ALLIED TECHNOLOGIES GROUP LIMITED

LongReach
Switched On Solutions

MERGER UPDATE
REVISED SHARE EXCHANGE RATIO

It was announced on 7 June 2006 that established Defence Department suppliers Allied Technologies Group Limited (ASX Code: ATZ) and LongReach Group Limited (ASX Code: LRX) had reached agreement on the terms of a proposed merger between the two companies, to be implemented by way of a scheme of arrangement

Under the proposals, it was agreed that Allied would acquire all of the issued shares in Longreach through the issue of 1 new Allied share for every 2.5 Longreach shares held by Longreach shareholders, and that LongReach optionholders would be offered 1 new Allied option for every 2.5 Longreach options currently held, with a corresponding inverse proportional adjustment to the respective option exercise prices.

Under the terms of the proposals, it was also agreed that the Longreach convertible noteholders would be offered the opportunity to exchange their LongReach convertible notes for an equivalent aggregate value of convertible notes in Allied, with the new Allied notes being convertible at the equivalent rate of 30.0 cents per Allied share.

Following a period of further due diligence and discussion between the companies, it has been agreed that, for purposes of the proposed merger, the ratio of share exchange between the companies will be modified from 2.5 LongReach shares for each new Allied share, to 3.0 LongReach shares for each new Allied share.

Based of the revised share exchange ratio, the LongReach optionholders will accordingly be offered 1 new Allied option for every 3.0 Longreach options held, again with a corresponding inverse proportional adjustment to the respective option exercise prices. Equally, Longreach convertible noteholders will now be offered an equivalent aggregate value of new convertible notes in Allied, with an adjusted conversion price of 36.0 cents per Allied share.

Based on the revised terms, on successful conclusion of the merger, current Longreach shareholders will hold an undiluted interest of approximately 53% of the merged entity.

Scheme documents are expected to be dispatched to Longreach shareholders, optionholders and noteholders in August 2006 and the requisite member meetings are expected to be held in September 2006.

14 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.*

LongReach Group (ASX: LRX) *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. The products are internationally renowned and have a significant installed base both in Australia and overseas. Longreach 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 manufacturer and repair businesses in Australia.*