



Catalyst Investment Managers Pty Ltd

Valley Longwall International

FOR IMMEDIATE RELEASE

CATALYST AGREES TO ACQUIRE 100% OF VALLEY LONGWALL INTERNATIONAL (“VLI”).

Catalyst Investment Managers Pty Ltd (“Catalyst”) today announced that it has entered into an agreement for the purchase of 100% of VLI, a leading manufacturer, supplier and distributor of products and services to the coal mining industry.

The acquisition will be completed by a newly incorporated company, Catalyst Mining Services Pty Ltd which is majority owned by funds managed by Catalyst.

The Company will continue to be known as Valley Longwall International and will maintain its commitment to customer service, technical expertise and product quality. No restructuring of the business is intended. Continued investment in production capacity, new products and growth in Australia and China, organically and via acquisition, remains a priority.

Mr Chris Freer, MD, commented, “VLI is well positioned for its next stage of growth, and with the financial support and strategic guidance of Catalyst, management are confident the Company will continue to successfully develop its business in Australia as well as achieve ongoing growth in the important Chinese market.”

Mr Freer went on to add, “The company has some outstanding growth opportunities ahead, and Catalyst have recognised those and fully support management in going after them.”

Managing Director of Catalyst, Mr Adrian Warner commented, “We are delighted to be partnering with a high quality management team led by Chris. The business has a tremendous track record of profitable growth, in a sector with outstanding prospects. Our aim is to build on this track record of success.”

“We believe management, staff, suppliers and customers will benefit from the financial support and strategic guidance brought to the Company by Catalyst” added Mr Warner.

Catalyst were advised by Ernst & Young Mergers and Acquisitions

The acquisition is subject to FIRB approval.

For further information please contact:

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About Valley Longwall International (“VLI”)

Valley Longwall is a leading provider of highly specialised, essential underground coal mining equipment and allied services in Australia, with a rapidly growing international business in China and emerging opportunities in the medium and long term in other developing markets such as Eastern Europe and India.

VLI operates in three divisions which provide a range of products and services which are necessary for the safe and efficient extraction of gaseous underground coal:

- In-seam directional drilling. This involves the manufacture, sale, operation and service of drill systems to release gas and water from underground coal seams
- Underground diesel vehicles. This involves the manufacture, sale, hire and maintenance of diesel rubber tyred people carriers and light and heavy utility vehicles/loaders for underground coal mines
- Conveyor products and services. This involves the manufacture, distribution and maintenance of conveyor components. VLI specialises in the maintenance and servicing of existing conveyor systems.

VLI’s goal is to build a leading international equipment and allied services company focussed on technical and specialist functions within the underground coal industry. VLI is working towards achieving this objective by:

- Building a business internationally based on specialist coal related niches where Australia is a market leader
- Establishing strong Australian market positions in each chosen niche
- Leveraging the market position and critical mass in Australia into the large and growing Chinese market
- Capturing organic growth options within the existing business
- Continuing to aggregate businesses in Australia which would extend VLI’s expertise and add scale.

About Catalyst

Catalyst Investment Managers is a leading Australasian private equity firm. Catalyst has completed 32 MBOs in Australia and New Zealand with a combined enterprise value of almost A\$3 billion.

Catalyst makes investments in market leading businesses, with excellent management, robust cash flows and strong growth prospects.

Catalyst has developed significant experience in investing in a wide range of industries in Australia and New Zealand including retail, services, building products, packaging and other industrial sectors.

Catalyst is also well known for its previous MBO's, including;

- Pacific Brands, acquired from Pacific Dunlop in 2001 for A\$730 million, and subsequently listed on the ASX for A\$1.725 billion in 2004. Pacific Brands is Australasia's leading wholesaler of branded everyday apparel and household products including underwear, socks, shoes, bedding, pillows etc.
- Just Group, acquired from public shareholders (incl Kimberly Family) in 2001 for A\$125 million, and subsequently re listed on the ASX for A\$573 million in 2004. Just Group is Australia's largest specialty apparel retailer following a period of significant earnings growth and various acquisitions.
- Taverner Hotel Group, a group of 33 pubs built through acquisition throughout Australia over the period 2001 – 2005. Taverner was sold to Woolworths for A\$380 million in 2005
- Australian Discount Retail Pty Ltd, formed by the simultaneous acquisition of the Australian business of The Warehouse Limited, and the discount variety business of Miller's Retail Limited. These businesses were acquired in 2005 for A\$200 million. The combined group is Australia's leading discount variety retailer, with turnover in excess of \$1 billion, and c.450 stores.
- Aperio Group, Australia/NZ's leading flexible packaging manufacturer, which was acquired from AEP Industries in 2004, and has since gone on to complete the acquisitions of FPSI, EPIC and Finewrap.
- Moraitis Group, Australia's leading wholesaler and distributor of fresh fruit and vegetables to the retail grocery industry. Moraitis is a high growth business with turnover in excess of A\$250 million. Catalyst acquired a significant stake in Moraitis Group in 2006.
- Global Television (GTV), Australia's leading provider of equipment studios and technical services to the television production industry. Catalyst completed the acquisition of GTV from public shareholders in January 2007.
- Ezibuy, Australasia's leading apparel and home décor catalogue company. EziBuy makes its core fashion and homeware collections available through catalogues and via its website. It also has retail stores in New Zealand and Australia. Catalyst acquired a significant stake in Ezibuy in March 2007.

This transaction is Catalyst's fifth significant investment in the past twelve months, following completing its own MBO from its former parent Prudential plc, and raising a new fund of A\$390 million of equity.