



23 February 2010

## RCR SETS STABLE FOUNDATION FOR GROWTH UNDER NEW EXECUTIVE LEADERSHIP

RCR Tomlinson Ltd (ASX code: **RCR**) today announced a net profit after tax (**NPAT**) of \$6.6 million for the half-year ending 31 December 2009.

The result, the first under the new executive leadership team led by Chief Executive Officer, Dr Paul Dalglish, reflects the key management focus of restructuring RCR for future growth through tighter financial management, eliminating underperforming business streams and systematically reducing onerous legacy contracts.

Revenues of \$266 million were below both the previous six months and the six months to June 2009 reflecting the downturn in customer ordering in the early part of 2009.

Net Earnings were impacted by the reduced activity level across the business, increased costs on contracts commenced last year in excess of 2009 year-end expectations and one-off restructuring costs. Earnings included a tax benefit of \$3.7 million from strategic R&D investment mostly targeted at innovative mobile mining equipment.

Net Debt of \$43.8 million improved by \$4.6 million in the six months which was considered to be an encouraging result given the ongoing investment in SAP to support the overhaul of core business processes and project work-in-progress reductions.

Dr Dalglish said the results reflect prudent decisions to restructure RCR and focus on the Company's core business strengths in the areas of mining, resources, energy and power.

"As part of these priorities, we have undergone significant restructuring of the business and the executive leadership team, and focussed on improving financial controls," Dr Dalglish said.

"Importantly, these initiatives, key contract awards secured in the last six months and an increasing order pipeline have set the foundations at RCR for an improved second half performance which should translate into higher ongoing margins."

Recent contract wins nearing \$100 million include new orders for Mining equipment from blue chip clients, Power project wins in New South Wales, Resources projects in Queensland and Energy contracts off-shore in South America and Asia. The orders reflect the success of focusing on RCR's four core business streams and lay the foundation for an improvement in the quality of earnings.

## OUTLOOK

The first half was characterised by a renewed focus on RCR's core business, a more robust order book, a movement towards larger contracts and continuous revenue streams.

With the majority of restructuring complete and a new management team in place, the foundation for revenue growth has been established.

"We have worked hard over the past six months to reduce overhead and jettison many of the legacy issues and loss making activities. Going forward, with the added support of our new Chief Financial Officer, Mr Andrew Walsh, we are focussing on improving margins, operational transparency and business predictability." Dr Dalglish said.

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**About RCR**

RCR Tomlinson Ltd (RCR) is an integrated engineering company providing turnkey solutions to blue chip clients in the mining, resources, energy and power sectors. RCR's services include design, engineering, procurement, manufacture, fabrication, construction, off-site repairs and maintenance. Headquartered in Perth, Western Australia, Australia. RCR has operations across Australia and New Zealand. Additional information is available at [www.rcrtom.com.au](http://www.rcrtom.com.au).