

North Midland Construction PLC
Interim Management Statement
14 November 2008

North Midland Construction PLC is today issuing its Interim Management Statement covering the period 1 July 2008 to 13 November 2008, as required by the UK Listing Authority's Disclosure and Transparency Rules.

The current economic climate continues to be challenging. Revenue and profit will fall short of 2007, but will be in line with the reduced revised forecasts.

North Midland Building Limited, in particular, is being affected by the current situation and, as previously predicted; profits will fall considerably short of last year, due to the cancellation of contracts and the deferment of Phase II of an existing project. The revenue for which was expected to fall in the current year.

Nomenca Limited is continuing to perform well and a result in line with expectations is still forecast. The recently opened Scottish operation is performing well. The company has recently transferred to more modern and larger premises in Bristol to accommodate anticipated expansion in the area.

Revenue in the Civil Engineering Division will be reduced from that of last year. However, due to a large proportion of revenue deriving from framework contracts and recent contract awards, the downturn will not be so severe. The joint venture with Biwater for Severn Trent Water at Minworth continues to perform well. Negotiations continue with regard to the contractual problems on three claims mentioned in previous reports and whilst progress is being made, the eventual outturns are still to be determined.

The Highways Division will deliver revenue in excess of 2007, whilst profitability will be at a slightly reduced level.

The problematical contract in East Anglia, undertaken by the Utilities Division, is now complete. Volumes on the BT contract in the East Midlands for Telent are now reduced, but other contracts in the Division are performing well. An improved result over 2007 is predicted.

The maintenance of cash flow is proving difficult in the current climate and the Group is experiencing a general delay in payments, but is confident that trading within its existing banking facilities can be maintained.

In spite of the recessionary nature of the economy, generally tender opportunities remain at a satisfactory level and the Group has a forward order book of in excess of £70 million for 2009. Whilst the market place for construction will remain very difficult, the Group is confident that it will weather the storm and that further progress can be achieved.

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