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AJ Lucas strengthens working capital with $10 million convertible note issue and completes acquisition of Mace Group facilities management business

AJ Lucas Group Limited today announced a significant strengthening of the Company's working capital through the successful placement of $10 million of unsecured redeemable convertible notes. Tricom Equities Limited arranged and managed the issue.

The notes, which have been placed with professional and sophisticated investors, have a three year term and carry a fixed coupon of 9.5% per annum. They may be converted at various times into ordinary shares at a discount of 10% to the 30-day volume weighted average price subject to a minimum conversion price of $2.00 and a maximum of $2.50 per share.

Mr Allan Campbell, Executive Chairman of AJ Lucas said: "We are extremely pleased to welcome on board our new investors, some of whom are existing shareholders, and thank them for their support".

"In recent months, the Company has secured a number of smaller projects which underpin our business operations. We continue to target several larger projects which we hopeful of being awarded. The capital raising considerably strengthens our balance sheet and enhances our prospects of winning these contracts. This provides us the working capital to undertake these contracts as well as the security to procure further bonding facilities".

The Company believes the capital raising is sufficient to meet its foreseeable working capital requirements.

Acquisition of Business of Mace Group of Companies

The Company is also pleased to announce that it has completed the acquisition of the business of the Mace Group of Companies. The business provides facilities management services to the catering and prepared food industries. Its major client is Qantas Flight Catering Services. Other clients include major food service companies like Hungry Jack's, Burger King, Domino's Pizza, Oporto and Michel's Patisserie.

The acquisition is a further step in the Company's programme to build a quality maintainable earnings stream. The new business will be progressively integrated with the Company's existing facilities management activities which include the Sydney Opera House.

For further information, contact Allan Campbell, Executive Chairman, or Tim Herlihy, Chief Financial Officer on 02-9809 6866.

About AJ Lucas Group Limited

AJ Lucas is Australia's leading specialist infrastructure services provider. It is the country's largest builder of long distance gas pipelines, a world leader in horizontal directional drilling, an advanced technology for the installation of underground conduits without excavation. Other divisions provide gas management services to the coal industry; construction, civil and property services.