PRACOM

ASX Announcement

# Pracom Limited (PCO) Update on Recapitalisation

**30 September 2004**

**Melbourne**

In conjunction with lodging final accounts for 2003/04, Pracom today provided the following update in relation to its recapitalisation process.

Subsequent to balance date the Directors have continued to negotiate with a number of interested parties to develop a recapitalisation outcome which will protect the solvency position of the group and provide for the longer-term viability of its operations. Restructure proposals have now been received from four parties and the impact of each of these proposals has been communicated to the group's financiers. The common elements of these proposals include:-

- Restructure of existing financial obligations to reduce the level of debt and restore the group to a positive net asset position, and
- Introducing new revenue, or merging Pracom with a complimentary business, to better utilise operational and corporate infrastructure.

The group's financiers have each evidenced their intention to continue financial support through to 31 December 2004 and also their willingness in principle to support the current recapitalisation process. An exclusive terms sheet has not been executed, however final agreement with a preferred party is expected to be achieved following completion of formal Due Diligence taking place during October.

While the Directors are not in a position to disclose specific details of any favoured outcome, the key elements should include restructured debt facilities combined with access to fresh capital to return to a positive Net Assets position, complemented by the merging-in of new revenue streams over current infrastructure.

Although the current negative Net Assets position of the company is greater than -$6 Million, it is anticipated some form of value for shareholders, albeit potentially less than current market value, will be maintained within the final transaction.

The likely process of the eventual transaction is anticipated to cover due diligence during October; execution of formal transaction documents and shareholder notification in mid-November, with completion being targeted for mid-December following appropriate compliance requirements.

Further information in relation to progress will be disclosed to the market when agreement is reached to progress a transaction with a selected party.

## About Pracom Limited

Established in 1988, Pracom Limited is an innovative Australian telecommunications and technology services and solutions company. Pracom listed on the ASX (PCO) in 1998 and delivers outsourced services and technology solutions to Australian businesses and the global telecommunications industry. Pracom's website is located at http://www.pracom.com.au.

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