

NEWS RELEASE

RIB LOC ANNOUNCES FURTHER EARNINGS DOWNGRADE

Adelaide based pipe manufacturer Rib Loc Group Limited today announced a further downgrade in earnings for the year ending March 2004 to a net loss before tax of approximately \$1.5 million.

Chief Executive Barry Taylor said the downgrade from the previously announced loss of \$500,000 was a result of several issues.

The largest effect was due to lower than expected royalty income and lower margins associated with Australian sales. Also, unexpected costs resulted from settlement of a warranty claim for an export rehabilitation sales contract, from March redundancies and from the current takeover bid made by First Process of Hong Kong. Additionally there were delays in planned sales to France and to India, which have now slipped in to the next financial year.

Mr Taylor said the expected outlook for the company for the new financial year ending March 2005 was a profit before tax of \$1.0 million. The planned return to positive earnings is achievable by continued focus to reduce production costs, re-entry to the USA rehabilitation market, continued expected growth in the Australian pipe and rehabilitation markets and commercialisation of the company's new Rotaloc rehabilitation system in Europe and Australia.

He said the company's current planning was to achieve a net profit before tax of \$2.3 million for the year ending March 2006.

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