



ASX Market Announcements

3rd October 2014

Via e-lodgment

COMPLETION OF THE ACQUISITION OF CENTRAL SYSTEMS PTY LTD

- **RDG completes the transaction to acquire Central Systems Pty Ltd**
- **Subordinated shareholder loans increased to approximately \$32m resulting from an increase in the payment of a pre-completion dividend to Central Systems Pty Ltd shareholders**
- **Significant integration initiatives already underway. Economies expected via the consolidation of corporate departments including HSEQ, finance, HR, IT and administration.**
- **Board changes implemented prior to Completion providing an immediate forum for strategic and operational effectiveness**
- **All Conditions Precedent to Completion including but not limited to shareholder approval, consents from financiers and clients (where required) and senior executives entering into employment contracts with the Company either met or waived.**

Further to the Company's announcement dated the 4th August 2014 Resource Development Group Limited (**RDG**) is pleased to advise it has today completed the transaction to purchase Perth based Central Systems Pty Ltd (**Centrals**), a multi-disciplined, self-performing construction contractor and provider of remedial and maintenance services to the mining, energy and infrastructure sectors in Australia.

"Working with the principals of Centrals since we entered into the Share Sale Agreement (SSA) in early August has been an extremely positive experience" said Mr. Jeff Brill Managing Director of RDG. "The two companies have come together in a proactive and productive manner to satisfy all the conditions precedent to completing the transaction. Centrals' and RDG's clients, management, staff and financiers have recognised the benefits that the two Boards saw at the outset of the transaction and consequently the past few weeks has been relatively procedural."

"More pleasing, is Centrals continuing operational and financial performance. Despite the negative sentiment in our industry Centrals has demonstrated to us that they possess an extremely competent and "can do" attitude. Their service offering and value proposition to their clients provides mutually beneficial outcomes. It is testament to Centrals that they have continued to secure and complete work in this highly competitive environment" said Mr. Brill.

Under the terms of the SSA, RDG today issued Centrals' shareholders a total of 497,175,172 RDG shares for 100% of the issued capital of Centrals. The founding shareholders of Centrals



each received a dividend from Centrals before Completion. The dividend of \$31.9m was calculated based on the unaudited net tangible assets (**NTA**) of Centrals and RDG as at 31 August 2014, and was funded by way of loans from the Centrals founding shareholders to Centrals. The net effect was that no cash was paid out of Centrals to the founding shareholders before Completion, however Centrals do have a liability to repay loans to each relevant Centrals shareholder reflecting their respective proportion of the dividend. Formal loan agreements and a security deed in respect of these loans was entered into between Centrals and the Centrals shareholders at Completion. These loan agreements are on commercial terms and are secured over the assets of Centrals on a subordinated basis behind Centrals' existing financiers. Interest accrues at 7% p.a. on these loans and will be paid quarterly, however, the principal will only be repaid where the independent members of the RDG board are satisfied that RDG has sufficient working capital and cashflow.

"We were prepared to re-invest our entire dividend back into the Company on subordinated terms to our financiers so that the Company can continue to grow without the need for increases in our banking facilities" said Mr. Richard Eden, one of Centrals founding shareholders and now RDG board member. "This will ensure that we have continuing headroom on our traditional finance facility with our bankers who have all been extremely supportive of this transaction. I am delighted to be joining the board of RDG. The listed public company space is new to me at a personal level however with the considerable growth of our company in recent times it was the logical step for our Group" he said.

Mr. Andrew Ellison, another of Centrals founding shareholders and also a new RDG board member added, "I have been in the construction industry all of my adult life and understand the need for a stream line and fully integrated design and construct business model during the cyclical changes that come around like we are experiencing now. RDG's engineering and professional services divisions and our multi-faceted construction company is the correct model for these times. We will make sure we continue to service our clients at the price, quality and safety standards that they have come to expect from us" he said.

The Explanatory Statement to Shareholders which accompanied the Notice of Meeting recently sent to shareholders provided FY2014 revenue and EBITDA for Centrals of \$195m and \$27m respectively-

Mark Pugsley
Company Secretary