

MARKET UPDATE

Recently the Directors were made aware of a contractual issue on a major project that could have an adverse impact on the Company's annual result for FY14. Following a detailed review by management and then by the board on Friday the 18th of July, it became clear that the potential impact on FY14 results was material.

Consequently profit guidance given by the Company on May 8 this year can no longer be sustained. The Directors now advise that the pre-tax profit for the 12 months ended 30 June 2014 will be approximately \$5.0 million (previously \$6.7 to 7.5 million).

The Directors are very disappointed with this outcome but are confident that with a new management team in place the Company is now well positioned for the future.

Given the Company's strong cash position it is the intention of the Directors to pay a final dividend of 2.5 cents (fully franked). Shareholders should note that this is NOT a formal declaration of dividend and Shareholders should only rely on the official declaration of dividend as to the amount, timing and the level of franking.