

# CONCENTRATED CAPITAL LIMITED

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14 August 2007

## **CHANGE OF BUSINESS** **ACQUISITION OF MARBLETREND**

The Board of Concentrated Capital Limited (**Concentrated Capital**) is pleased to announce that through its subsidiary, Marbletrend Consortium Pty Ltd, it has agreed (subject to the execution of final definitive agreements) to acquire Marbletrend Pty Ltd (**Marbletrend**).

Under the agreement reached with the Marbletrend shareholders, Concentrated Capital will acquire 70% of Marbletrend and have a call option to acquire the remaining 30% from Marbletrend shareholders by way of a share swap, subject to the following:

- the call option may only be exercised within 90 days of an exercise date being 1 July 2008 and each six month succeeding period up until 1 July 2010;
- the call option is exercisable at \$0.25 and the number of Concentrated Capital shares to be swapped is calculated by reference to 5 times the previous 12 months EBIT, prorated to 30%; and
- the Call Option may only be exercised if:
  - the volume weighted average price of Concentrated Capital shares over the 30 days prior the exercise date is greater than or equal to \$0.25; and
  - net interest bearing debt of Concentrated Capital as at the date of exercise is less than \$2 million.

The agreement values Marbletrend at \$15 million. Concentrated Capital will be required to fund 70% of the acquisition value being \$10.5m (before adjustments). Concentrated Capital proposes to raise up to \$9 million by way of an equity issue at an issue price of \$0.25 per share. Associates of Mr Peter Reilly, a Director of Concentrated Capital have indicated that they will participate in the capital raising for up to \$2 million.

On behalf of the Board, Hamish Giles, Executive Chairman stated:

“The acquisition by Concentrated Capital of the Marbletrend business provides a significant change in business to that which Concentrated Capital originally undertook.

The origins of Marbletrend can be traced back more than 65 years to when “John Penman Patterns” was formed as an engineering pattern making business. In 1979, John Penman’s son (Iain Penman’s father) realised the need to diversify and Marbletrend was created. Today, Marbletrend is a vibrant family owned business with established offices and warehouses in Victoria, New South Wales, Queensland and

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Western Australia. Agency arrangements are in place in Tasmania, Northern Queensland, Darwin and South Australia.

Marbletrend manufactures, imports, warehouses and distributes bathroom products to major customers including Bunnings, Reece, Tradelink, Plumbing Plus, Plumbtec and Mitre 10.

Marbletrend is headquartered in Bayswater, Victoria. Its head office consists of a showroom, office, warehousing and manufacturing with two warehouses adjacent to each other. The overall size of these two warehouses is 13,100 square metres and are located on just over two acres. The company's synthetic marble production facilities are also located here.

Production facilities exist for the manufacture of shower basins and vanity tops both in synthetic, marble and acrylic. Both warehouses have facilities for the loading and unloading of containers and receiving bulk supply of goods from China. The location is also used for shipping of product to interstate destinations."

Hamish Giles also noted that "It is the intention of Concentrated Capital to seek approval from shareholders to both change the name of the Company to Marbletrend Group Limited and to move the listing of Concentrated Capital, subject to the successful capital raising, from the National Stock Exchange to ASX. Concentrated Capital is currently in discussions with a major Investment Bank with respect to the underwriting of the proposed capital raising which together with current cash resources and support from the company's bankers will provide sufficient funds to conclude the Marbletrend transaction".

On behalf of Marbletrend, Mr Rob Walton, joint Managing Director stated:

"This is a significant and exciting step for Marbletrend in terms of both accessing the public capital markets and further developing its market reach beyond its current business activity with the support of both Concentrated Capital Limited, its Directors and its access to the capital markets".

Mr Iain Penman, joint Managing Director of Marbletrend also noted:

"This transaction provides not only the opportunity for the family to retain an initial 30% interest in the business but also offers employment security and growth in the business for our employees".

As a result of this transaction, Concentrated Capital will acquire a 70% interest in a business that currently turns over in excess of \$38,000,000 and has a 2007 EBIT of approximately \$2,600,000.

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The Company will require approval of its shareholders both in terms of undertaking the transaction and in terms of the proposed capital raising. The transaction will be conditional on obtaining such approval. The Board anticipates documentation with respect to a general meeting of shareholders and the prospectus relating to the proposed capital raising will be forwarded to shareholders and potential investors within the next six weeks. It is anticipated that the Marbletrent acquisition will complete by early October 2007. However, this time line may change and, transactions of this kind can never be assured until final definitive agreements are executed and completed.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'Hamish M Giles', is written over a faint, light blue circular stamp or watermark.

Hamish M Giles  
Chairman