



**SOUTHERN CROSS  
ELECTRICAL  
ENGINEERING LIMITED**

3 December 2010

The Manager

Company Announcements Office  
Australian Securities Exchange Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Trading Update**

Southern Cross Electrical Engineering Limited (ASX:SXE) today announced that following a comprehensive review of its forecast earnings for FY2011, the company expects that net profit after tax ("NPAT") will be materially lower than the FY2010 NPAT of \$8.8 million. The result is primarily due to margin pressure on some projects that were secured when the contracting environment was very competitive following the GFC and a number of significant project delays.

While this is a disappointing result in the short term, SCEE is confident of a solid turnaround in financial performance in FY2012, and anticipates NPAT will be above the \$8.8 million recorded in FY2010.

SXE is currently in the final stages of tendering for a range of long-term contracts, and is confident of securing a number of projects in the next three months. If successful, FY2011 revenue is expected to exceed the \$97.4m revenue recorded in FY2010. This will result in a much stronger and predictable order book for FY2012 and FY2013 which will underpin revenue and profit growth.

SXE Managing Director, Simon High said: "While all projects continue to deliver a profit, the increasingly competitive environment has put pressure on margins and impacted NPAT. We are confident that we will increase profitability from FY2012 onwards.

"With the number, quality and size of the projects in SXE's pipeline, margins are expected to improve over the next year. Given the strength of the pipeline, SXE will continue to retain the current capacity it is carrying in the business.

"There are tangible signs of a market upturn as witnessed by recent positive announcement from companies operating in the civil and mechanical segments, which are leading indicators. Tendering activity also continues to show signs of growth."

The company will update shareholders in the coming months on the outcome of its tendering activities.

-ENDS-

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