



ASX RELEASE

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## **ALLOMAK LIMITED (ASX CODE: AMA) TRADING UPDATE FOR FIRST HALF 2009**

Allomak Limited (Allomak or the Company) (AMA) issued a trading update on 23 October 2008 in relation to its half year results to 31 December 2008. In that update the Company advised the market that first quarter revenue was generally in line with budget expectations of \$20.9 million (actuals down 2.9%).

In line with prior market advice, the Company expects that sales for the first half will be slightly ahead of the same period last year.

The Company's EBIT is expected to be a loss of approximately \$1.5 million, compared with a profit of \$1.8 million for the same period last year.

Allomak is currently working towards finalising its first half 31 December 2008 financial results, in conjunction with its auditors.

Primarily as a result of the substantial reorganisation foreshadowed in the 23 October announcement, the Company expects to make significant write downs and provisions in the 31 December 2008 half year results, in line with accounting and impairment requirements under Australian and International Accounting Standards.

The quantification of these write downs and provisions will be finalised shortly and are subject to audit review. The final amounts will be reported in the Company's Appendix 4D results prior to the end of February 2009. Based on current information, however, the Company expects that total write downs and provisioning to be approximately \$36-40 million.

The write downs and provisioning are expected to include:

- ▷ Provisioning for inventory obsolescence in the range of \$3-4 million;
- ▷ Provisioning for bad and doubtful debts in the range of \$6-7 million;
- ▷ Impairment of intangible assets, including goodwill in connection with the acquisitions, in the range of \$23-24 million; and,
- ▷ Other items associated with restructuring the Lines of Business, in the range of \$4-5 million.

Guided by its management team and specialist consultants, the Board has undertaken a rigorous review, and has decided to make the provisions and write-downs. The Company is now entirely focused on operating its existing businesses efficiently, led by experienced general managers.



The Company has also ceased operations of some loss-making businesses, including Allo-Air, and has made substantial reductions in its corporate overhead. Subject to there being no deterioration in the economy, Allomak is expected to trade profitably at an EBIT level.

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