



Tomlinson Ltd
ABN 81 008 898 486
INTEGRATED ENGINEERING SOLUTIONS



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3 November 2004

The Manager – Companies
Australian Stock Exchange Ltd

RCR Acquires Laser & Allied Cutting Services and Upgrades Profit Target to \$5.0 million

Highlights

- RCR Tomlinson Ltd (“RCR”) acquires the business and business assets of Laser and Allied Cutting Services (“Laser & Allied”) for a total consideration of \$6.5 million, a multiple of 3.15 times 2004 EBITDA
- Laser & Allied is the largest single laser cutting business in Australia and operates out of rented premises in Welshpool close to RCR’s head office and workshops
- Laser & Allied in the year ended 30 June 2004 had sales of \$9.1 million and EBITDA of \$2.07 million. Sales for the first quarter of the current financial year are 20% ahead of the previous corresponding period
- RCR’s profit target is further upgraded to a net profit after tax of \$5.0 million for the year ended 30 June 2005, a 100% increase from the year ended 30 June 2004

Acquisition

RCR is pleased to announce that it has entered into an agreement to purchase the business and business assets of Laser and Allied Cutting Services.

The total consideration for the acquisition is \$6.5 million and will be satisfied by taking over equipment leases and employee entitlements totalling \$1.87 million, through the issue of 2 million shares in RCR at 60 cents per share and the payment of \$3.613 million in cash. One million shares will be held in escrow for 12 months and one million shares will be held in escrow for 3 months from the date of issue. Finalisation of the purchase is conditional on RCR completing a capital raising.

Laser and Allied Cutting Services is a high margin niche business operating in the engineering services industry and fits with RCR’s stated strategy of growing its higher margin engineering services businesses.



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In the financial year ended 30 June 2004 Laser and Allied had sales of \$9.1 million and EBITDA of \$2.07 million. Sales for the first quarter of the current financial year are 20% ahead of the previous corresponding period.

The purchase price represents a multiple of 3.15 times 2004 EBITDA and includes seven laser cutting machines, associated plant and equipment, stock and inventory, intellectual property and work in progress.

Laser and Allied is the largest single laser cutting business in Australia and operates out of rented premises in Welshpool close to RCR's head office and workshops. RCR intends to continue to run the business as a stand alone profit centre. RCR is currently a client of Laser and Allied and sees a growing need for this emerging technology.

The acquisition is expected to be completed in early December with RCR receiving the benefits of this acquisition in the second half of the current financial year.

Profit Target Upgrade

As a result of this acquisition and the associated capital raising RCR further increases its target profit in the current financial year to \$5.0 million from the previously stated \$4.5 million.

Capital Raising

RCR intends to undertake a capital raising of approximately \$10 million by way of a placement and/or rights issue to fund the acquisition of Laser & Allied and to reduce RCR's debt following the acquisition of Stelform Engineering.

Hartleys Limited ("Hartleys") has been appointed Underwriter to the Rights Issue, and Broker to the Offer in respect of the placement.

Pricing in respect of the capital raisings will be determined by RCR in consultation with Hartleys following RCR undertaking investor briefings in respect of the acquisition. The presentation in respect of the briefings will be released to the ASX today.

A handwritten signature in black ink, appearing to be 'JL', written over a horizontal line.

JOHN LINDEN
MANAGING DIRECTOR