



ASX Announcement

19 November 2012

For immediate release to the market

GR Engineering Services Limited (ASX:GNG) (**GR Engineering or Company**) wishes to advise that its expected financial performance for the year ended 30 June 2013 (FY13) is being adversely impacted by project delays and deferrals.

In addition, the Company's first half performance will be affected by one-off legal costs and a write-off associated with the now resolved dispute with Gold Ridge Mining Limited, which total \$2.1 million.

The Company forecasts that FY13 revenue will be in the order of \$140 million to \$145 million, compared with revenue of \$152.1 million in FY12. Profit before tax is now forecast at approximately \$13.0 million to \$13.5 million for FY13 compared to \$19.9 million in FY12. The first half of FY13 is now expected to contribute \$50 million to \$55 million to FY13 revenue, and \$1.8 million to \$2.1 million to FY13 profit before tax.

Managing Director of GR Engineering Joe Ricciardo said:

"Like many other companies operating in our sector, high operating costs, delays in obtaining regulatory approvals, tighter debt and equity markets and commodity price uncertainty has resulted in a number of our potential projects that had been expected to contribute to first half earnings being either delayed or deferred.

On a positive note, the level of study and engineering activity remains robust and we expect the results for our second half of FY13 to be far stronger than those for the first half. Together with work being undertaken on both EPC and EPCM style engagements, the Company's current workload supports our existing manpower levels.

Our primary objective is the conversion of completed studies into EPC and EPCM contract awards.

The Company's cash and working capital position remains strong with approximately \$30 million cash on hand and virtually no debt. Together with its excellent market reputation, GR Engineering is well placed to deliver on existing opportunities as and when they convert into contract awards".

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