



# GPS Online

For immediate Release to the market

**GPS Online Limited**

**ASX Code GPO**

**17 October 2005**

**GPS ONLINE LIMITED TO ACQUIRE ADVANCED MINING  
TECHNOLOGIES PTY LTD**

GPS Online Limited (GPS) has entered into a binding Heads of Agreement to acquire 100% of Advanced Mining Technologies Pty Ltd (AMT).

The acquisition of AMT represents a company transforming opportunity for GPS and provides a unique platform to significantly expand the company's mining sector activities through one transaction.

The expanded GPS Group forecast for 2007 is Revenue of \$19m and Net Profit Before tax of \$6.11m.

GPO will acquire 100% of AMT for a combined value in shares and cash of \$10m.

The purchase price of \$10m includes \$5m in cash, \$2.5m value in GPS ordinary shares at 4 cents (escrowed for 12 months from closing date of the transaction) and \$2.5m \$1.00 redeemable convertible preference shares. The preference shares can either convert to ordinary shares at a 10% discount to the prevailing market, or be redeemed for \$2.5m cash upon the preference shareholders choice, 24 months from the closing date of the transaction.

GPS Chairman Hon. David Beddall said the acquisition will create significant value for GPS and AMT shareholders. Mr. Beddall stated:

"In August 2004 the Board of GPS had completed the recapitalisation of the company and appointed new CEO Robin Levison to review the current business structure and develop a growth strategy that would allow the Company to grow by both organic growth and acquisition."

Mr. Levison said:

"With regard to the growth strategy outlined above GPS has reviewed many acquisition opportunities over the past 12 months.

"In February this year, control of QVEN Limited (QVEN), the first acquisition was completed. We have worked hard to integrate the business of QVEN and key operating subsidiary Omni-Quant's September results show its best month since November 2003, and second best month ever.

"The acquisition of AMT will significantly increase our presence in the mining sector where we are establishing a proven track record that will lead to profitable growth and value creation for our shareholders.

"Importantly, the acquisition will allow us to take advantage of continuing strong trading conditions in the mining sector.

"To reflect the impact and importance of both the QVEN and AMT acquisitions, the Shareholders of GPS will be asked to approve a name change from GPS Online Limited to GPS Group Limited at the upcoming AGM. This change will reflect that the GPS Group now has operating subsidiaries in the areas of Mining, Construction, Waste and Asset Management, Defence and Contract Engineering."

Directors believe the acquisition on a fully diluted basis will be EPS positive and when combined with forecast GPS profit, provide an expected Group NPBT of \$6.11m for Year End 2007.

Secondly, Directors are confident that the existing business units of GPS will show a marked turn around in the current financial year with significantly increased revenues leading to an expected NPBT of \$480,000 (\$1.2m loss 2005). In addition, for the 7 months trading to June 30, 2006 AMT is expected to add \$1.9m NPBT to the Group.

Post the acquisition on a fully diluted basis the expanded Ordinary Share Capital will result in the Company having approximately 416m shares on issue.

GPS and subsidiary QVEN have tax losses in excess of \$25m and there is an expectation this will allow retention of cash-flows generated from the combined Group.

The cash requirements of the acquisition will be funded by a mixture of Share Placement to Sophisticated Investors at 4 cents per share ("Placement") and bank debt.

Ordinary shares and redeemable convertible preference shares will be used to finalise the purchase of AMT, which will require Share Holder and Convertible Note Holder Approval.

## **About the Acquisition**

The acquisition of AMT provides GPS with a unique opportunity to expand significantly in its core mining sector business through one transaction.

AMT core areas of business are the supply of intrinsically safe underground directional drilling tools and casualty avoidance equipment to the mining sector.

AMT was founded in 1993 and supplies a number of the worlds leading mining company's including BHP, Anglo and Rio Tinto in geographic regions including USA, South Africa, Japan, China, Australia and South America.

To this end GPS will acquire a company that is active in the mining industry which is one of the company's chosen industry sectors. There is already synergy in GPS and AMT distribution channels. There also exists a technical synergy between the Casualty Avoidance "Cas-Cam" product range of AMT and the communications back end and front line management system that GPS uses in its transport and waste management solutions.

GPS wholly owned subsidiary Microelectronic Technologies Pty Ltd (MeT) is also able to enhance the development capability of AMT by bringing one major new product to market 4 months ahead of the current 6 month development cycle at projected by AMT.

The Heads of Agreement is conditional upon various matters, including funding, final due diligence and GPS Share Holder and Note Holder Approval.

The key principals and staff of AMT are committed to the transaction and appropriate employment contracts also form part of the conditions contained in the binding Heads of Agreement.

Actual and forecast AMT Revenues for 30 June 2004-2006 are \$2.7m, \$5.3m and \$8.9m respectively.

## **GPS Group Post Acquisition**

An integration plan has been developed which is expected to see AMT substantially integrated over the next 7 months.

GPS has identified significant savings that can be achieved by integrating corporate functions and utilising the current GPS infrastructure. In addition, GPS will be better able to utilise labour across the enlarged group.

GPS expects to achieve pre-tax cost synergies of approximately \$350,000 annualised for Year Ends 2006 and 2007.

With forecast NPBT of \$2.37m for the 2006 Year (including 7 months trading from AMT), \$6.11m for Year End 2007 and \$8.84m for Year End 2008 the Board expects a strong market re-rating.

The Pro-Forma capital structure and movements in assets and liabilities of GPS following the acquisition of AMT is outlined in Appendix 1.

### **Funding the Acquisition**

The acquisition will be funded through a combination of sources as set out in the table below:-

Sources and Application of Funds	\$m
<b>Total Acquisition Cost</b>	
Purchase price	10.0
Acquisition, funding costs and working capital	.50
<b>Total</b>	<b>10.50</b>
<b>Sources of funding (approx)</b>	
Sophisticated Investor Placement	Up to 5.5
Ordinary and Preference Shares	5.0
Bank Debt	Up to 2.0

*Note: The actual mix of equity and debt has not yet been determined but the equity component will not be less than \$3.5m.*

The major Shareholders of GPS intend to support the issue and the company has indicative commitments of \$3.5m from certain key sophisticated Investors.

For further information please contact GPS Online Limited Chief Executive Officer Mr. Robin Levison on 07 3376 6688 and visit [www.gpsonline.com.au](http://www.gpsonline.com.au).

## Appendix 1

### Capital Structure

The following table summarises the movement in assets and liabilities of GPS Online following the acquisition of AMT Pty Limited:

	Audited Balance Sheet alone as at 30 June 2005	<b>Pro-Forma Balance Sheet after Settlement</b>
Current Assets	1,937,131	4,121,383
Non-Current Assets	504,038	953,209
Intangible Assets	2,564,655	10,869,062
Current Liabilities	[5,383,787]	[5,670,789]
Long Term Liabilities	[733,330]	[884,158]
Net [Liabilities]/Assets	<b>[1,111,293]</b>	<b>9,388,707</b>
Capital	12,744,919	23,244,919
Accumulated losses	[13,856,212]	[13,856,212]
Shareholders Equity	<b>[1,111,293]</b>	<b>9,388,707</b>

**Note:** The Pro-Forma Balance Sheet is based on the Capital Raising structure as detailed and the assumptions and estimates included in the Post Acquisition Financials following.

## Appendix 2

---

### Indicative Timetable

---

<b>Date</b>	<b>Event</b>
13/10/2005	Binding Heads of Agreement signed
17/10/2005	Sophisticated Investor placement forms sent
17/10/2005	Due Diligence continues
31/10/2005	Formal Due Diligence results *
02/11/2005	Sophisticated Investor placement closes *
30/11/2005	AGM and Shareholder & Note-holder Approval
1/12/2005	AMT activities Consolidated with GPS Group

---

\* Date subject to change