

**ASX Announcement 21 December 2012**

**Earnings Guidance Update**

Following the comments made at the AGM on 23 November 2012, and in the first quarter earnings announcement on 26 October 2012, Konekt Limited today provides its earnings guidance for the first half year of the 2012-13 Financial Year. On current indications the unaudited loss before tax for the half year to 31 December 2012 is likely to be between \$400,000 and \$500,000.

As indicated in the quarterly update on 26 October, a number of factors continued to impact short term earnings including:

- (a) lower NSW Agent and Insurer volumes driven by changes in the NSW Workers Compensation Scheme;
- (b) continuing soft pre-employment volumes which have further deteriorated in the current quarter, most notably in Queensland and in the coal sector in particular;
- (c) the uncertain economic climate being experienced by our Corporate Customers driven by the high Australian dollar affecting exports, their employment growth and thus our pre-employment business generally; and
- (d) onboarding and upfront cost of training of new staff and resources during the December quarter to meet the expected increase in business from the recently announced contract wins, including with Medibank Health Solutions.

As at the end of November, the Corporate/Government to Insurer/Agent revenue was at 51% to 49%, consistent with the 2011-12 result.

The company remains cautious on its short term outlook, but confident about the likely success of the changes it is undertaking. The business remains at low margins and the company is continuing to work on improving order intake and productivity whilst containing operating costs.

On the basis of Customer feedback the Company is confident of its ability to improve its Care outcomes for our Customers.

*For further information:*

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