



5 December 2018

Dear Shareholder(s),

As we come to the end of 2018, the executive and board of directors would like to provide an update on corporate activities, activities in Brazil and the results of our investment in Safety Barriers WA Pty Ltd.

## **BRAZIL**

Since the previous shareholder update, our team has continued to work diligently at advancing the Urubu project.

As you may recall, in our previous shareholder update, the Company was to meet with Inema, the environmental department, to inform them that if no result was issued on our application by the end of May 2018 then the Company would move to take legal action for the opportunity costs of time taken to date. This was communicated to Inema and resulted in a review of our application. Subsequently Inema highlighted that applications needed to be resubmitted due to the name change from BrazIron to Advanced Investments Group. These submissions were made and accepted by Inema and the DNPM. Thereafter a new date has been provided to Inema where by if our application is not processed, we will be undertaking court proceedings on December 15<sup>th</sup> 2018.

This approval from Inema is essential in moving to the final step of applying for the mining permit from the "DNPM" (Department of mines). This has been a slow and frustrating procedure and our team in Brazil continue to work diligently every single week, on minimum remuneration, to keep pushing through the permitting process.

The team continues to engage with interested parties whom have indicated an interest in purchasing the project or undertaking some form of joint venture arrangement. The three parties with signed confidentiality agreements remain interested, subject to the approvals from DNPM and Inema.

## **SAFETY BARRIERS WA (SBWA)**

SBWA, as of 30 June 2018, recorded revenue of \$11.5m and returned normalized profits of \$1.5m before tax. Of this result, \$400k was used to pay down the ANZ loan which now is approximately \$1m from the original \$1.5m borrowed. This represents a 20% increase in both

revenue and profits over the prior year. This is a result of significant increase in turnover since February 2018. Management feel this is a great improvement as a result of entering new markets and putting significant time into research and development of installation process.

SBWA has been operating in Victoria since February this year and has been awarded a total of \$12m of works into the Joint Venture since then. Margins remain low in Victoria due to heavy competition however, after a total of 24 months operation under the JV arrangement, SBWA will be entitled its own independent license to operate in the state. The executive hopes that this expansion into Victoria will lay the foundation for the company to become a nation wide Safety Barrier installer.

In addition to the increased works, the company is actively engaged in investigating the acquisition of similar sized Safety Barrier groups on the east coast of Australia in order to fast track the goal of expanding beyond Western Australia alone.

Significant efforts have also been put into refining the methodology of installing barrier. The industry is very much “volume focused” with the more you install per hour, the more profits you can be generated without increasing costs. Thus each step of the installation process has been reviewed.

SBWA have adopted a new method of drilling augered holes where by dirt is captured during the drilling process rather than have dirt removed by labour after the fact. This has cut costs and time per hole.

Furthermore, historically, the company has run wire rope one strand at a time. Through internal development the installation process now allows for 4 wires to be run simultaneously. This again allows for far more volume of installation per year without a need to increase costs pro rata. Historically the company has installed approximately 70km of barrier per year.



With the above innovations we now have the ability to install up to 200km of barrier per year.



### Northlink 3

SBWA are please to announce that the company has been awarded the contract to install safety barriers for the third stage of the Northlink project. This is the largest road construction contract in Western Australia and has ensured SBWA of asserting itself as being the major player in the barrier industry within the state. This is a \$5.2m project to be installed over 12 months.

It is also exciting to note that for the first time in the industry the client has agreed to provide funding for materials upfront, providing relief of \$2.8m of working capital over the next year.

### SIGNAGE

Road side signage is a heavily regulated industry with only four accredited companies in Western Australia permitted to manufacture and install road signage.

This is an industry well aligned with safety barriers resulting in a number of synergies, from installation right through to transferable skills. SBWA has long viewed installing road signage, whilst installing safety barriers on major projects as a complimentary business.



SBWA are pleased to announce that the Company has purchased a 51% shareholding in Perth Safety Products. "PSP". [www.perthsafetyproducts.com.au](http://www.perthsafetyproducts.com.au)

PSP has been in operation for over 8 years and has all the required certification to manufacture and supply Main Roads approved signage. PSP has turn over on average of

\$1.5m a year and returning EBITDA of \$250k. PSP will add greatly to the portfolio of SBWA. For this transaction SBWA paid \$130k, representing a very modest valuation.

SBWA will now market itself as a company that can install road side barriers and signage using the same labour team and thus being competitive in the market.



### **CORPORATE ACTIVITIES**

There has been no issuance of AIG securities since the last AGM and no shareholder meetings have been held.

### **TRADING OF SECURITIES AND ENQUIRIES**

There has been indication from some existing shareholders that they have appetite to purchase shares if available.

As the Company is now private and unlisted, shareholders wishing to buy or sell their shares should contact the Chief Executive Officer on the email above and Mr. Morton will do his best to help facilitate the transaction.

Shareholders are also encouraged to email [AIG@advancedinvestmentsgroup.com](mailto:AIG@advancedinvestmentsgroup.com) and register their email address and other contact details to ensure efficient communication in the future.

- ENDS -

### **Images**

- 1.) Wire rope repair in Victoria
- 2.) Installing 4 strands of wire rope simultaneously
- 3.) Augering holes whilst catching dispensed soil
- 4.) W-Beam Barrier installed on Northlink 2
- 5.) Opening of Tonkin Highway, Northlink 2
- 6.) Installation of signage on Marmion Ave, Western Australia
- 7.) Installed signage on the Gateway project.