

HALF YEAR RESULTS AND OUTLOOK

	First Half FY 2012		First Half FY 2011		Change	
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued
Revenue	\$32.20 million	\$3.23 million	\$28.50 million	\$3.96 million	13.0%	(18.4)%
EBIT	\$2.78 million	\$(0.04) million	\$2.92 million	\$0.38 million	(4.8)%	(110.5)%
NPAT	\$1.59 million	\$(0.04) million	\$1.75 million	\$0.25 million	(9.3)%	(116.0)%

- ✦ Revenues from continuing operations of \$32.2 million for the first half (up 13% on last year)
- ✦ EBIT from continuing operations of \$2.78 million for the first half (down 4.8% on last year)
- ✦ 0.25 cent fully franked Dividend declared on 30 January 2012 from the first half profits.
- ✦ Leeder Consulting Pty Ltd was sold during the first half resulting in a reduction of interest bearing debt. At 31 December 2011 the group's has Net Cash of \$1.1 million compared to Net debt of \$9.9 million same time last year.
- ✦ Operating cash flow \$0.3 million (down from \$0.8 million first half FY 2011) due to the timing of income tax and GST payments and working capital funding requirements in Asia.
- ✦ Over 430 professional, technical and engineering staff based in 8 offices servicing Australia and Asia.
- ✦ First half performance affected by project delays and general economic slowdown experienced in the second quarter of the year.
- ✦ Second half commenced with uncertainty from the ongoing economic slowdown being experienced in all but the resources, infrastructure and agribusiness sectors.
- ✦ New contracts with Spotless, Landmark, the Western Australia government water utility and the national retail and property clients implementing our online contractor management system should see substantial growth in the final four months of the 2012 financial year.

Melbourne, Australia 28 February 2012 - Greencap Limited (**ASX: GCG**) today announced FY 2012 half year revenues of \$32.2 million from continuing operations, an increase of 13% generating a net profit after tax of \$1.6 million 9.3% lower than the same period last year.

It is widely known that the resources sector is booming in Australia. Outside of the resources, agribusiness and infrastructure sectors, the demand for risk management services has weakened and competition for the lower levels of work on offer has increased. This has placed pressure on

margins in our large traditional markets which we have not been able to equally off-set through growth in the resources, agribusiness and infrastructure sectors during the first half.

The management team has been focusing its efforts on diversifying the historically high proportion of revenue from property sector clients. Whilst the first half results do not fully show these efforts projects wins including work for Landmark (agribusiness), Spotless (government services) and the WA water utility (infrastructure) support a stronger performance expectation in the second half.

In addition the continued growth of the online service offerings provides additional avenues for strong revenue and earnings growth. One of these, the CM3 contractor management system, ensures contractors comply with client's customised risk management systems designed to meet the ever increasing HS&E regulations in Australia. The implementations usually take from several months to a year to implement. When fully implemented these contracts represent in excess of \$13 million of annual compliance audit revenues.

The Indonesian resources sector is getting increasingly positive interest from foreign investors keen to pursue mining ventures, as few signs of a slowdown are seen in mineral demand from countries like China and India. We are benefitting from this sustained interest as the company is recognised as one of the area's leading environmental service providers. More importantly we have been selected as environmental service provider to a number of greenfield mine developments, which will lead to subsequent project work as these projects move from pre-feasibility to feasibility stage. Recently the Asian operations have been leveraging the OHS and property risk expertise of the Australian operations to expand their services offerings from environmental into people and property risks.

Within our Australian operations the tenement services being provided to Queensland based clients have been expanded with the addition of an online tenement management system. This system is assisting the business expand its tenement client base and move into the coal sector.

We have had a challenging first half and are anticipating that continuing at the start of calendar 2012, with improvement later in the year. In response to this the executive are driving actions to increase sales and to improve profitability. In line with our strategic plan, we continue to focus on new work in mining, agribusiness, infrastructure and associated sectors. Our clients in the more traditional markets still require risk services, often based on government regulation, however, competition is tight. To compete we continue to focus on our differentiation, that is, delivering integrated risk management services across our national footprint to major national and international businesses – our competitors cannot do this across our breadth of services. Our on-line services also provide the group with a strong competitive edge over many of its competitors.

The company has successfully exited Leeder Consulting, classified discontinued operations since June 2011, the sale resulting in a \$330,000 gain to the group. The sale of the testing business has allowed the company to repay \$8 million of its core debt, leaving the business with a working capital facility of \$5.5 million and minor hire purchase debt, off-set by the group's cash balance at 31 December 2011. The company will maintain the working capital facility to fund growth through 2012 and beyond.

The strength of the company's balance sheet is not only in the net cash at bank position of \$1.1 million (compared to net debt of \$9.9 million same time last year) but also the excess of current assets over current liabilities of in excess of \$8 million (compared to \$6.7 million same time last year).

Based on the first half results and full year expectations the company declared a fully franked dividend out of the half year profit of the 2012 financial year of one quarter of a cent (0.25 cent). The earnings in the first half, whilst lower than the same time last year, support this dividend payment. The company's dividend reinvestment plan (DRP) applied to this dividend for Australian registered shareholders. The DRP Share Price is \$0.059.

Earl Eddings, Greencap's Managing Director made the following comments on the results:

"The first half results, whilst slightly lower than last year's, reflect the current difficult economic conditions impacting the general services sector in Australia.

However, despite these economic conditions the management team have driven change throughout the organisation reinforcing our competitive advantage – the provision of a national uniform risk management service across people, property and environments.

Encouragingly this advantage has recently enabled us to win several significant projects, the Spotless contract, Landmark and the WA water utility - based on our diverse range of service abilities and truly national footprint.

Our online service offerings have been taken up by large national retail and property clients specifically the online OHS contractor management system to ensure appropriate risk management processes are in place across the whole country. Importantly these projects generate annuity revenue due to annual certification or audit requirements.

Our Indonesian operations are expanding and whilst this has consumed cash to fund the working capital needs of this expansion, the large multi-year project nature of the Asian resources sector combined with our leading position in environmental service provision is very encouraging for continued growth in the short and medium term.

As a result of these changes and with stronger performance expectation in the second half, the directors have declared a dividend out of first half earnings.

I wish to acknowledge the efforts of all staff. As always 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."

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

About Greencap Limited (ASX: GCG)

www.greencap.com.au

Greencap Limited provides risk management services in every state of Australia and in parts of South East Asia. These services include Occupational Health and Safety, Property Risk Services, Business Continuity Management, Sustainability, Environmental Services, Hazardous Materials Risk Management, Contaminated Site Management, Fire Safety Engineering and incorporates training and web based solutions. With over 350 professional, technical and engineering staff based in 8 offices, the group services over 5,000 business 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 environment".

The integrated consulting business now incorporates the following companies and brands:

Noel Arnold & Associates Pty Ltd.

Trimevac Pty Ltd

ECC Pty Ltd

Environmental & Licensing Professionals Pty Ltd

AEC Environmental Pty Ltd

ENV Australia Pty Ltd

MC2 Pacific Pty Ltd

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