



Emeco Holdings Limited

**Market release
8 December 2006**

Emeco Group to acquire Euro Machinery businesses

Emeco International Europe BV, a wholly owned subsidiary of Emeco Holdings Ltd, has concluded an agreement to purchase all of the issued shares of Euro Machinery BV (**Euro Machinery**) and Euro Rental BV (**Euro Rental**).

Euro Machinery and Euro Rental are being acquired from Euro Machinery Beheer BV, a company which is ultimately owned and controlled by Mr Harry Haverkotte and members of his family.

Euro Machinery and Euro Rental are respectively in the business of trading and renting earth moving equipment. Negotiations have also been concluded for the transfer of the Euro Machinery businesses to a new state of the art machinery workshop, sales yard and office facilities in Hardenberg. The Hardenberg site is strategically located 1½ hours by road from Amsterdam and Rotterdam, provides ready access to key port facilities in the Netherlands, Belgium and Germany and being on the Dutch-German border it is considered as being on the 'front door to Europe'. Construction of the 40,000m² site is planned for completion in March 2007.

The acquisition of the shares of the two companies will comprise a total purchase consideration of €6,437,000, of which €2,000,000 will be paid by way of the transfer to Euro Machinery Beheer BV of shares in Emeco Holdings Ltd, which will be acquired on market immediately prior to completion. The acquisition of the businesses will be earnings accretive immediately. Earn out arrangements have been agreed which will ensure the Vendors and Emeco continue to align their interests in improving the quantity and quality of earnings of the Euro Machinery businesses over the next 3 financial years.

Under the terms of the sale agreement Mr Haverkotte and his son, Roy Haverkotte, will join Emeco's European management team and will be involved in the group's trading and rental activities.

The purchase of the two companies is expected to complete with effect from 1 January 2007. The company currently employs 22 staff.

