

1st February 2013

Misappropriated Funds

The Board does not expect a material effect on the results of the Company due to a subsidiary of the Company being subjected to a recent fraud by an employee involving stolen cheques and forged signatures. The fraud has been referred to the police. Based on legal advice, the Board is expecting that the misappropriated funds will be recovered from our insurance company and or the bank.

Ends

A handwritten signature in black ink, appearing to read "Robert Lynch", written in a cursive style.

Chairman

Robert Lynch