Growth Strategy

GR Engineering has continued to execute its growth objectives in HY13 of pursuing geographic expansion and positioning itself to take on larger volumes of work for a broader range of clients. Personnel levels have increased in the half, with the Company now directly employing +255 professional and support staff at its offices in Perth, Kalgoorlie and Brisbane in addition to its direct construction workforce and subcontractors.

The Company considers that these initiatives will prove pivotal in positioning GR Engineering to properly capitalise on its next phase of growth and accommodate a broader client base.

Operational Overview

Design and Construction

GR Engineering was awarded and commenced work on a number of new EPC projects in HY13 with aggregate values of approximately \$100 million. Construction works have commenced on Doray Minerals Limited's Andy Well processing plant and associated infrastructure. Early works have also commenced on Mutiny Gold Limited's Deflector EPC project pursuant to an agreement to enter into an EPC contract between the Company and Mutiny. The Company has retained momentum into 2H13, having recently announced the award of a \$16 million EPC contract with Saracen Mineral Holdings Limited at Carosue Dam.



GR Engineering also successfully completed brownfields EPC projects for Newcrest Mining Limited at Telfer and a paste backfill plant for Sandfire Resources NL at DeGrussa, which were all delivered on time and on budget.

As the Company's African growth strategy matures, work continues to progress well on early engineering work for a prospective EPC project in Ghana and EPCM activities on projects in Mali and the Ivory Coast are also now well advanced. GR Engineering has also been awarded work in other geographic regions, having recently commenced work on an EPCM project in Indonesia for a gold processing plant upgrade.

Management anticipates design and construction activity levels increasing in 2H13 and GR Engineering remains well placed to successfully execute additional work.

GR Engineering recorded a write down of \$881,933 associated with bad debts in addition to associated expenses relating to its dispute with Gold Ridge Mining Limited, which the parties settled in October 2012. GR Engineering has now received all settlement proceeds.

Studies and Consulting

GR Engineering is currently engaged on 13 studies involving precious metals, base metals and iron ore. Together with 8 studies completed during HY13, some of which have resulted in early engineering engagements, this level of study activity continues to underpin GR Engineering's positive outlook.

In the half, GR Engineering successfully completed short term peer review assignments for Australian clients with overseas projects in Brazil and Turkey. The Company was able to deliver high impact and value adding project outcomes for these clients through the provision of GR Engineering's extensive construction and process engineering expertise.

The majority of near term design and construction opportunities presented to GR Engineering have been generated following the delivery of studies by the Company, reinforcing the importance of study and consulting activities in creating future work.

Balance Sheet

As at 31 December 2012, GR Engineering had net cash of \$31.4 million, with \$32.1 million in cash deposits.²

Dividend

The Company's Board has declared a fully franked final dividend of 2 cents per share (fully franked), with a record date of 8 March 2013 and being payable on 18 March 2013.

The Company's dividend policy remains unchanged, with a minimum targeted payout ratio of 50% - 60% of NPAT.

² Including cash held to secure contingent liabilities under the Company's bonding facilities.



Outlook

GR Engineering has observed improving business conditions in the engineering and construction industry in HY13, with this trend continuing into 2H13.

The Company has several local and offshore EPC and EPCM opportunities in gold, iron ore and industrial metals in its project pipeline that have the potential to deliver an improved earnings profile for the Company into 2H13 and beyond.

GR Engineering remains satisfied with its near term business opportunities, some of which are the subject of advanced negotiations and for which early engineering activities have commenced. In some instances, the anticipated timing of these projects has been pushed out, with financial contributions that were initially expected in 2H13 looking more likely to be reflected in HY14. The Company now expects 2H13 revenue will be in the range of approximately \$65 - \$70 million, with 2H13 PBT expected to be approximately \$8.5 - \$9.5 million.

Further Information

Please refer to GR Engineering's HY13 Audited Financial Report and HY13 Financial Results Presentation for further information.

Ends.

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GR Engineering Services Limited (ASX:GNG) is an engineering, consulting and contracting company specialising in fixed price engineering design and construction services to the resources and mineral processing industry.

Founded in Perth, Western Australia in 2006, GR Engineering has rapidly grown through the completion of design and construction projects for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project.

GR Engineering has undertaken feasibility studies for projects in over 20 countries. These studies play a key role in delivering organic growth opportunities through their conversion into design and construction projects.

GR Engineering directly employs more than 255 professional and support staff at its offices in Perth, Kalgoorlie and Brisbane in addition to its direct construction workforce and subcontractors.