

NZX Announcement

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Methven Readies for UK Market Launch with Purchase of British Tap and Showerware Supplier Completed

Methven, New Zealand's leading designer and marketer of tap and showerware, has finalised its \$59 million purchase of Deva Tap Company Ltd in the UK following its successful capital raising and will have its own branded products in the market before the end of the year.

"The acquisition of Deva provides us with a readymade launch pad into the UK market for our proprietary, eco-efficient Satinjet showerware which delivers a superb shower in low and uneven water pressure environments like the UK," said Methven Group CEO, Rick Fala. "The first range of Methven Satinjet showers will be on sale in the UK through Deva's well established retail and trade distribution channels in November."

Mr Fala, who was in the UK to oversee the settlement process completed according to plan on 31 August, said Deva was one of the UK's largest and most highly regarded independent suppliers of tap and showerware with 6% of the UK brassware market and well established trading relationships with most of the major plumbing and building merchants, and DIY groups.

"We are excited to be already working alongside the Deva team to realise the combined potential of the businesses in the UK," he said. We complement each other. Methven's proprietary products, including Satinjet, and our branding and design capabilities will provide differentiation and value to the current Deva offering and market proposition in the UK and we'll add selected Deva products to our current Australasian product offering.

"We also expect over time to realise cost savings and efficiency gains across the business through combining procurement, engineering, quality assurance and product sourcing capabilities and also gain greater scale to leverage our higher margin, proprietary products and product development capabilities across a larger market and portfolio of trading relationships."

The acquisition will see Methven more than triple its distribution reach for its range of unique branded showerware and other complementary products from a total Australasian population of approximately 25 million to a combined Australasian/UK population of around 85 million - and offer the future potential to widen Methven's existing access to markets in continental Europe.

Deva's retiring Chairman and former majority shareholder, Peter Geoghegan, said that it was with an immense sense of pride that he was handing Deva over to Methven's ownership "in great shape, growing and with an excellent reputation for quality, reliability and service".

"I am delighted that it is Methven taking Deva forward. I am confident that the Deva team will serve the Methven Group well and is capable of delivering on the considerable promise represented by the combination of Deva's strength in the UK market and Methven's new and innovative products."

The senior management team of Deva is staying on board and has bought shares in Methven.

Mr Fala said the focus in the first year would be to integrate Deva effectively into the Methven global network and to "bed in" the new global management team which will bring together the senior executives from Methven's New Zealand, Australian, USA and UK operations.

"This is a new era of growth for us and I am really excited about the opportunity we have to take Methven global."

Pro-forma information to shareholders indicated combined Group (post-acquisition) revenue of almost \$124 million and EBITDA of more than \$22 million, representing increases of 75% and 65% respectively on Methven's reported result for the year ended 31 March 2007.

The acquisition was funded through a combination of a \$15 million institutional placement, \$12.7 million rights issue, \$2.4 million in shares to key senior management of Deva and approximately \$30 million of long term debt, including existing Deva borrowings.

For more information please go to: www.methven.biz