

Year End Message



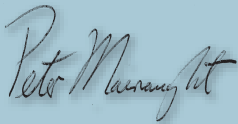
2009 has been a challenging year for all of us. While the Australian economy has weathered the global financial crisis relatively well, many of our export markets in Europe, Asia and the USA have been hard hit. We've had to look closely at all parts of our business and we've had to make some tough decisions to ensure the long term future of Macnaught. Luckily, we started this process in the middle of 2008 so we were well prepared when the sales downturn hit in November.

By being well prepared, we were able to make some key investment decisions to upgrade our manufacturing facilities over the past 12 months.

The new high precision CNC (Computer Numerically Controlled) machining centres and CNC lathes at our factory in Turrella, Sydney have given us the ability to produce lubrication equipment and flow meters to an even higher level of quality than previously possible. These machines also give us the flexibility to respond rapidly to changes in demand which will reduce lead times on key components and help reduce stock shortages.

While we have been upgrading our manufacturing capability we have also been working hard to prepare ourselves for ISO14001 Environmental Accreditation. We are committed to being an environmentally responsible company and gaining ISO14001 Accreditation is a major focus for us. See the separate story below.

We would like to thank all of our customers for your support throughout 2009 and we are looking forward to working with you next year.



Peter Macnaught
Chief Executive Officer



Christmas Break



Macnaught customer service and warehouse staff will be taking a well earned break over the holiday period. KEY DATES:

Wednesday 23rd of December:

last day of operation. Macnaught will provide a full national and international delivery service. In order to ensure smooth delivery please place all anticipated orders well in advance.

Thursday, 24th December: Macnaught closes.

Monday, 4th January 2010: Macnaught reopens with full national and international delivery service.

MACNAUGHT GREEN NEWS

We are in the final stages of gaining our international environmental accreditation to **ISO 14001**.

By working towards the ISO 14001 accreditation, customers can have **peace of mind** that Macnaught's operations are cleaner, greener and safer than ever before.

In fact - **every facet** of the business has been improved in some way, from product design and efficient manufacturing, to waste minimization, recycling and even preservation of our local environment.

Our **vision** for environmentally friendly product design is fast becoming a reality.