



MARKET UPDATE

The Board with Management are continually reviewing the performance and future prospects of existing businesses within the Structural Group.

After several years of losses in the Meridian Concrete business, the Board could not be satisfied that this situation would change in a meaningful way and therefore instructed management to seek a way to divest this business. In the 2013 financial year Meridian recorded sales revenue of \$67.3 million and a substantial loss. The Victorian construction market, in which Meridian operates, is extremely difficult at present and it is unlikely to improve in the near future.

The Board is now able to advise that a sale of the fixed assets of Meridian was finalised on the 2nd September. All remaining employees were transferred to the buyer of the assets. The sale price realised the book value of assets included in the sale.

As a result of business losses and redundancies already incurred in July and August 2013, and the forecast costs required to finalise jobs (not transferred as part of the sale), a loss will be incurred for the current financial year.

However shareholders should note that the forecast loss for this financial year will be approximately \$700,000 to \$900,000 less than the loss recorded by Meridian in the year ended 30 June 2013. The sale will also generate positive cash flow of approximately \$3.7 million primarily from the release of working capital.

David Perry
Managing Director
Released: 3 September 2013