

# **LongReach Group Limited**

ACN 010 597 672

## **OFFER**

### **Underwritten, non-renounceable Rights Issue**

Underwritten, non-renounceable pro rata Rights Issue of 1 New Share for every 1 Share held, at 1.5 cents per New Share, to raise approximately \$2 million

The last date for acceptance and payment in full for the Rights Issue is 11 December 2008

**This is an important document and requires your immediate attention. It should be read in its entirety and in conjunction with the LongReach Group Limited 2008 Annual Report and the Company's announcements to the Australian Securities Exchange.**

**If you are in doubt about what to do, you should consult your professional adviser without delay.**

For personal use only

## Summary of Important Dates

Announcement of Rights Issue	Prior to commencement of trading on Monday 17 November 2008
Lodge Appendix 3B	Prior to commencement of trading on Monday 17 November 2008
Trading “Ex” entitlements date	19 November 2008
Record Date to determine your Entitlement to New Shares	25 November 2008
<b>Opening date</b> - Rights Issue and Entitlement and Acceptance Form posted	27 November 2008
<b>Closing Date</b> - Last day for acceptance and payment in full	11 December 2008
Expected despatch date for holding statements	18 December 2008

These dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares.

## 1. Letter from the Chairman

17 November 2008

Dear Shareholder

I am pleased to invite you to participate in a 1 for 1 fully underwritten pro rata non-renounceable Rights Issue at 1.5 cents per Share to be made by the Company. This Offer outlines the details of the Rights Issue.

The Board has decided to raise approximately \$2 million (net of expected costs) in new capital by way of an underwritten Rights Issue.

### **Purpose of the Issue**

The new capital will be used by the Company as working capital to fund its existing operations, including the working capital requirements arising from significant new contracts awarded to its operating subsidiary C4i Pty Ltd.

C4i manufactures, configures and supplies complex, mission-critical voice and data communications switches. The Company's systems are successfully used in a number of environments including defence command and control centres, airport control centres and rail and road control centres. For more information on C4i please visit that company's web site at [www.C4i.com](http://www.C4i.com).

Over the past five years, C4i has invested considerable resources in developing its 3rd generation core product, Switchplus GEN 3. Switchplus GEN 3 integrates VOIP (Voice over Internet Protocol) technologies with legacy analogue and digital communications infrastructures and uses a touch screen operated Graphic User Interface that allows the operator effortless access to multiple communications resources across a wide variety of technology platforms. Switchplus GEN 3 is proving to be a popular offering for C4i's target markets.

C4i has recently been awarded a contract to upgrade a number of airport fire stations, and on the basis of this the Directors believe that the Company's budgeted 60% increase in revenues for the year to 30 June 2009 is achievable. Given that the Company has a relatively high level of fixed overhead costs, a 60% increase in revenues (if achieved) should translate into a substantial improvement in profit for this subsidiary. To fully service this aggressive growth, C4i requires access to further working capital, and the current Rights Issue will ensure that the required funds are available to the business.

### **Underwriting arrangements**

The Rights Issue is fully underwritten by Nightingale Partners Pty Limited (ACN 117 659 480), which is a substantial shareholder in the Company, and an entity related to Larry Case and Christian Bernecker (each of whom is a non executive Director of the Company).

I have attached a copy of the Underwriting Agreement for your consideration.

All resolutions of the Board in connection with this Rights Issue have been passed in the absence of Larry Case and Christian Bernecker.

Each of the remaining shareholder directors on the Board (Stephe Wilks and I) urges Shareholders to closely consider the merits of the offer in relation to their personal circumstances. We each also propose to fully participate in relation to our own (and related entity) shareholdings in the Company.

## Shareholder action

A personalised Entitlement and Acceptance Form will be mailed to the address on the Share Register on the Opening Date and you will need to complete that form and return it with payment by the Closing Date to participate in the Rights Issue.

The Closing Date for acceptance and payment is 5.00pm (Sydney time) on 11 December 2008.

New Shares not accepted prior to the Closing Date will, subject to the terms of the Underwriting Agreement, be taken up by the Underwriter within seven days of receiving notice of the shortfall.

New Shares will, from allotment, rank equally with existing fully paid Shares. No dividend is expected to be paid on Shares in the Company in respect of the year ending 30 June 2009.

Details of the Rights Issue and other matters required by law to be disclosed are set out in the Offer. Your Directors draw your attention to the courses of action available to you as set out in Section 2 of this Offer.

Yours faithfully



Allan Farrar  
Chairman

## **2. Action Required by Shareholders**

### **2.1 What you may do**

The number of New Shares to which you are entitled under the Rights Issue (your “Entitlement”) is shown on the Entitlement and Acceptance Form you will receive. You may:

- (a) take up all of your Entitlement to New Shares;
- (b) take up part of your Entitlement and allow the balance to lapse; or
- (c) not take up any of your Entitlement and allow it to lapse.

### **2.2 If you wish to take up all of your Entitlement**

If you wish to take up your Entitlement in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the form. Forward your completed Entitlement and Acceptance Form together with your Australian Dollar cheque or bank draft for the amount shown on the form to reach the Registry no later than 5.00 pm (Sydney time) on 11 December 2008. Cheques or bank drafts should be made payable to “LongReach Group Limited - Rights Issue” and crossed “Not Negotiable”.

### **2.3 If you wish to take up part of your Entitlement and allow the balance to lapse**

If you wish to accept part of your Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up in accordance with the instructions set out on the form. Forward your completed form together with your Australian Dollar cheque or bank draft for the amount due in respect of New Shares you intend to take up (being the number of New Shares you wish to accept multiplied by 1.5 cents) to reach the Registry no later than 5.00 pm (Sydney time) on 11 December 2008. Cheques or bank drafts should be made payable to “LongReach Group Limited - Rights Issue” and crossed “Not Negotiable”. The balance of your Entitlement that is not taken up by 5.00pm (Sydney time) on 11 December 2008 will lapse, and, subject to the terms of the Underwriting Agreement, will be taken up by the Underwriter.

### **2.4 If your Entitlement is not taken up**

If you do nothing, your Entitlement that is not taken up by 5.00 pm (Sydney time) on 11 December 2008 will lapse, and, subject to the terms of the Underwriting Agreement, will be taken up by the Underwriter.

### **2.5 Payment**

Acceptances for New Shares must be accompanied by payment in full of 1.5 cents per New Share.

Payment will only be accepted in Australian currency and by way of cheque or bank draft.

Cheques or bank drafts should be made payable to “LongReach Group Limited - Rights Issue” and crossed “Not Negotiable”. Please do not forward cash. Receipts for payment will not be provided.

### **2.6 Enquiries**

For further information please call the Company on (03) 9926 1100 during business hours.

## Section 708AA(2) Notice

LongReach Group Limited (ACN 010 597 672)

17 November 2008

### Notice under section 708AA(2) of the Corporations Act 2001

#### 1. Overview

The Company intends to make a non-renounceable pro rata rights issue of one new ordinary share for every one ordinary share at a price of 1.5 cents per ordinary share (“Offer”) to raise approximately \$2million.

The new capital will be used by the Company as working capital to fund its existing operations, including the working capital requirements arising from significant new contracts awarded to its operating subsidiary C4i Pty Ltd.

C4i manufactures, configures and supplies complex, mission-critical voice and data communications switches. The Company's systems are successfully used in a number of environments including defence command and control centres, airport control centres and rail and road control centres. For more information on C4i please visit that company's web site at [www.C4i.com](http://www.C4i.com).

Over the past five years, C4i has invested considerable resources in developing its 3rd generation core product, Switchplus GEN 3. Switchplus GEN 3 integrates VOIP technologies with legacy analogue and digital communications infrastructures and uses a touch screen operated Graphic User Interface that allows the operator effortless access to multiple communications resources across a wide variety of technology platforms. Switchplus GEN 3 is proving to be a popular offering for C4i's target markets.

C4i has recently been awarded a contract to upgrade a number of airport fire stations, and on the basis of this the Directors believe that the Company's budgeted 60% increase in revenues for the year to 30 June 2009 is achievable. Given that the Company has a relatively high level of fixed overhead costs, a 60% increase in revenues (if achieved) should translate into a substantial improvement in profit for this subsidiary. To fully service this aggressive growth, C4i requires access to further working capital, and the current Rights Issue will ensure that the required funds are available to the business.

#### **Underwriting arrangements**

The Rights Issue is fully underwritten by Nightingale Partners Pty Limited, which is a substantial shareholder in the Company, and an entity related to Larry Case and Christian Bernecker (each of whom is a non executive Director of the Company).

The detail of the Underwriting Agreement is set out in the attached copy of the document.

All resolutions of the Board in connection with this Rights Issue have been passed in the absence of Larry Case and Christian Bernecker.

Each of the remaining shareholder directors on the Board (Allan Farrar and Stephe Wilks) intend to fully participate in relation to their shareholdings in the Company.

## **2. Issue without disclosure**

In reliance upon section 708AA of the Corporations Act, the Offer will be made without disclosure to investors under Part 6D.2.

## **3. Notice**

The Company gives this notice under section 708AA(2)(f) of the Corporations Act.

## **4. Compliance with Corporations Act**

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

## **5. Excluded information**

There is no excluded information for the purposes of section 708AA(7)(d) of the Corporations Act.

## **6. Potential effect on control and consequences of that effect**

*The potential effect that the issue of the ordinary shares under the Rights Issue will have on the control of the Company:*

If all Shareholders were to take up their Entitlement, there would be no change in control of the Company.

If no Shareholders were to take up their Entitlement, Nightingale Partners Pty Limited (ACN 117 659 480) may be issued 136,154,962 New Shares in accordance with its Underwriting Agreement with the Company. The Underwriter and its associates currently have voting power of 20.39%, and - if they were the only Shareholders to take up the Entitlements (in their own right and pursuant to their obligations under the Underwriting Agreement) - their voting power would increase to 60.2%.

The Underwriter and its associates are related parties to Larry Case and Christian Bernecker, non executive directors of the Company.

*The consequences of that effect:*

The control of the Company, exercised ultimately by the Underwriter and its associates, may be increased as indicated.