



**ALLIED TECHNOLOGIES
GROUP LIMITED**

9 June 2006

ASX AND MEDIA ANNOUNCEMENT

- ***Allied Technologies sells cabling division to the KLM Group.***
- ***In announcing the transaction today, Chairman Michael Addison said "the sale of the cabling division is the next step in a process to reposition Allied into the mainstream of ICT solutions and services to the Defence, Intelligence and Security sectors" and he went on to say that the sale "will simplify the planned merger between Allied and the Longreach Group announced to the ASX on June 7 – and add appreciably to the \$8 million war chest earmarked for impending expansion by acquisition".***
- ***The merger which has yet to be approved by Longreach shareholders has been strategically planned "to build Australia's first ASX listed mid-tier supplier of integrated ICT based products, services and support, directed principally at the defence, security and intelligence sectors in Australia and internationally."***

Mr Addison said that Allied Technologies had entered into an agreement for the sale of its cabling infrastructure business to KLM Group Limited (ASX: KLM), for an upfront cash consideration of \$2.25 million.

"The sale, which has been planned for some time, represents the next logical step in a carefully timed pro active push to take advantage of the current expanding ICT opportunities in the defence, security and intelligence sectors, both locally and globally."

Mr Addison went on to say that "the proceeds of the sale would add appreciably to the company's current cash reserves of approximately \$8 million, which have been specifically earmarked for a series of acquisitions as part of Allied's future growth strategy".

On Wednesday Allied Technologies announced a proposed merger with ASX listed Longreach Group Limited (ASX: LRX).

The Longreach Group owns, develops and sells point-to-point wireless products and intelligent switches to a range of domestic and international customers comprising telecommunications carriers, defence organisations, governments and enterprise. Longreach's products are internationally renowned and have a significant installed base both in Australia and overseas. The company has commitments and global distributions agreements with Ericsson and Kongsberg, the latter being Norway's premier supplier of high-technology defence systems and a niche supplier to other international markets.

Longreach also owns a significant interest in Startronics, which is one of the largest diversified electronic manufacturing and repair businesses in Australia.

As the Managing Director (designate) of the merged entity, Mr Addison reiterated that "The combined group will offer significant value through its combination of skills in next generation communications technologies and defence services, particularly in the rapidly growing network centric warfare environment."

The sale of Allied's cabling division to KLM Group is conditional on a number of conditions precedent, and is scheduled to be completed on or about 3 July 2006.

Allied Technologies Group Limited (ASX: ATZ) specialises in the design, installation, integration and maintenance of communications networks for the delivery of secure voice, data, video and web based communications services and solutions principally to the Department of Defence and other Federal Government Departments and prominent corporate clients across Australia.

KLM Group Limited (ASX: KLM) is an independent, publicly listed company which employs close to 500 people Australia wide to deliver Electrical, Voice & Data, Building Integration & Energy Management, Audio Visual, Rollout and Maintenance Services and Integrated Maintenance Solutions that are benchmark within the sectors of Commercial, Health, Education, Defence and Retail. The company provides high level expertise in the design and installation of integrated cabling solutions, covering all aspects of communications, including site and system audits, design and consultancy, project plan development and implementation, system maintenance and support services.