



**LongReach
Group**

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LongReach Networks
HarTec Manufacturing
HarTec Repairs

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STARTRONICS SUCCESSFULLY LAUNCHED

LongReach Limited (ASX: LRX) today announced that the merging of the company's manufacturing and repairs business with that of Australian Electronic Manufacturing Services Pty Ltd (AEMS) has been successfully settled. AEMS is owned and controlled by private equity firm, Pacific Equity Partners.

The new business has been renamed Startronics and will operate as a joint venture, serving the industry as the largest diversified electronic contract manufacturing and repairs business in Australia with 20% of the market.

Startronics announced that founder of Allen Capital Private Equity and former Arthur Andersen Partner, Mr Peter Allen, had been appointed Chairman. Mr Allen boasts 30 years experience in overseeing the growth of companies, particularly in the manufacturing sector. Allen Capital Private Equity has also taken a strategic stake in the joint venture company.

Mr Jim Bini, with 25 years experience in the manufacturing sector, has been appointed Chief Executive Officer of Startronics. Mr Bini created substantial value for shareholders of Vertex Asia Pacific after leading the company to a successful IPO in 2002.

Mr Morris Symonds, Chairman of LongReach, said that the transaction was consistent with LongReach's objective to become a leading global supplier of products and services in the telecommunications market.

LongReach will outsource its manufacturing requirements to Startronics on a commercial arms-length basis.

"The merging of LongReach's manufacturing repairs business with AEMS allows us to benefit from the consolidation of a fragmented industry and take advantage of economies of scale," Mr Symonds said.

"We can expect the new entity, Startronics, to benefit from streamlined processes, a strengthened balance sheet, significant earnings up-lift and an increased market share."

Mr Tim Sims, Managing Director of Pacific Equity Partners, added that the joint venture between LongReach and AEMS would allow both companies to take advantage of current outsourcing trends.

“Startronics will be well positioned to leverage the trend towards electronic manufacturers outsourcing more of their manufacturing operations, including repairs and calibration work. We will also benefit from strong underlying growth in the electronic equipment markets.”

The business is expected to generate annual revenue in excess of \$100 million and will operate as an unincorporated joint venture.

St George Bank provided the senior debt financing and Rothschild the mezzanine debt financing for the deal.

About LRX

LongReach returned to profitability in 2004 after reporting a significant increase in revenue and earnings.

LongReach is an Australian owned public company which owns, develops and sells point to point wireless products and intelligent switches to a range of domestic and international customers comprising telecommunications carriers, Government and enterprise.

The 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 Company owns a significant interest in Startronics, which is the largest diversified electronic manufacturer and repair business in Australia.

About PEP

Pacific Equity Partners (PEP) is one of the largest private equity firms in Australia and New Zealand, and has over A\$500 million of equity funds under management.

PEP is based in Sydney and is focused on buy-outs in Australia and New Zealand.

PEP offers management teams a strategic partnership that provides experience and capital resources to grow value in a range of business situations. Portfolio companies have been in a variety of businesses, including Frucor Beverages Group, Vertex, The Communications Group, AMR Interactive, Oasis Funds Management and A&R Whitcoulls.

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