



Hastie Group

Hastie Group Limited

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ASX/MEDIA RELEASE

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MARKET UPDATE – MIDDLE EAST DISPUTE

As advised previously, a dispute arose with Dutco Balfour Beatty LLC (“DBB”) in relation to the Al Ali Multiuse Complex – Novotel at Al Bashra, Dubai (*Project*). DBB purported to terminate the contract on the Project and called for payment of performance guarantees and advance payment bonds (*the Guarantees*) issued by Hastie Group’s lenders on behalf of Rotary Humm (M&E) Services UAE LLC.

Although proceedings to prevent the Guarantees being paid have not been heard by the Dubai court and notwithstanding that an injunction was granted by the NSW Supreme Court restraining the payment of the Guarantees (*Local Injunction*), the Company has been advised that DBB has been paid \$7.4 million under the Guarantees. The amount paid to DBB exceeds the agreed value of \$6.2 million of the Guarantees.

The Local Injunction will be further considered by the NSW Supreme Court on 11 May 2012.

The Company’s banking syndicate has indicated that it will not, whilst the Local Injunction remains in place, take any steps under the Syndicated Facility Agreement (*SFA*) to recoup any payments made under the Guarantees. If steps are subsequently taken under the *SFA* to recoup such payments, then the Company will have 60 days in which to repay the amount (if any) drawn in excess of the available facility.

Given that the Guarantees have now been paid and in view of associated costs, the Company confirms guidance on 20 April 2012 that the anticipated EBIT for the half-year ending 30 June 2012, will be reduced to approximately \$0.

The Company has written to the banking syndicate seeking a waiver of the Review Event arising from the suspension of trading of the Company’s shares. The Company awaits a response from the Banks and will update the market as soon as it is received.

The Company advises that Mr. Rick Turchini who became a director on 1 January 2012 has resigned as a Director, effective close of business yesterday. The Company thanks Mr. Turchini for his contribution.

Hastie Group Limited is a leading provider of technical and engineering services to the building, infrastructure and resources sectors. Hastie designs, manufactures, installs and maintains HVAC, Fire, Electrical, Plumbing, Industrial / Commercial Refrigeration and Marine and Offshore systems and equipment. Hastie operates throughout Australia, New Zealand, the UK, Ireland and the Middle East.

For further information, please contact the Group CEO, Bill Wild, or the Company Secretary on +61 2 9714 4602.