

ASX RELEASE

23 March 2016

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Market Update

In accordance with Listing Rule 3.1, this market update provides confirmation of the Board of Directors' (**Board**) current expectation regarding the Watpac Limited Group's (**Watpac or Group**) 30 June 2016 full year (**FY16**) underlying net profit after tax result (**Profit**).

In accordance with Watpac's regular procedures, a review was recently completed of the Group's construction projects. This included a detailed analysis of the potential accounting impact of a recent major flood event at one of the Group's construction project sites in Sydney, for which the timing and extent of insurance and other recoveries are currently in the process of being assessed.

As a result of this review, and in consideration of the Group's policies relating to the recognition of forecast project recoveries for accounting purposes, the Board currently anticipates Watpac's FY16 Profit to be below that delivered in the 30 June 2015 financial year (**FY15**). At this stage, the Board anticipates the Group's FY16 Profit will be in the range of \$8M-12M.

While consolidated Group Profit is anticipated to be lower, the Board still anticipates the profit contribution from its Construction businesses in FY16 to be in line with that reported in FY15. With a national contracting work in hand position in excess of \$1.5B and a diverse mix of projects and clients, the Board remains confident that Watpac's Construction businesses will continue to deliver strong financial performance growth in future reporting periods.

The Board also anticipates the Civil & Mining business will make a modest yet positive contribution to the Group's Profit in the second half of FY16.

Yours sincerely,

WATPAC LIMITED



Mark Baker
COMPANY SECRETARY

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