

RCR TOMLINSON LTD
ABN 81 008 898 486

**APPENDIX 4E STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

CONTENTS

1. Media Release
2. Results for Announcement to the Market
3. Commentary on Results
4. Appendix 4E Accounts



Tomlinson Ltd
ABN 81 088 898 486
INTEGRATED ENGINEERING SOLUTIONS



WELSHPOOL HEAD OFFICE
239 Planet Street, Welshpool WA 6106
P O Box 141, Welshpool WA 6986
Telephone: (+61) 8 9355 8100
Facsimile: (+61) 8 9361 0724
www.rcrtom.com.au

15 August 2005

Media Release

RCR more than doubles NPAT to \$6.47m

Perth based engineering services provider, RCR Tomlinson Ltd (RCR), has reported net profit after tax of \$6.47 million, more than double the previous years' result.

The result represents a 226% pre-tax profit increase for the year to 30 June 2005, propelled by a booming operating environment and from two acquisitions: Stelform and Laser & Allied.

Managing Director, John Linden, said that shareholders would benefit from the \$6.47 million after tax profit with a 66% increase in dividends to 2.5 cents a share.

Sales for the year increased by 67% to \$163.64 million, almost equally from acquisitions and organic growth. Earnings per share increased by 94%.

The Company completed the purchase and integration of both the Stelform Group of Companies and Laser & Allied Cutting Service during the year.

John Linden said the outlook for the engineering services sector remained extremely strong, with RCR targeting further growth through acquisitions.

Media Contact: John Linden
Managing Director
Phone: (08) 9355 8100

RCR TOMLINSON LTD
PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				<u>\$'000</u>
Revenues from ordinary activities	up	67%	to	163,644
Profit from ordinary activities after tax attributable to Members	up	160%	to	6,469
Net profit for the period attributable to members	up	160%	to	6,469

Dividends	Amount per security	Franked amount per security
Final dividend	2.5¢	2.5¢
Previous corresponding period	1.5¢	1.5¢
Record date for determining entitlements to the dividend		14 September 2005

The Dividend Reinvestment Plan will not apply to this dividend.

RCR TOMLINSON LTD

COMMENTARY ON RESULTS

For the year ended 30 June 2005 the Company recorded a profit of \$6.47m, an increase of 160%, and declared a fully franked dividend of 2.5 cents per share.

The Company has completed a year of record sales growth and profits largely due to significant organic growth in its operating divisions, as well as the acquisition of Stelform and Laser & Allied Cutting Service. The Australian resources sector remains extremely strong with record capital expenditure commitments on projects throughout Australia.

FINANCIAL

Sales

Sales turnover was a record \$163.64m (up 67%) with 33% coming from organic growth and 34% from two acquisitions. Sales of proprietary Company equipment to the resources sector was at an all time high.

Profit

Net Profit After Tax of \$6.47m is up 160% on last year and represents 4% of sales, well above the Company's intended target of 3.5%. The Company provided for tax at the rate of 27.2% up from 9.9% last year.

Dividend

The Directors have announced a fully franked dividend of 2.5 cents per share payable on 28 September 2005.

Cash Flow

Cash flow from operations of \$8.9m and from share issues of \$9.9m was used to pay for the two acquisitions \$9.9m, purchase plant and equipment \$1.46m, pay dividends \$0.825m and repay borrowings \$5.526m.

Gearing

As at 30 June the Company had total net debt of \$10.59m at a gearing ratio of total net debt to net assets of 23%. The Company has no off balance sheet financing with major equipment items and vehicles being subject to standard finance leases.

The effective net gearing eliminating back to back leasing is 16%.

Bank Debt

The Company had unutilised bank facilities of \$6.6m as at 30 June. The Company is required to issue bank guarantees for progress claims and warranty performance and the total of guarantees issued amounted to \$3.4m at balance date.

Capital Expenditure

The Company is continuing to spend money on replacing and upgrading equipment and its infrastructure assets. Cash Capital Expenditure incurred, excluding the Stelform and Laser & Allied acquisitions, was \$1.7m and in addition \$3.8m of Capital Expenditure was lease financed.

Taxation

The Company paid \$2.4m in tax during 2005 at a tax rate of 27.2%. This is below the company tax rate of 30% due to timing differences and a tax concession claimed in respect of Research & Development expenditure.

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Note	Consolidated	
		2005	2004
		\$'000	\$'000
Revenues from Ordinary Activities			
Operating activities			
Sales		163,381	96,608
Non-operating activities			
Interest received		158	95
Rent received		8	8
Proceeds of sale of assets		97	1,240
Other		-	251
		<u>163,644</u>	<u>98,202</u>
Expenses from Ordinary Activities			
Cost of sales		147,486	89,084
Administration expenses		5,983	3,990
Borrowing costs		1,115	1,172
Cost of assets sold		80	1,204
		<u>154,664</u>	<u>95,450</u>
Profit from Ordinary Activities Before			
Income Tax Expense	3	8,980	2,752
Income tax expense relating to ordinary activities		<u>(2,439)</u>	<u>(273)</u>
Net Profit		6,541	2,479
Net profit attributable to outside equity interests		<u>(72)</u>	<u>3</u>
Net profit attributable to members of the Parent entity		<u>6,469</u>	<u>2,482</u>
Basic earnings per share (cents)		9.5	4.9
Weighted average ordinary shares for Basic EPS ('000)		68,397	50,346
Diluted earnings per share (cents)		9.1	4.8
Weighted average ordinary shares for Diluted EPS ('000)		71,112	51,786

The accompanying notes form part of these Financial Statements

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Note	Consolidated	
		2005	2004
		\$'000	\$'000
CURRENT ASSETS			
Cash Assets		3,271	2,055
Receivables		41,157	20,105
Inventories		<u>10,294</u>	<u>8,233</u>
TOTAL CURRENT ASSETS		<u>54,722</u>	<u>30,393</u>
NON-CURRENT ASSETS			
Property, plant and equipment		35,645	25,521
Receivables		1,139	1,878
Intangibles		4,029	2,881
Deferred tax assets		2,195	1,209
Other		<u>435</u>	<u>778</u>
TOTAL NON-CURRENT ASSETS		<u>43,443</u>	<u>32,267</u>
TOTAL ASSETS		<u>98,165</u>	<u>62,660</u>
CURRENT LIABILITIES			
Payables		30,695	15,336
Interest bearing liabilities		3,720	2,310
Provisions		<u>4,236</u>	<u>2,445</u>
TOTAL CURRENT LIABILITIES		<u>38,651</u>	<u>20,091</u>
NON-CURRENT LIABILITIES			
Payables		555	1,110
Interest bearing liabilities		10,140	11,985
Deferred tax liabilities		525	205
Provisions		<u>1,981</u>	<u>1,141</u>
TOTAL NON-CURRENT LIABILITIES		<u>13,201</u>	<u>14,441</u>
TOTAL LIABILITIES		<u>51,852</u>	<u>34,532</u>
NET ASSETS		<u>46,313</u>	<u>28,128</u>
EQUITY			
Parent entity interest			
Contributed equity	4	33,662	21,193
Reserves		458	458
Retained profits	5	<u>12,099</u>	<u>6,455</u>
Total parent entity interest		46,219	28,106
Outside equity interest in controlled entities		<u>94</u>	<u>22</u>
TOTAL EQUITY		<u>46,313</u>	<u>28,128</u>
Net Tangible assets per share (cents)		53.6	46.0

The accompanying notes form part of these financial statements

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005**

	Note	Consolidated	
		2005 \$'000	2004 \$'000
OPERATING ACTIVITIES			
Receipts from customers		143,307	93,157
Payments to suppliers & employees		<u>(131,085)</u>	<u>(93,064)</u>
		12,222	93
Interest received		184	95
Borrowing costs		(1,140)	(1,172)
Income tax paid		(2,400)	(576)
Other		<u>8</u>	<u>-</u>
Net cash inflow/(outflow) from operating activities		<u>8,874</u>	<u>(1,560)</u>
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		97	1,241
Purchase of new business	7	(9,918)	
Purchase of property, plant and equipment		<u>(1,458)</u>	<u>(2,838)</u>
Net cash outflow from investing activities		<u>(11,279)</u>	<u>(1,597)</u>
FINANCING ACTIVITIES			
Proceeds from share issue	4	9,900	3,844
Proceeds from borrowings		72	-
Repayment of borrowings		(2,482)	(1,182)
Repayment of capitalised lease obligation		(3,044)	(159)
Dividends paid		<u>(825)</u>	<u>(450)</u>
Net cash inflow/(outflow) from financing activities		<u>3,621</u>	<u>2,053</u>
Net increase/(decrease) in cash held		1,216	(1,104)
Cash at the beginning of the financial year		<u>2,055</u>	<u>3,159</u>
Cash at the end of the financial year		<u>3,271</u>	<u>2,055</u>

The accompanying notes form part of these financial statements

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

1. BASIS OF PREPARATION OF PRELIMINARY FINAL FINANCIAL REPORT

This preliminary final financial report has been prepared in accordance with the Corporations act 2001, Appendix 4E of the Australian Stock Exchange Listing Rules and is based on Accounting Standard AASB 1039 "Concise Financial Reports". The preliminary final financial report also complies with other applicable Accounting Standards and applicable Urgent Issues Group Consensus Views.

The financial statements and specific disclosures required by AASB 1039 have been derived from information that will be used to prepare the consolidated entity's full financial report for the financial year. Additional information included in the preliminary final financial report as a result of the specific requirements of Appendix 4E is consistent with the information that will be used to prepare the consolidated entity's full financial report.

The preliminary final financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

A full description of the accounting policies adopted by the consolidated entity will be included in the consolidated entity's full financial report.

2. DETAILS OF REPORTING PERIODS

The current reporting period is the financial year ended 30 June 2005. The previous corresponding period is the financial year ended 30 June 2004.

Consolidated	
2005	2004
\$'000	\$'000

3. OPERATING PROFIT

Profit from ordinary activities before income tax expense includes the following specific revenues and expenses:

Revenues

Net gain on disposal property, plant and equipment	17	36	
Bad debts recovered	7	10	

Expenses

Depreciation			
Buildings	233	198	
Plant and equipment	<u>2,461</u>	<u>1,593</u>	
Total Depreciation	<u>2,694</u>	<u>1,791</u>	

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

3. OPERATING PROFIT (Continued)

	Consolidated	
	2005	2004
	\$'000	\$'000
Amortisation		
Plant and equipment under finance leases	1,120	836
Goodwill	223	67
Research and development	32	32
Production planning system	<u>310</u>	<u>310</u>
Total amortisation	<u>1,685</u>	<u>1,245</u>
Other charges against assets		
Bad and doubtful debts – trade debtors	996	52
Borrowing costs		
Interest and finance charges paid/payable	1,115	1,172
Rental expense relating to operating leases		
Minimum lease payments	1,286	239

4. CONTRIBUTED EQUITY

(a) Paid up capital

78,936,594 (2004: 54,779,914) ordinary shares	<u>33,662</u>	<u>21,193</u>
---	---------------	---------------

(b) Movements in issued and paid up capital of the company were:

	Number of Shares '000	Issue Price	Paid Up Capital \$'000
2005			
Balance at 30 June 2005	54,780		21,193
Issue to vendors of Stelform	3,044	45c	1,370
Placement	12,000	59c	7,080
Rights Issue	5,807	57c	3,310
Issue to vendors of Laser & Allied	2,000	60c	1,200
Exercise of employee options	<u>1,305</u>	18c & 34c	<u>251</u>
	78,936		34,404
Issue expenses	-		<u>(742)</u>
	<u>78,936</u>		<u>33,662</u>

5. RETAINED PROFITS

Retained profits at the beginning of the financial year	6,455	4,424
Net profit attributable to members of the parent entity	6,469	2,482
Dividend paid	<u>(825)</u>	<u>(451)</u>
Retained profits at the end of the financial year	<u>12,099</u>	<u>6,455</u>

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

6. SEGMENT INFORMATION

The consolidated entity derives its revenue by providing integrated engineering services to industry. The services comprise the design and manufacture of products and equipment using company and third party intellectual property as well as repair and maintenance services principally in Australia.

7. CONTROL OF ENTITIES **\$'000**

During the year the Company acquired 100% of the Stelform Engineering Group of Companies with effect from 1 July 2004 and also acquired the business of Laser & Allied Cutting Services with effect from 1 January 2005

Aggregate details of these acquisitions:

Shares issued to vendors	2,570
Cash consideration	9,026
Liabilities assumed	<u>1,754</u>
	<u>13,350</u>

Fair value of assets and liabilities at acquisition date:

Cash	862
Receivables	6,603
Inventories	1,326
Property, plant and equipment	9,584
Creditors and lease liabilities assumed	<u>(6,332)</u>
	12,043

Goodwill on consolidation	107
Goodwill on acquisition	<u>1,200</u>
	<u>13,350</u>

8. IMPACTS OF ADOPTING AIFRS

The Company is in the process of finalising the impacts of adopting Australian equivalents to International Financial Reporting Standards (AIFRS). The Company will release the likely impact of AIFRS together with its Annual Report in the next fortnight.

**RCR TOMLINSON LTD
AND CONTROLLED ENTITIES**

COMPLIANCE STATEMENT

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based on accounts which have been audited.

Dated at Perth this 15th day of August 2005.

Signed in accordance with a resolution of the directors.

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

**J Linden
Managing Director**