

Announcement

28 August 2007

UK Acquisition on Track with Successful Rights Issue

Methven shareholders have subscribed for nearly 98% of their Rights Issue entitlements raising \$12.4 million as part of the finance package to purchase a UK tap and shower maker, Deva Tap Company Ltd, for \$59 million.

The acquisition will see Methven Group triple its direct distribution reach for its unique range of eco-friendly Satinjet showering products from a total Australasian population of approximately 25 million to a combined Australasian/UK population of around 85 million.

The acquisition of Deva, which will be completed on 31 August, is being funded through a combination of a \$15 million institutional placement, which was almost three times subscribed, \$2.4 million in shares to Deva senior management, around \$30 million of long term debt, and a 1 for 8 renounceable rights issue at \$1.75 raising up to \$12.8 million.

The rights issue closed with subscriptions of \$12.4 million, and 7,092,806 shares have been allotted. The directors resolved to place approximately 143,250 shares of the unexercised rights to three key senior staff of Methven at \$2.15 per share, taking the proceeds from this part of the equity raising to \$12.7 million. The remaining unexercised rights, approximately 18,920 representing 0.26% of total rights, have lapsed.

“We are extremely pleased with the strong uptake for the entitlement which we view as a clear sign of shareholder confidence in our growth strategy to become a global company by extending the market reach for our innovative design and branding to achieve international scale and increase shareholder value,” said Chairman, Richard Cutfield.

“We believe that Deva will provide a robust network to market Methven proprietary products directly into the UK while we will add some Deva products to our Australasian offering”

Deva, headquartered near Manchester, has 6% of the UK brassware market, including taps and showerware and established trading relationships with most of the UK's major plumbing and building merchants, and DIY groups.

The UK acquisition is not Methven's first offshore acquisition, having successfully integrated and delivered profitable growth in Australia through the purchase of established showerware distributor, Flexispray, now Methven Australia.

Pro-forma information says that Methven Group's post-acquisition revenue is expected to increase by an estimated 75% to almost \$124 million, with EBITDA also increasing by an estimated 65% to more than \$22 million.

For further company and acquisition information check out: www.methven.biz