



SEDGMAN

ASX/MEDIA RELEASE

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Operations Update

Sedgman Limited (ASX:SDM) today issued an operations update following a review of its preliminary half year results and recent discussions with major clients.

FY2009 half year result preview

Sedgman maintained robust cash flows and generated strong operating profits during the six months to December 31 2008. The Company expects to announce earnings per share, excluding amortisation and write-down of intangible assets, in line with the previous corresponding first half result (7.9 cents per share reported for first half FY2008).

Bad debts provision

This anticipated result includes a \$3.7 million provision for doubtful debts relating to several clients associated with the Internet business.

These clients have been significantly impacted by the lack of available credit in the market place and accordingly, Sedgman has adopted a prudent accounting treatment and provided for the full amounts owed. However, recovery of these debts will continue to be vigorously pursued.

Internet goodwill write-down

Sedgman also intends to book a \$20 million non-cash write-down against the goodwill value associated with Internet in the first half of FY2009. The global slowdown and fall in metal prices have had a significant impact on the Internet business.

This write down will not impact on Sedgman's banking covenants or ability to pay a fully-franked interim dividend due to positive retained earnings and franking account balances.

The current subdued trading conditions in the metals sector are expected to persist for a minimum of 12-18 months so Sedgman has reduced the headcount within Internet and implemented cost cutting initiatives.

This half year preview is still preliminary and remains subject to audit.

Updated FY2009 Guidance

Since November last year, demand for Sedgman's businesses has softened. This is likely to impact on Sedgman's ability to achieve previous full year guidance of 15-20

per cent growth in earnings per share, excluding amortisation and write-down of intangible assets.

Earnings per share, excluding amortisation and the write-down of intangible assets, are now expected to broadly be in line with the previous corresponding full year result (16.1 cents per share reported for FY2008).

Managing Director Mr Mark Read said Sedgman's business was underpinned by longer term operating contracts in both the Coal and Metals divisions which continue to generate strong on-going revenue streams.

Mr Read said the Coal division was also well positioned to secure several new design and construction contracts involving both domestic and international projects.

"Our recent announcements on securing the \$25 million Bengalla Coal Handling and Processing Plant Upgrade (CHPP) contract and the \$13.6 million New Acland Mine CHPP Upgrade is evidence that Sedgman continues to win new work," he said.

"Furthermore, we have recently received a letter of intent to proceed with the \$55 million design and construction of a coal handling facility upgrade in Chile, reinforcing the benefit of the Company's geographic diversification strategy."

Sedgman is acknowledged internationally for its leadership in coal processing and materials handling technologies.

"Sedgman remains confident of its future growth and is committed to its long term strategic direction," Mr Read said.

Further information in relation to dividends and full year guidance will be provided when the Company reports its first half result on 24 February 2009.

About Sedgman

Sedgman Limited (ASX:SDM) was established in 1979 and is a leading provider of mineral processing solutions to the global resources industry. Specialising in the design, construction and operation of coal handling and preparation plants (CHPPs), Sedgman is recognised internationally for its coal processing and materials handling technologies.

After listing on the ASX in June 2006, Sedgman expanded into the metalliferous sector in December 2006 with the acquisition of ore crushing and screening services provider Pac-Rim. In July 2007, Sedgman further expanded into this sector with the acquisition of minerals process engineering and project management company Internet Engineering Pty Ltd.

Sedgman's structure comprises two core divisions of Sedgman Coal and Sedgman Metals, encompassing the business units of Engineering Services and Operations. Based in Brisbane, the company has approximately 700 staff and a market capitalisation of approximately \$70 million.

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