

AKD ANNOUNCEMENT



Proposed Acquisition of Yarram Sawmill Located at Yarram, Victoria and Caboolture Sawmill Located at Caboolture, Queensland

Carter Holt Harvey (**CHH**) and Associated Kiln Driers (**AKD**) are in advanced negotiations regarding the potential purchase of the Yarram sawmill located at Yarram, Victoria and the Caboolture sawmill located at Caboolture, Queensland by AKD. At this stage, no agreement has been reached by the parties to proceed with the proposal, and any subsequent agreement is expected to be subject to certain conditions.

The Yarram mill processes approximately 150,000m³ of sawlogs and produces a range of outdoor products primarily for the Victorian market. The Caboolture mill processes approximately 215,000m³ of sawlog and produces a range of structural timber for the Queensland and Northern NSW market. All existing employees of these mills (approximately 50 at Yarram and 100 at Caboolture) will be offered on going employment.

“We see these businesses as well-run operations that will be a perfect fit for the AKD Group. They provide us with a greater range of products to offer our existing customers and provide AKD with access to new markets and customers. Overall they help us become internationally competitive” said CEO Shane Vicary.

If this purchase of the Yarram and Caboolture sawmills by AKD goes ahead, there will be no impact on our existing operations and employment. We believe that they will enhance our future and provide growth and stability.

AKD currently processes 700,000m³ of sawlog at its Colac mills and has 450 employees. If this transaction goes ahead we will process over 1 million m³ of sawlog and employ over 600 staff. This would make us the second largest sawmilling company in Australia.

Over the years we have grown our business through a combination of strategic acquisitions and capital investment in our core business. The proposed acquisition continues this approach.

We believe that the future demand for quality virgin wood fibre for use in the construction of detached and multistorey residential and commercial construction is strong.

The access to well managed plantations with long term supply agreements is at the core of this transaction. We are committed to providing quality locally grown and produced products, from renewable resources, having a carbon neutral or better impact on the environment.

If you do have any further enquiries these should be forwarded to the Chief Risk Officer, David McGinness on media@akd.com.au or call 03 5231 9100.