

19 December 2008

**Announcements Officer**

Australian Stock Exchange Limited  
Sydney New South Wales

Dear Sir,

**FY 2009 PROFIT UPDATE**

KLM Group advises it anticipates a trading loss for the first half of F2009 estimated between \$1.3m and \$1.6m after tax and including the write-off of impaired goodwill associated with a security business acquisition.

The company expects to return to profitability in the second half, and for the full year based on current contracts in place. Revenues for the first half will be approximately \$80m with anticipated growth in the second half of approximately 10%.

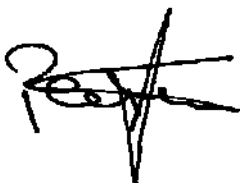
Results in the first half have been impacted by further losses on two construction projects, one in Melbourne and the other in Queensland. Full provision has been made in the F2009 first half result to complete both jobs.

The company has incurred a one off non-cash charge of \$263,000 in the first half after writing off the goodwill relating to the acquisition of Qolit, which has not performed to expectation.

The major issue with the new software package has been resolved with timely information now flowing to the management team. Nevertheless the full benefits of the system have not yet been realized and the company believes it will take the next three months to fully implement. Implementing the system has been a major distraction for all employees over the previous five months.

For the full year the company expects to remain profitable however the full year's earnings will be less than last year.

**KLM Group Ltd**



**Mr. Peter Jinks**  
**Joint Managing Director**