ASX RELEASE

24 August 2012

For immediate release to the market

FY12 FINANCIAL RESULTS

Headline Results

- Sales revenue $152.8 million – a record for the Company
- EBIT $17.8 million
- PBT $19.9 million – in line with guidance
- NPAT $13.1 million
- Cash flow from operations $16.2 million
- Fully franked dividend 4cps - FY12 total dividend 8cps, fully franked
- Well funded and positioned for growth – FY12 net cash $38.4 million[1]

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) today announced its annual results for the financial year ended 30 June 2012.

The results reflect the Company's first full financial year as a public listed entity, and have delivered strong operational achievements and sound financial performance in a challenging operating environment.

Sales revenue for FY12 was $152.8 million, a record achievement for the Company. During this period, the Company's financial performance reflected its continued investment for growth largely arising from its geographical diversification and expansion into West Africa and the execution of operational strategies, all of which better position GR Engineering to undertake increased levels of work. FY12 has also been a period of volatility in global markets that has created a conservative capital expenditure environment for many of the Company's clients, ultimately resulting in some project delays and deferrals.

Commenting on GR Engineering's FY12 financial results, the Company's Managing Director, Mr Joe Ricciardo, said:

"The achievement of record revenue of $152.8 million for FY12 was a pleasing result considering the challenging market environment in which the Company has operated. Consistent with its strong track record and reputation, GR Engineering has successfully delivered a number of projects to clients on time and on budget in FY12, including the $75 million 750Ktpa lead / zinc processing plant for CBH Resources' Rasp Mine, the Company's largest executed contract to date.

GR Engineering has positioned itself such that it is now well placed to undertake large scale design and construction works in Australia and West Africa.

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

The Company has strong confidence as it continues to transition and roll-out its strategy and is striving to realise the consequential financial benefits of that implementation into FY13 and beyond."

The Directors of GR Engineering take this opportunity to thank all shareholders, customers and personnel for their ongoing loyalty, support and contribution to the Company's FY12 financial results.

A summary of the financial results follow:

Full year ended 30 June 2012		FY12	FY11
Revenue from operations	*$m*	**152.8**	**142.5**
EBITDA	*$m*	**18.4**	**28.9**
EBITDA Margin	*%*	*12.1%*	*18.9%*
EBIT	*$m*	**17.8**	**28.3**
EBIT Margin	*%*	*11.6%*	*18.5%*
PBT	*$m*	**19.9**	**29.2**
PBT Margin	*%*	*13.0%*	*20.5%*
NPAT	*$m*	**13.1**	**21.1**
Basic EPS	*cps*	**8.7**	**14.1**[1]
Net Operating Cashflow	*$m*	**16.2**	**15.6**
Net Cash	*$m*	**38.4**	**34.6**
Total Equity	*$m*	**42.2**	**40.8**

1. *Based on post-IPO share capital of 150 million fully paid ordinary shares.*

Safety Performance

During FY12, GR Engineering continued to maintain its excellent safety record of zero lost time injury frequency rate (LTIFR), extending its record to 734 consecutive days LTIFR for all employees and sub-contractors.

GR Engineering remains committed to further improving its already robust safety performance and striving to prevent harm and injury.

Operational Overview

Design and Construction

GR Engineering is pleased with the performance of its design and construction operations in FY12, with a number of significant achievements made through the successful delivery of six greenfields and brownfields projects. Commenting on the performance of GR Engineering's design and construction operations, Mr Ricciardo said:

“GR Engineering’s design and construction operations have contributed in excess of 90% of the Company’s revenue in FY12, delivering successful financial and operational outcomes to clients in the base metals and gold sector. GR Engineering has enhanced its reputation as a contractor of choice for clients that require fixed price construction and guaranteed performance outcomes.”

Of particular significance was the successful delivery on time and on budget of the Company’s largest project to date, being the design and construction of the $75 million 750Ktpa lead / zinc processing plant for CBH Resources’ Rasp Mine.

GR Engineering is also extremely pleased to have attracted a number of new clients in FY12. The Company was engaged on various EPC contracts with Newcrest Mining Limited and Sandfire Resources NL, all of which were awarded upon the completion of early stage studies and demonstrate GR Engineering’s capabilities to work with clients from project inception through to project delivery.

The Company was challenged in FY12 by a number of factors that contributed to margins declining from historic levels in its design and construction operations. A desire to grow the Company’s earnings profile and possess capabilities to undertake larger design and construction projects, along with its strategy to expand operations into Queensland and West Africa, has resulted in GR Engineering increasing its staff numbers and operational capacity. These factors, coupled with some project delays and deferrals, have resulted in sub-optimal manpower utilisation and higher overhead costs as a proportion of revenue. However, the Company is confident that this situation will reverse over the short to medium term once the benefits of its strategic transition result in new contracts being awarded.

Studies and Consulting

GR Engineering was awarded and completed over 30 studies and consulting engagements in FY12 for gold, base metals and iron ore projects in Australia, West Africa, South America and other foreign jurisdictions, many of which carry strategic importance as future design and construction opportunities.

GR Engineering is currently engaged on 18 studies, several for near term projects and with aggregate notional EPC / EPCM revenue values of over $850 million. The Company is also engaged on detailed design works for two West African gold projects in Mali and the Ivory Coast, both of which have the potential to lead into EPCM engagements.

“GR Engineering’s studies and consulting operations continue to play a critical role in our business where we can work collaboratively with clients during the project evaluation phase and develop intimate project knowledge. It is this knowledge that leaves GR Engineering well placed to assist clients achieve their required project outcomes,” Mr Ricciardo said.

In FY12, GR Engineering demonstrated its capacity to convert studies into design and construction projects, with all EPC contracts in the period being awarded following the Company’s delivery of feasibility studies.

The Company has also been active on multiple peer review assignments for Australian clients with overseas projects (i.e. Brazil and Turkey), acting as independent engineers to provide project oversight and support to manage and mitigate technical, operational and project delivery challenges.

Balance Sheet

As at 30 June 2012, GR Engineering had net cash of $38.4 million, with $38.9 million in cash deposits.[2]

GR Engineering's balance sheet remains strong, with no material debt and leaving the Company well placed to undertake projects with significant bonding requirements

Corporate

Merger and Acquisition Activity

GR Engineering considered various corporate merger and acquisition opportunities throughout FY12, albeit none progressed to completion. GR Engineering will continue to seek and consider value accretive merger and acquisition opportunities as they arise.

Equity Incentive Plan

GR Engineering introduced the GR Engineering Services Limited Equity Incentive Plan (**Plan**) in FY12. The Plan is intended to be tabled for approval by GR Engineering's shareholders at the 2012 Annual General Meeting to be held on Friday, 30 November 2012. The main objective of the Plan is to provide the Company with a remuneration mechanism through the issue of equity securities in the Company and to motivate and reward the performance of employees in achieving specified performance milestones within a specified performance period. The Plan facilitates the issue of equity securities in the Company in the form of both performance rights and share appreciation rights. No securities have been issued under the Plan to date.

Further details of the Plan will be provided in the Company's Notice of Annual General Meeting.

Dividend

The Company has declared a fully franked final dividend of 4 cents per share, with a record date of 17 September 2012 and being payable on 28 September 2012. This dividend is equal to the interim dividend and brings to total FY12 dividend to 8 cents per share (fully franked).

Workforce

As at 30 June 2012, the Company engaged 223 professional and support staff in addition to its direct construction workforce and subcontractors. This is an increase of 20% from FY11 and has delivered considerable capacity to the Company to drive future growth.

Outlook

GR Engineering looks forward to continuing its track record of successful project delivery into FY13 by pursuing a number of domestic and offshore design and construction opportunities. The Company is well placed to realise this objective through the execution of fixed price EPC contracts that can be supported by the Company's strong balance sheet and existing workforce.

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

GR Engineering anticipates revenue and profit before tax for FY13 in line with FY12 results, with earnings weighted towards the second half of the financial year.

Further Information

Please refer to GR Engineering's FY12 audited Annual Financial Report and FY12 Results Presentation for further information.

Ends.

For further information contact:

Joe Ricciardo
Managing Director

☎ +61 8 6272 1547
✉ joe.ricciardo@gres.com.au

Media Enquiries
Sara Clafton
Clafton Counsel
☎ +61 414 300 095
✉ sclafton@claftoncounsel.com.au

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 220 professional and support staff at its offices in Perth, Kalgoorlie and Brisbane in addition to its direct construction workforce and subcontractors.