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22<sup>nd</sup> February 2011

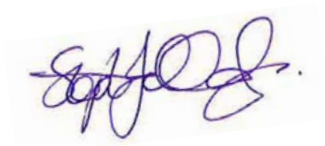
Company Announcements Office  
ASX  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs,

**COMPANY ANNOUNCEMENT & BUSINESS UPDATE ON FY 2011 HALF YEAR RESULTS**

Please find attached statement by Directors.

Yours faithfully



Stephen Munday  
Company Secretary

ASX / Media Release dated 22 February 2011

## HALF YEAR RESULTS AND OUTLOOK

	First Half FY 2011		First Half FY 2010		Adjusted Change	Reported Change
	Adjusted Results (excluding Once-off)	Reported Results (including Once-off)	Adjusted Results (excluding Once-off)	Reported Results (including Once-off)		
Revenue	<b>\$32.41 million</b>	\$32.4 million	<b>\$29.32 million</b>	\$29.32 million	<b>10.5%</b>	10.5%
EBIT	<b>\$3.96 million</b>	\$3.31 million	<b>\$3.85 million</b>	\$3.54 million	<b>2.9%</b>	(6.8)%
NPAT	<b>\$2.46 million</b>	\$2.0 million	<b>\$2.32 million</b>	\$2.10 million	<b>6.0%</b>	(4.8)%

- ✦ Revenues of \$32.41 million for the first half (up 10.5% on first half FY 2010)
- ✦ Reported EPS 0.76 cents (down 6% on first half FY 2010); however, adjusted EPS 0.94 (up 6% on adjusted first half FY 2010)
- ✦ First half performance affected by once-off relocation and succession related costs of around \$0.65 million masking some otherwise strong performance across many of the groups' businesses
- ✦ Net debt \$9.9 million (down 14% from 31 December 2009 and down 3% from 30 June 2010)
- ✦ Operating cash flow \$0.8 million (down from \$3.5 million first half FY 2010) due to tax payments and reduction in payables and accruals
- ✦ Dividend from 2010 delayed until Q4 due to uncertainty of severe weather events in the eastern states
- ✦ Over 400 professional, technical and engineering staff based in 16 offices servicing Australia and Asia which is a small growth on FY 2010 levels
- ✦ Planned strategic realignment of the consulting businesses from a federated model into a more integrated service delivery model to better service clients and drive consistent growth in all consulting business units
- ✦ Second half commenced with uncertainty from severe weather along the east coast, adverse effects on several of the group's businesses and clients in the first month; however, these are anticipated to recover due to large scale reconstruction service requirements. Whilst some uncertainty remains, the company believes it will achieve earnings guidance.

**Melbourne, Australia 22 February 2011** - Greencap Limited (**ASX: GCG**) today announced FY 2011 half year revenues of \$32.41 million an increase of 10.5% generating a net profit after tax of \$2 million which is 4.8% lower than the same period last year. The six months saw several once-off costs associated with the succession of vendor managers of several businesses and the relocation of the corporate office from West Australia to Victoria, closer to the group's main operations. The adjusted EBIT excluding these costs rose to \$3.96 million an increase of 2.9% compared to the same period last year.

Andrew Meerman, Greencap's CEO made the following comments on the results:

*"The group's results are on the whole very encouraging. The first half's results were impacted by the costs incurred in relocating the corporate office closer to the company's main operations and moving forward with the succession of exiting vendor managers. Excluding these once-off costs the group experienced growth in revenue and earnings consistent with the full year projections announced during the AGM.*

*The group's consulting businesses are being realigned to provide a more integrated risk management service offering to clients. This will enable clients to rely on Greencap to provide a national uniform risk management service across people, property and environments with single points of contact in an integrated customer service model.*

*The group strategic review undertaken in November and December 2010, highlighted several areas which need further investigation and research. These are being undertaken during this half year with further announcements expected to be made to shareholders shortly.*

*Pleasingly, our investment in the establishment of operations in Indonesia has seen the development of a strong and growing business unit. This operation allows the group to service a growing demand for better environmental evaluation and management of resource industry developments throughout Asia. The operations are now holding its own and we expect to see a return on the investment over the next twelve months.*

*I am encouraged most of all by the continued level of commitment and diligence of the group's staff. Through their efforts, the reputation for excellence and reliability of the risk management services provided by the group continues to grow. Our reputation is a key driver in the continued growth of the group's revenue and on your behalf I acknowledge our appreciation of their efforts."*

The board have decided to delay the FY 2010 related dividend until the final quarter of this year due to the uncertainty from severe weather events along the east coast, as evidenced by the adverse effects on several of the group's businesses and their clients in the first month of the second half. Whilst there are positive indicators of recovery due to the service requirements from large scale reconstruction which necessarily include environmental and health and safety issues, the board does not wish to restrict the implementation of the strategic realignment of the group by potentially constraining the group's access to cash during this quarter.

*Commenting on that decision Mr Meerman said:*

*"I share the disappointment of shareholders at the need to continue to defer the FY2010 dividend payment due to the uncertainty around the timing of the workflow anticipated from the reconstruction efforts along the east coast. However, the business must continue to implement the realignment of its consulting businesses to drive growth and realising the other core elements of the strategic review. By delaying the dividend payment, the business can continue with this important task, notwithstanding the potential short term impact of the severe weather events across the eastern states.*

*Balancing this issue is the continuing reduction of net debt in the group, strengthening the balance sheet and allowing the group to consider alternative strategies for growth, capital management and enhancing shareholder wealth."*

Attached to this announcement is a presentation which will be the basis for any briefing to the investment community over the next month.

The Greencap Limited group of companies provides risk management service in every state of Australia and throughout Australasia. The group's member companies provide expertise across OH&S, Property Risk Services, Business Continuity, Sustainability, Environmental Services, Hazardous Materials Risk Management, Contaminated Site Rectification, Fire Safety Engineering and incorporates training, testing and web based solutions. With over 400 professional, technical and engineering staff based in 16 offices the group services to over 5,000 businesses and government entities in the education, property, resources, industrial, manufacturing, retail and services sectors. The diversity of clients and services allows Greencap to live up to its claim of "protecting people, property and environments".

**Our group companies:**

**Noel Arnold & Associates Pty Ltd** operates across a wide range of risk management disciplines, including OH&S, environmental risk, property risk and business risk. Refer [www.noel-arnold.com.au](http://www.noel-arnold.com.au).

**AEC Environmental Pty Ltd** specialises in key issues surrounding land contamination and asbestos management. This includes the provision of independent environmental audits of potentially contaminated land. Refer [www.aecaust.com.au](http://www.aecaust.com.au)

**Trimevac Pty Ltd** provides a broad range of fire and emergency response management and safety risk assessment services to assist building owners, employers and employees manage their 'duty of care' in this specialist field. Refer [www.trimevac.com.au](http://www.trimevac.com.au)

**ENV Australia Pty Ltd** offers a broad based environmental services solution to both public and private sector clients, with particular expertise in earth chemistry, water and sustainability, environmental management, and biological sciences. Refer [www.env.net.au](http://www.env.net.au)

**ECC Pty Ltd** provides specialist advice in Legionella, water, energy and corrosion management for owners and managers of commercial buildings, hotels, hospitals and shopping centres as well as industrial and manufacturing sites throughout Australia. Refer [www.eccptyltd.com](http://www.eccptyltd.com)

**Environmental & Licensing Professionals Pty Ltd** offers environmental licensing and approvals, title and tenement management capability (including native title and cultural heritage), environmental management systems development and emissions reporting. Refer [www.elp.com.au](http://www.elp.com.au) and [www.muddyboots.net.au](http://www.muddyboots.net.au)

**Trevor R Howse & Associates Pty Ltd** is a specialist building and fire safety services company providing services in Building Regulations; Fire Safety Engineering; and Management Services - refer [www.trh.com.au](http://www.trh.com.au)

**MC2 Pacific Pty Ltd** offers Business Continuity Management services encompassing systems for managing risks, responding effectively to crisis and emergency events, and implementing appropriate contingency and recovery plans. Refer [www.mc2pacific.com.au](http://www.mc2pacific.com.au)

**Leeder Consulting Pty Ltd** is a specialist Lab providing high quality laboratory and data interpretation services and has one of Australia's widest range of NATA accreditation for specialised environmental testing. Refer [www.leederconsulting.com](http://www.leederconsulting.com)

**Further information please contact**

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# First Half Results and Outlook



**FY 2011**

Andrew Meerman, CEO

Stephen Munday, CFO

**Headlines**

**Half Year Results in Detail**

**Our Clients**

**Our People**

**Specialist Service Offerings**

**Strategic Review**

**Summary**



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- ▶ Net debt \$9.9 million (down 14% from 31 December 2009 and down 3% from 30 June 2010).
- ▶ Operating cash flow \$0.8 million (down from \$3.5 million first half FY 2010) due to tax payments and reduction in payables and accruals.
- ▶ Dividend from 2010 delayed until Q4 due to uncertainty of severe weather events in the eastern states.
- ▶ Over 400 professional, technical and engineering staff based in 16 offices servicing Australia and Asia which is similar to FY 2010 levels.
- ▶ Planned strategic realignment of the consulting businesses from a federated model into a more integrated service delivery model to better service clients and drive consistent growth in all consulting business units.
- ▶ Second half commenced with uncertainty from severe weather along the east coast, adverse effects on several of the group's businesses and clients in the first month; however, these are anticipated to recover due to large scale reconstruction service requirements. While some uncertainty remains, the company believes it will achieve earnings guidance.

## Revenue & Earnings

- ▶ Strong Revenue growth in several businesses has more than made up for weakness experienced in others. The restructure of the group should see more consistent growth across the whole group.
- ▶ The first half's results were impacted by the costs incurred in relocating the corporate office and moving forward with the succession of exiting vendor managers.
- ▶ The adjusted EBIT excluding once-off costs rose to \$3.96 million an increase of 2.9% compared to the same period last year. The first half growth in revenue and earnings is consistent with the full year projections announced during the AGM.
- ▶ Second half commenced with uncertainty from severe weather along the east coast, adverse effects on several of the group's businesses and clients in the first month; however, these are anticipated to recover due to large scale reconstruction service requirements.

	Half Year 2010 \$ 000s	Half Year 2009 \$ 000s
<b>Revenue</b>	<b>32,436</b>	<b>29,398</b>
<b>Adjusted EBIT</b>	<b>3,962</b>	<b>3,846</b>
Interest expense	-482	-515
<b>Adjusted PBT</b>	<b>3,480</b>	<b>3,331</b>
Adjusted Tax Expense	-1,020	-1,012
<b>Adjusted NPAT</b>	<b>2,460</b>	<b>2,319</b>



## Balance Sheet

	As at 31 Dec 2010 \$ 000s	As at 30 June 2010 \$ 000s	As at 31 Dec 2009 \$ 000s
Cash	3,757	3,340	3,582
Senior Debt	-12,800	-12,612	-14,310
Net Debt – excluding equipment finance	-9,043	-9,272	-10,728
Equipment finance	-889	-983	-872
<b>Total Net Debt</b>	<b>-9,932</b>	<b>-10,255</b>	<b>-11,600</b>
Net Debt: Total Equity	16.5%	17.7%	20.8%
Interest cover by Reported EBIT (annualised)	7.2 x	8.1 x	6.9 x
Net Debt: Report EBIT (annualised)	1.4 x	1.2 X	1.5 x

- ▶ The Net Debt of the group has continued to reduce strengthening the balance sheet and allowing the group to consider alternative strategies for growth, capital management and enhancing shareholder wealth.
- ▶ Traditionally the second half performance is stronger than the first resulting in the net debt coverage ratio fluctuating between slightly weaker each half and stronger each year end. However, as can be seen in the numbers, the overall net debt continues to be reduced.

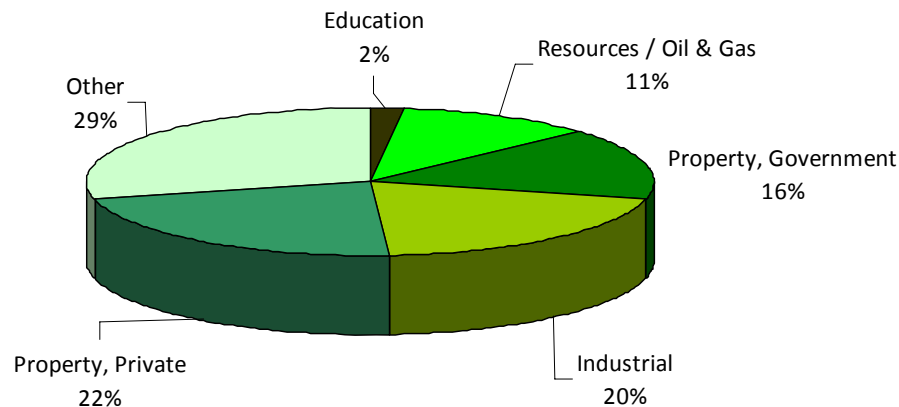
## Cash Flow

	6 months ending 31 Dec 10 \$ 000s	6 months ending 31 Dec 09 \$ 000s
Net cash flows provided by operating activities	<b>815</b>	3,508
Net cash used in investing activities	<b>-373</b>	-1,293
Net cash used in financing activities	<b>-21</b>	-2,420
Net (decrease) / increase in cash held	<b>421</b>	-205
Net foreign exchange difference	<b>-4</b>	-
Cash & cash equivalents at beginning of period	<b>3,340</b>	3,787
Cash & cash equivalents at end of period	<b>3,757</b>	3,582

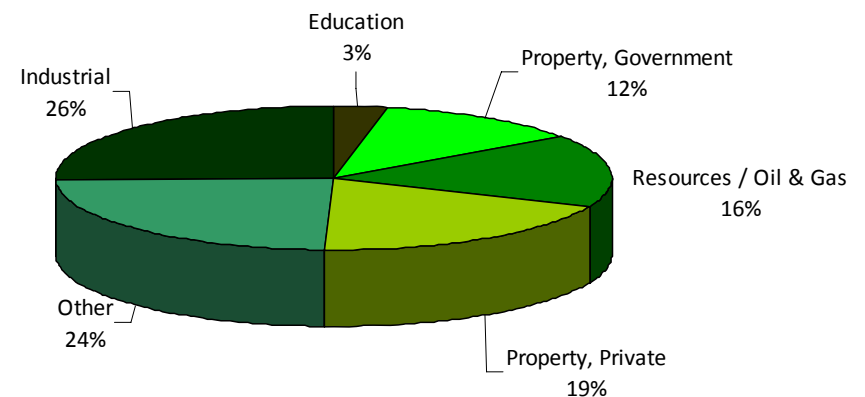
- ▶ When comparing the group's operating cash flow to the first half of FY 2010 the following should be noted:
  - ▶ \$2 million of payments made during the last six months relating to the preceding period, reflected in the decrease in payables in the balance sheet.; and
  - ▶ \$1 million income tax payments were made for which there is no comparable number in the first half of FY 2010.

- ▶ The group provides its risk management consulting services to a broad range of market sectors across Australia and increasingly across our borders into Asia.
- ▶ Growth in our Resources and Oil & Gas sectors client work tracks along with our strategy of increasing our service provision into this growth sector.
- ▶ Whilst our Resources sector work is being impacted by the severe weather we anticipate this sector to continue to grow through the remainder of the 2011 calendar year.

**Greencap 6 Months June 2010 Revenue by Client Sector**



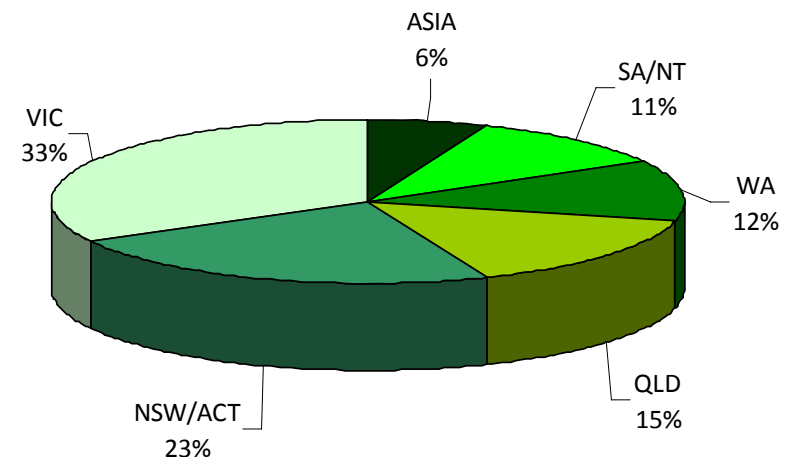
**Greencap 6 Months December 2010 Revenue by Client Sector**



## As a professional services organisation our people represent our greatest asset

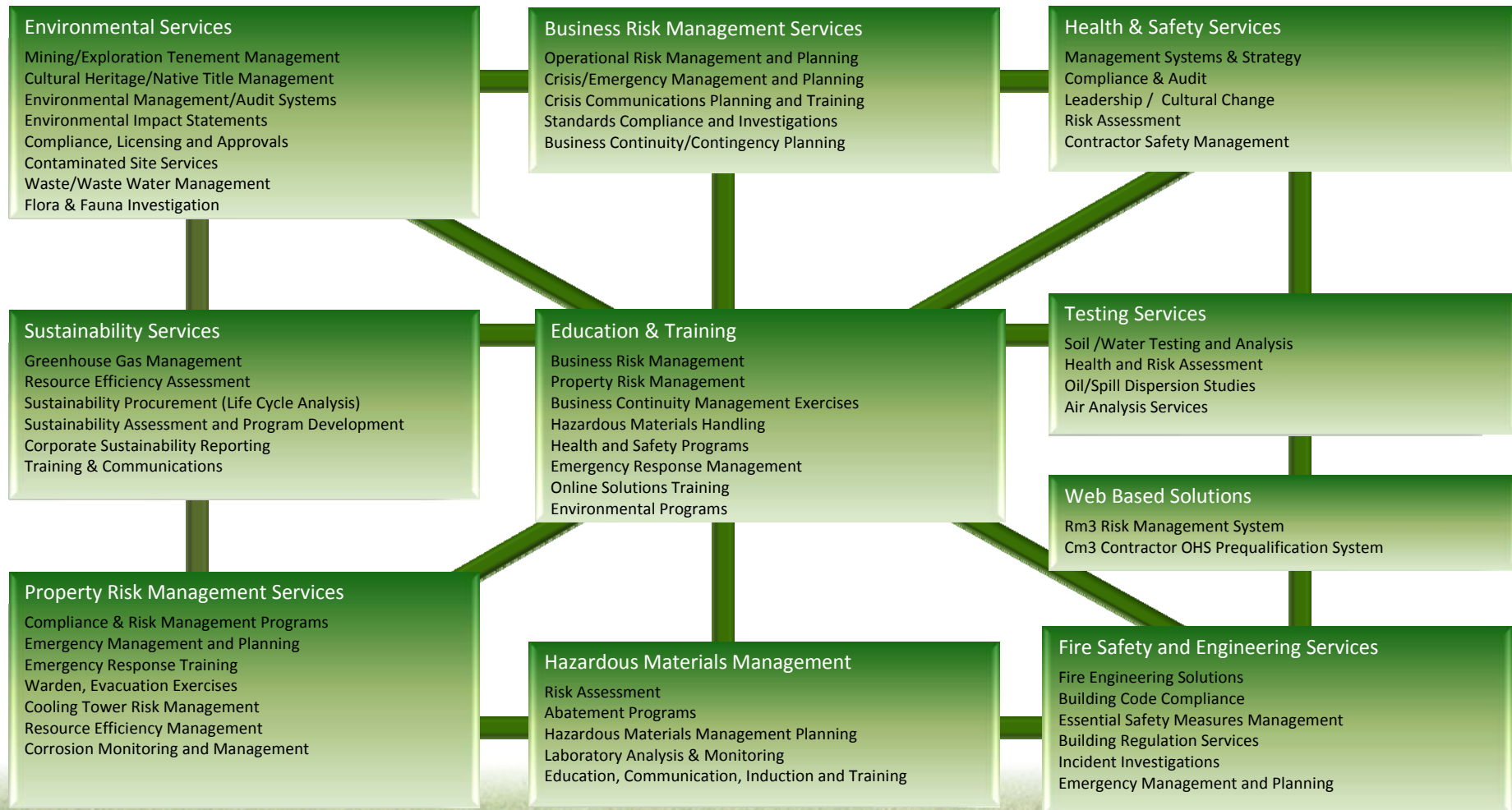
- ▶ The group has in excess of 400 staff performing a wide range of risk management services from specialist technical services through strategic and policy advice to certified audit and assurance services.
- ▶ Our depth of staff from newly appointed graduates to 20 year service, industry recognised experts is achieved through a diversity of opportunity and a focus on development and training.
- ▶ By focusing on our people we achieve a level of commitment and reliability which when combined with our range of risk management expertise is unmatched in Australia.

**Greencap Staff by Region**





## Unique breadth of services, capabilities & skills



The business conducted a strategic review in December 2010 and established strategic initiatives to deliver improved service delivery and performance:

## Overview

- ▶ The company is well positioned to leverage its core risk management services as a growth platform.
- ▶ Significant opportunities identified to improve operating efficiency & value proposition.
- ▶ Our clients seeking more integrated service delivery & offering.

## Outcomes

- ▶ Realignment of the group under one brand with uniform processes & systems.
- ▶ Focus on driving revenue growth & margin enhancement.
- ▶ Service expansion in key regions.

The company is well positioned for growth:

## Our Capability

Building integrated sustainable risk management solutions to enable clients take best advantage of the changing business landscape whilst protecting people, property & the environment.

## Drivers for Growth

- ▶ Legislative environment driving higher standards of performance.
- ▶ Strengthening corporate governance imperatives.
- ▶ Increasing maturity of risk management standards & practices.
- ▶ Improved business outcomes: performance, resilience & competitive advantage.

## Key Differentiators

- ▶ Breadth of operational risk services.
- ▶ Geographic reach: Australia/Asia.
- ▶ Benchmark for thought & action leadership.
- ▶ Continuously responding, innovating & evolving.
- ▶ Reputation for delivery of practical outcomes.
- ▶ Australian owned, managed & trusted.

## Key Initiatives

- ▶ Consolidation of disparate consulting brands and service offering.
- ▶ Driving revenue growth through integrated marketing, account management and business development programs.
- ▶ A focused strategic realignment concentrating development into risk management growth segments.
- ▶ Expansion of high demand services in key geographies in Australia and broaden the scope of service offering in the growing Asian operations.
- ▶ Focused development strategies in segments experiencing long term growth, including the government and resource sectors.
- ▶ Expansion of our unique web based risk management products in delivering enterprise solutions and leveraging consulting opportunities.

## Benefits

- ▶ National footprint with right mix of services in key geographies.
- ▶ Improved management of key accounts, delivering enhanced client outcomes and revenue growth.
- ▶ Increased opportunity in growth sectors.
- ▶ Market differentiation through innovative solutions & web based products.



## Key Initiatives

- ▶ Creation of an integrated consulting services delivery model with a Australasian footprint.
- ▶ Implementation of a shared services platform to deliver finance, IT & HR more efficiently.
- ▶ Focusing on improving resource utilisation through integrated group-wide human resource management.
- ▶ Realignment of operations under a regional structure.
- ▶ Ongoing implementation of strategies to increase efficiency and improve resource productivity.
- ▶ Implementation of service offering realignment and integration to ensure long term and sustainable growth

## Benefits

- ▶ Uniform coordination and management of client service delivery.
- ▶ Reduced operating costs through shared service functions & improved efficiency.
- ▶ Strengthened performance accountability aligned with regional structure & human resource management systems.
- ▶ Enhancement of operating margins.

- ▶ Strong underlying revenue and earnings performance
- ▶ Continued reduction in net debt = stronger Balance Sheet
- ▶ Second half risk due to severe weather events but reconstruction efforts will need risk management services
- ▶ Broad capabilities servicing markets driven by legislative requirements
- ▶ Realigning the businesses to provide better service to clients and more consistent growth
- ▶ Strategic review outcomes being implemented during this half year – more will be announced on this shortly