

Capral Limited

OFFER SUMMARY

Renounceable Rights Issue

A 1 for 1 renounceable Rights Issue by Capral Limited ABN 78 004 213 692 of 194,631,036 New Shares at \$0.15 per New Share to raise approximately \$29.2 million, before costs

Last date for acceptance and payment

30 October 2008

If you are a Qualifying Shareholder, this is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

This Rights Issue is fully underwritten by
Guinness Peat Group (Australia) Pty Limited

IMPORTANT NOTICE

This Offer Summary is provided for information purposes only, and it is not, and it does not purport to be, a prospectus or other disclosure document. This Offer Summary is being made without disclosure to investors in accordance with section 708AA of the Corporations Act. Accordingly, this Offer Summary does not contain all of the information that a prospective investor may require to make an investment decision and it does not contain all of the information that would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Offer Summary does not constitute a securities recommendation or financial product advice.

This Offer Summary is dated 1 October 2008. Neither ASIC nor ASX takes any responsibility for the contents of this Offer Summary or the merits of the investment to which this Offer Summary relates.

Both GE and GPG have given and have not before lodgement of this Offer Summary withdrawn their consent to be named in this Offer Summary. Neither GE nor GPG makes, or purports to make, any statement that is included in this Offer Summary and there is no statement in this Offer Summary which is based on any statement by GE or GPG. Neither GE nor GPG has had any involvement in the preparation of any part of this Offer Summary and has not authorised nor caused the issue of this Offer Summary. To the maximum extent permitted by law, both GE and GPG expressly disclaim and take no responsibility for any part of this Offer Summary.

Important document

It is important that you carefully read this Offer Summary in its entirety before deciding to invest in Capral, with regard to your personal circumstances (including financial and taxation issues) and you should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Rights may be valuable

Your Rights to New Shares may be valuable. Your rights are renounceable, which means that if you do not wish to acquire more Shares, you may sell your Rights on the ASX or otherwise deal with them as described in Section 2 of this Offer Summary. It is important to that you accept all or part of your Entitlement or deal with your Entitlement as described in Section 2. Shareholders who take no action in respect of their New Shares may receive no benefit and their Rights will lapse.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Rights Issue that is not contained in this Offer Summary. Any information or representation not contained in this Offer Summary may not be relied on as having been authorised by Capral in connection with the Rights Issue. Neither Capral nor any other person warrants the future performance of Capral or any return on any investment made under this Offer Summary, except as required by law and then, only to the extent so required.

Restrictions on the distribution of this Offer Summary

This Offer Summary does not constitute an offer of New Shares in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Offer Summary in jurisdictions outside Australia and New Zealand may be restricted by law and any person into whose possession this Offer Summary comes (including nominees, trustees or custodians) should seek advice on, and observe, those restrictions. The New Shares have not been, and will not be, registered under the US Securities Act 1993 (as amended) and may not be offered in the United States or to, or for the account of or benefit of, US Persons.

Accordingly, this Rights Issue is not be extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand. This Offer Summary is sent to those Shareholders for information purposes only. However, the Directors will offer the Rights that would otherwise have been offered to each of those Shareholders to the Nominee who may sell those Rights for the benefit of those Shareholders.

Notwithstanding the above, in limited circumstances, Capral may elect to treat as Qualifying Shareholders certain institutional Shareholders who would otherwise not be Qualifying Shareholders because their registered addresses are not in Australia or New Zealand.

Defined terms and abbreviations

Terms and abbreviations used in this Offer Summary are defined in the Glossary (see section 8).

Application for New Shares

If you wish to apply for New Shares, you must complete and return the personalised Entitlement & Acceptance Form which accompanies this Offer Summary. If you have not received a personalised Entitlement & Acceptance Form, please contact the Share Registry on 1300 855 080 or +613 9415 4000.

Entire Agreement

The terms contained in this Offer Summary constitute the entire agreement among Capral, the Underwriter and you as to the Rights Issue and your participation in it to the exclusion of all prior representations, understandings and agreements among Capral, the Underwriter and you.

SUMMARY OF THE OFFER

Key investment aspects

New Share issue price	\$0.15 per New Share
Shareholder Entitlement	1 New Share for every 1 Share held on Record Date
Number of New Shares to be issued under the Rights Issue	Up to 194,631,036 ¹
Amount to be raised under the Rights Issue	Up to \$29.2 million ¹
Amount underwritten under the Rights Issue	\$29.2 million ²

1. These numbers are approximate.

2. See section 7.1

Key dates*

Announcement of Rights Issue	01/10/08
Lodgement of Appendix 3B, Notice and Offer Summary with ASX	01/10/08
Notice to Shareholders	02/10/08
Securities quoted on an ex basis and rights trading starts on ASX	03/10/08
Record Date for determining Entitlements to New Shares	7.00pm on 10/10/08
Offer Summary, Entitlement & Acceptance Forms despatched	16/10/08
Rights trading ends	23/10/08
Closing Date and latest time for receipt of Entitlement & Acceptance Forms and payment in full for New Shares	5.00pm on 30/10/08
Notify ASX of under subscriptions if underwriting is terminated	05/11/08
Issue of New Shares	No later than 06/11/08
Holding statements for New Shares despatched	No later than 10/11/08
New Shares expected to commence trading on ASX	11/11/08

* These dates are subject to change and are indicative only. Capral reserves the right to amend this indicative timetable. In particular, Capral reserves the right, subject to the Corporations Act, the ASX Listing Rules and the approval of the Underwriter, to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares.

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MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

On 26 August 2008, Capral Limited (**Capral**) announced a proposal to undertake a fully underwritten renounceable rights issue to all eligible shareholders. The underwriting was subject to completion of a re-financing of Capral's existing senior debt facilities and regulatory approvals. New secured borrowing facilities of up to \$116 million have been provided by GE Commercial Finance through to September 2011 (**Refinancing**) and so I now have pleasure in providing you with details of a renounceable Rights Issue, which entitles you to acquire 1 New Share in Capral for every 1 Share you hold as at 7.00 pm (Sydney time) on 10 October 2008.

194,631,036 New Shares will be issued at a price of \$0.15 per New Share. The Rights Issue has been fully underwritten by Guinness Peat Group (Australia) Pty Limited (**GPG**), Capral's majority Shareholder. GPG will be entitled to receive an underwriting fee of approximately \$1.17 million, being 4% of the total underwritten amount from the Rights Issue. The Rights Issue will raise approximately \$29.2 million, before costs and the New Shares will rank equally with all existing Shares.

In early 2007 Capral raised approximately \$48 million (after costs) by way of an issue of convertible notes, maturing in March 2012. The net proceeds were used to replace existing debt of Capral in conjunction with a refinancing of its debt facilities through to September 2009. The Board has decided to undertake the Rights Issue, in conjunction with the Refinancing now in place to September 2011, principally to fund Capral's working capital requirements.

Details of the Rights Issue are included in this Offer Summary. I recommend that you read it carefully.

Your Entitlement to New Shares is set out in the accompanying Entitlement & Acceptance Form. The closing date for acceptance and payment is 5.00pm (Sydney time) on 30 October 2008.

The Directors recommend the Rights Issue to you and we look forward to your participation.

Yours sincerely



Phil Arnall
Chairman
Capral Limited

1. DETAILS OF THE RIGHTS ISSUE

1.1 The Rights Issue

Capral is offering a renounceable rights issue to Qualifying Shareholders on the basis of 1 New Share for every 1 Share held at 7.00 pm (Sydney time) on 10 October 2008 at an issue price of \$0.15 per New Share.

The Rights Issue will result in the issue of 194,631,036 New Shares and will raise approximately \$29.2 million before costs (and approximately \$27.7 million after costs).

The Rights Issue is fully underwritten by Capral's majority Shareholder, Guinness Peat Group (Australia) Pty Limited (**Underwriter**). Please see Section 7.1 for a summary of the Underwriting Agreement, including the events that would entitle the Underwriter to terminate the Underwriting Agreement and details of the amounts payable by Capral to the Underwriter.

1.2 Purpose of the Rights Issue

The amount raised by the Rights Issue, after deducting associated costs, will be used by Capral in conjunction with the Refinancing principally to fund Capral's working capital requirements (see Section 3).

1.3 Your Entitlement to participate in the Rights Issue and the Record Date

The Record Date for the purpose of the Rights Issue is 7.00 pm (Sydney time) on 10 October 2008. Qualifying Shareholders will be entitled to participate in the Rights Issue. In accordance with ASX Listing Rule 7.12, a buyer under a contract note from a member organisation of ASX on or before the Record Date will be entitled to participate in the Rights Issue if a certified copy of the contract note is provided to Capral.

Your Entitlement to New Shares is shown in the accompanying Entitlement & Acceptance Form.

1.4 Shortfall

There is no Entitlement to New Shares in excess of your Entitlement.

1.5 Closing Date

Capral will accept applications from the Opening Date until 5.00 pm (Sydney time) on 30 October 2008 or any other date the Directors in their absolute discretion determine subject to the requirements of the ASX Listing Rules and the approval of the Underwriter.

1.6 Rights trading

The Rights are renounceable. This provides Qualifying Shareholders who do not wish to subscribe for some or all of their Rights an opportunity to sell those Rights.

Trading of Rights will commence on ASX on 3 October 2008 and will cease on close of trading on 23 October 2008. Rights to which you are entitled may be sold on ASX between these dates should you choose not to accept your full Entitlement.

1.7 Acceptance of the offer

A completed and lodged Entitlement & Acceptance Form, together with payment for the number of New Shares accepted, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of New Shares specified in the Entitlement

& Acceptance Form on the terms set out in this Offer Summary. The Entitlement & Acceptance Form does not need to be signed to be binding.

No brokerage or stamp duty is payable on the issue of New Shares.

If the Entitlement & Acceptance Form is not completed correctly Capral can reject it or treat it as valid. Capral's decision as to whether to reject the Entitlement & Acceptance Form or treat it as valid and how to construe, amend or complete it is final.

1.8 Rights attached to New Shares

New Shares will, once issued, rank equally with existing Shares. The rights and liabilities attached to Shares are:

- set out in Capral's Constitution, a full copy of which is available free of charge on Capral's website (www.capral.com.au); and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

1.9 Issue of New Shares

Capral expects to issue the New Shares on 6 November 2008. Holding statements in relation to those New Shares are expected to be dispatched by 10 November 2008.

1.10 ASX quotation

Capral has applied for admission of the New Shares to quotation by ASX. If the New Shares offered by this Offer Summary are not admitted to quotation within 3 months after the date of this Offer Summary (or any longer period permitted by ASIC) any issue of New Shares is void and Capral will repay, as soon as practicable, without interest, all application money received under this Offer Summary.

Subject to approval being granted by ASX, it is expected that the quotation and trading of New Shares issued under the Rights Issue will commence on ASX on 11 November 2008, the day following the despatch of holding statements in relation to those New Shares.

Qualifying Shareholders who sell New Shares before they receive their holding statements will do so at their own risk. Capral and the Underwriter disclaim all liability in tort (including negligence), statute or otherwise to persons who trade New Shares before receiving their holding statements.

1.11 Risk factors

In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in Capral. A summary of these risks is set out in Section 5.

1.12 Taxation implications

The Directors consider that it is not appropriate to give Qualifying Shareholders advice regarding the taxation consequences of subscribing for New Shares or dealing with the Entitlements pursuant to this Offer Summary. Capral, its advisers and its officers do not accept any responsibility or liability for any taxation consequences. As a result, Qualifying Shareholders should consult their own professional tax advisers in connection with subscribing for New Shares under this Offer Summary.

2. ACTION REQUIRED BY QUALIFYING SHAREHOLDERS

2.1 Taking up all of your Entitlement

- Complete the Entitlement & Acceptance Form in accordance with the instructions set out on the form. Forward your completed Entitlement & Acceptance Form, together with your payment, to reach the Share Registry no later than 5.00 pm (Sydney time) on 30 October 2008.
- Completed Entitlement & Acceptance Forms and accompanying payments must be mailed or delivered to the Share Registry as detailed on the Entitlement & Acceptance Form. The Postal Acceptance Rule does not apply to this Offer. Once mailed acceptances have been received they cannot be withdrawn.

2.2 Selling all of your Rights

- Complete the section marked "Instructions to your Stockbroker" on the back of the Entitlement & Acceptance Form and lodge the form with your stockbroker. Allow sufficient time for your instructions to be carried out.
- Rights trading on ASX starts on 3 October 2008 and your Rights must be sold by 23 October 2008 when Rights trading ends or they will lapse.

2.3 Taking up part of your Entitlement and selling the balance of your Rights

- Complete the section on the back of the Entitlement & Acceptance Form marked "Instructions to your Stockbroker" and lodge the form with your stockbroker, together with your payment for the New Shares you intend to take up.
- Allow sufficient time for your instructions to be carried out.
- Rights trading on ASX starts on 3 October 2008 and your Rights must be sold by 23 October 2008 when Rights trading ends or they will lapse.

2.4 Transferring your Entitlement to another person other than on ASX

- Complete the Entitlement & Acceptance Form as in Section 2.1.
- Complete a standard renunciation form (obtainable from your stockbroker or the Share Registry in favour of the transferee). The renunciation must be signed by both the seller and buyer.
- Send or deliver the completed Entitlement & Acceptance Form, the renunciation form and the transferee's payment for the number of Rights being transferred and the New Shares taken up to the Share Registry no later than 30 October 2008.

2.5 Entitlement not taken up

- If you decide not to take up all or part of your Entitlement, you are advised to sell the Rights which you have decided not to accept rather than allow them to lapse. See Section 2.3 or 2.4, as appropriate.
- New Shares not taken up will revert to the Underwriter and you will receive no benefit. It is therefore important that you take action either to take up your Entitlement or sell your Rights in accordance with the above instructions and the instructions on the back of the Entitlement & Acceptance Form.

2.6 Payment

Payment must be by cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the application money. Cheques, money orders or bank drafts should be made payable to "**Capral Limited - Rights Issue**" and crossed "Not Negotiable". Do not forward cash. Receipts for payments will not be issued.

2.7 Application Moneys Held On Trust

Application Monies for the New Shares will be held in a trust account until allotment of the New Shares. Any interest earned on application money will be retained by Capral. If the Rights Issue does not proceed, all Application Monies will be returned in full as soon as possible, without interest.

2.8 Overseas Shareholders

Shareholders with registered addresses outside Australia and New Zealand should read Section 6.

2.9 CHESS

Capral participates in CHESS, operated by ASTC, a wholly-owned subsidiary of ASX, in accordance with the ASX Listing Rules and the ASTC Settlement Rules. Under CHESS, Capral does not issue certificates to Shareholders but will instead provide Shareholders with a statement of their holdings in Capral. If you are broker-sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under the Rights Issue and give details of your holder identification number, in the case of a holding on the CHESS sub-register and the terms and conditions applicable to the New Shares.

If you are registered in the Issuer Sponsored sub-register your statement will be despatched by the Share Registry and will contain the number of New Shares issued under the Rights Issue and your security holder reference number.

A CHESS statement or Issuer Sponsored statement is routinely sent to Shareholders by the Share Registry at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

3. OUTLOOK AND USE OF PROCEEDS

3.1 Outlook

In the last 5 years Capral has incurred significant operating losses. The principal reasons for these losses are:

- lost sales and a reduction in profit margins as imports have taken an increased share of the Australian aluminium extrusions market; and
- early year losses incurred at the Bremer manufacturing facility which was commissioned in 2005.

More recently, Capral's sales and operating results have been adversely affected by weakness in the residential building market into which almost half of Capral's product is sold. This weakness has continued through 2008 and, in recent months, other markets for Capral's products have been affected by the volatility and deterioration in economic conditions.

The timing of recovery in these markets is uncertain however, Capral is committed to return to profitability with a plan built on the following key elements:

- lifting market share through improved customer service and by taking advantage of being a local supplier;
- running manufacturing plants at capacity so that costs are more competitive;
- maximising sales growth through its owned distribution channel in which sales margins are highest;
- increasing productivity in warehousing and reducing freight costs; and
- managing the business tightly to reduce overhead costs and maximise cash generated from operations.

3.2 Use of Proceeds

Capral is offering up to 194,631,036 New Shares under the Rights Issue, to raise gross proceeds of up to approximately \$29.2 million. The proceeds of the Rights Issue after deducting associated costs (see Section 7), in conjunction with the Refinancing (details of which are provided in Section 7.1(b)), will be used by Capral for working capital and to repay a short term loan from GPG (details of which are provided in Section 7.1(c)).

4. EFFECT OF THE RIGHTS ISSUE

4.1 Capital structure on completion of the Rights Issue

The following table shows the proposed capital structure on completion of the Rights Issue. The exact number of New Shares to be issued cannot be calculated until Entitlements have been determined following the Record Date:

Shares (Quoted - CAA)	Number
Existing Shares on issue at the date of this Offer Summary	194,631,036
New Shares proposed to be issued under this Offer Summary	194,631,036
Proposed total Shares on issue after the Rights Issue	389,262,072

4.2 Underwriter's maximum potential Shareholding in Capral

The Underwriter has agreed to underwrite the Rights Issue by acquiring all Shortfall Shares. At the date of this Offer Summary, it is not possible to confirm whether or not there will be any Shortfall Shares. The following table shows the holding of the Underwriter and its Related Bodies Corporate, as at the date of this Offer Summary, and assuming that no other Shareholder exercises any of their respective Entitlements and subject to the Underwriting Agreement, as at completion of the Rights Issue:

Underwriter Shares	Number	% of total issued capital
Existing Shares held at the date of this Offer Summary	103,317,055	53.08
New Shares proposed to be issued under this Offer Summary	194,631,036	-
Maximum potential Shareholding after the Rights Issue (assuming no other Shareholder exercises Entitlements)	297,948,091	76.54

The Underwriter (and its Related Bodies Corporate) also holds 279,185 convertible notes in Capral.

4.3 Effect for Shareholders

Qualifying Shareholders who take up their full Entitlement will not have their holdings diluted.

New Shares that are not taken up by Qualifying Shareholders will be taken up by the Underwriter. The holding of any Qualifying Shareholder who does not exercise its Rights, or who sells any part of its Rights, will be diluted.

5. RISK FACTORS

5.1 General

There are a number of factors, both specific to Capral and of a general nature, which may affect the future operating and financial performance of Capral and the value of an investment in Capral.

Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of Capral and cannot be mitigated.

This Section describes certain risks associated with an investment in Capral. Prior to making an investment decision, Qualifying Shareholders should carefully consider the following risk factors, as well as the other information contained in this Offer Summary. The following summary should not be regarded as exhaustive.

5.2 Share investment

Qualifying Shareholders should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The value of securities can be expected to fluctuate depending on various factors including general condition of the Australian economy (in particular the building and construction sector), general worldwide economic and political conditions, changes in government policies, taxation changes and legislative or regulatory changes, investor sentiment, changing customer preferences, inflation levels, movements in the price of shares, movements in interest rates and stock markets, commodity prices, industrial disruption, environmental impacts, international competition, and other factors which may affect Capral's financial performance and position. These factors are beyond the control of Capral and Capral cannot, to any degree of certainty, predict how they will impact on Capral. Accordingly, assuming that the New Shares are granted official quotation by ASX, they may trade on ASX at higher or lower prices than the issue price.

Each Qualifying Shareholder should consider whether shares are a suitable investment for them before deciding to invest in New Shares. Any Qualifying Shareholder in doubt about investing in New Shares should consult their stockbroker, accountant, lawyer or other professional adviser immediately.

5.3 Price of aluminium

The market price of aluminium, like other metals and minerals, is volatile. LME price increases place upward pressure on working capital. To the extent that price variations cannot be passed on to customers, Capral is exposed to movements in the price of aluminium. This exposure is generally mitigated, however, by 2 key factors:

- approximately 45% of extrusion volume is sold to customers who have pricing arrangements directly linked to changes in the market price of aluminium; and
- Capral closely monitors movements in metal prices and passes on increases to the balance of customers in a timely manner.

5.4 Exchange rate and currency fluctuations

The price paid by Capral for aluminium raw materials is quoted in Australian Dollars, but represents a combination of the US Dollar LME price and the US/Australian Dollar exchange rate. As noted above in 'Price of Aluminium', where exchange rate movements do cause a rise in the price of aluminium, the impact is generally mitigated by Capral's ability to pass the increase to the market in a timely manner.

5.5 Key customers

Capral's performance is impacted by the volume of sales to large customers. There is a risk to Capral that the requirements of one or more key customers may change.

5.6 Imports and local competitors

Capral is subject to pressures from import and domestic competition. Imported products have grown over the past 10 years to approximately 45% of the market (with approximately 75% from China). However, import growth has slowed over the last 3 years.

5.7 Residential and commercial market

Capral is exposed to the cyclical nature of both residential and commercial building activity. The activity is currently weak in the residential market.

5.8 Liquidity of Shares

The market on ASX for the Shares is less liquid for Capral than for companies without a majority Shareholder. Shareholders who wish to sell their Shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Shares.

6. OVERSEAS SHAREHOLDERS

6.1 Non-Qualifying Shareholders

This Offer Summary and accompanying Entitlement & Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Summary or that form. The distribution of this Offer Summary and the accompanying form in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Summary and the accompanying form should seek advice on and observe those restrictions. Any failure to comply with

those restrictions may constitute a violation of applicable securities laws, for which Capral will not be responsible.

Capral has decided that it is unreasonable to make offers under this Offer Summary to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the securities they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand. This Offer Summary is sent to those Shareholders for information purposes only.

6.2 Nominee for Non-Qualifying Shareholders

The Directors will offer the Rights which would otherwise have been offered to each of those Non-Qualifying Shareholders to the Nominee. If there is a viable market in the Rights and a premium over the expenses of the sale can be obtained, the Nominee will sell the Rights. Any sale will be at prices and otherwise in a manner determined by the Nominee in its sole discretion.

Neither Capral nor the Nominee will be held liable for failure to sell the Rights or to sell the Rights at any particular price. The proceeds of the sale will be distributed to Shareholders for whose benefit the Rights are sold in proportion to their shareholdings (after deducting costs).

If there is no viable market for the Rights, the Entitlement will be allowed to lapse and the New Shares will revert to the Underwriter.

6.3 Handling fee

The Nominee will receive an engagement fee of \$2,000 (exclusive of GST) (inclusive of brokerage charges) if any of the Rights of non-Qualifying Shareholders are sold (refer to Section 6.2 above).

7. ADDITIONAL INFORMATION

7.1 Material contracts

(a) Underwriting Agreement

Capral has entered into an Underwriting Agreement dated 5 September 2008 with the Underwriter. The obligations of the Underwriter under the Underwriting Agreement are subject to a number of conditions precedent, of which the principal condition unfulfilled at the date of lodgement of the Offer Summary is confirmation by ASX that it will grant official quotation for the New Shares issued under this Offer Summary.

The Underwriter has agreed pursuant to the Underwriting Agreement to underwrite the Rights Issue by subscribing for the unsubscribed New Shares, being an amount up to \$29.2 million (194,631,036 New Shares at the Issue Price). The Underwriter may sub-underwrite.

The Underwriter will receive an underwriting fee of 4% of the amount of the Rights Issue (being approximately \$1.17 million, exclusive of GST) and all reasonable costs and expenses incurred by it in connection with the Rights Issue.

Under the Underwriting Agreement, Capral provides a number of customary representations, warranties and covenants (to the extent that they would have a

material adverse effect on Capral) to the Underwriter generally given by an issuer of shares.

The Underwriter may by notice to Capral terminate its obligations under the Underwriting Agreement at any time up to 4 Business Days after the date that a Shortfall notice is given by Capral to the Underwriter if any of the following events occurs and that event would have a material adverse effect on Capral or give rise to a liability on the part of the Underwriter under the law:

- Capral lodges the Notice with ASX in a form not agreed by the Underwriter;
- changes of law that have an effect on the prospects of the Rights Issue being fully subscribed prior to the Closing Date;
- commencement of war;
- any independent or executive director of Capral is charged with or convicted of any indictable criminal offence involving dishonesty;
- Capral breaches the Underwriting Agreement and fails to remedy the breach within 5 Business Days;
- there is a material misstatement or inaccuracy in the Notice;
- an insolvency event occurs with respect to Capral;
- a decrease by 20% or more in the All Ordinaries Index between the date of the Underwriting Agreement and the Closing Date;
- adverse change in the financial or trading position of Capral;
- breach of constitution by Capral;
- a material contract (other than the Underwriting Agreement) referred to in the Notice is terminated or rendered void;
- an encumbrance over all or any of the assets of Capral is created other than permitted encumbrances;
- false or misleading information is given to the Underwriter;
- any application is made by ASIC for any order under section 1324A or section 1324B of the Corporations Act in relation to the Notice;
- ASIC gives notice of an intention to prosecute Capral or its directors or employees;
- an order is made in connection with the Notice;
- a significant change or new matter occurs in relation to the Notice;
- Capral is in breach of section 708AA(10) of the Corporations Act;
- Capral seeks the approval of Shareholders under section 260B of the Corporations Act without the Underwriter's consent;
- the performance of the obligations of the Underwriter or Capral is prevented or restrained by a regulatory authority; or

- a public statement is made by Capral in relation to the Rights Issue without the Underwriter's consent.

(b) **GE Commercial Finance Facility**

Capral (and its subsidiaries) have entered into a facility agreement dated 30 September 2008 with GE of up to \$116 million to, among other things, refinance the Capral group's previous facility. The facility consists of a:

- \$70 million revolving facility for a term of 3 years;
- \$11.5 million term loan facility for a term of up to 6 months;
- \$34.5 million term loan facility for a term of up to 3 years.

This facility is secured by, among other things, a fixed and floating charge over all the assets and undertakings of Capral (and its subsidiaries) and mortgages over key real property of the Capral Group.

The facility agreement contains customary undertakings, events of default and other provisions of debt facility agreements.

(c) **GPG Loan**

GPG has provided an \$8 million unsecured loan on 30 September 2008 to meet GE's requirements in connection with the restructuring of Capral's finances. This loan (and accrued interest at a commercial interest rate) is fully subordinated to the facility with GE referred to in Section 7.1(b) above and will be repaid from the proceeds of the Rights Issue.

7.2 Director Interests

Since the year ended 31 December 2007, Mr Graeme Cureton resigned, and Mr Anthony Eisen was appointed, as a Director.

Dr Gary Weiss is a director of, and Mr Anthony Eisen is employed by, the Underwriter (or its Related Bodies Corporate).

Each Director will be entitled to participate in the Rights Issue to the extent that he holds Shares at the Record Date.

7.3 Expenses

The expenses of the Rights Issue payable by Capral, including the underwriting fee, legal and other professional fees, and share registry costs, are estimated to amount to approximately \$1.5 million (exclusive of GST).

7.4 Persons named

Each of GE and GPG:

- has not authorised or caused the issue of this Offer Summary;
- does not make, or purport to make, any statement in this Offer Summary;
- has not made any statement on which a statement in this Offer Summary is based; and

- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Offer Summary.

8. GLOSSARY OF TERMS

In this Offer Summary:

\$	Australian dollars
Application Monies	Aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement & Acceptance Form
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)
ASTC Settlement Rules	The operating rules of ASTC
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the market operated by ASX
ASX Listing Rules	The official listing rules of ASX
Board	The board of directors of Capral
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
Capral	Capral Limited (ABN 78 004 213 692)
CHESS	Clearing House Electronic Subregister System
Closing Date	5.00pm (Sydney time) on 30 October 2008 (or as determined under Section 1.5)
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	The directors of Capral
Entitlement	The entitlement of a Shareholder to 1 New Share for every 1 Share in Capral held as at the Record Date by that Shareholder
Entitlement & Acceptance Form	The entitlement and acceptance form that accompanies this Offer Summary, under which a Qualifying Shareholder may apply for New Shares under the Rights Issue.
Financial Report	Capral's latest annual and half-year financial report for the year ended 31 December 2007 and 30 June 2008 respectively
GE	GE Commercial Corporation (Australia) Pty Limited (ABN 28 000 974 747)

Issue Price	\$0.15 per New Share
LME	London Metal Exchange
New Shares	The Shares to be issued in Capral under this Offer Summary
Nominee	Bridges Financial Services Pty Ltd (ABN 60 003 474 977 and AFSL No. 240837) or such other nominee appointed by Capral
Notice	The notice referred to in section 708AA(1)(f) of the Corporations Act and includes this Offer Summary and any amended offer or Notice that may be lodged pursuant to the Corporations Act or any part or parts of any of the foregoing
Offer Summary	This document
Opening Date	1 October 2008
Postal Acceptance Rule	The deeming of an acceptance to complete at the point in time when an Entitlement & Acceptance Form is posted
Qualifying Shareholders	Persons who are registered as the holders of Shares on the Record Date and whose registered addresses are in Australia or New Zealand
Record Date	7.00 pm (Sydney time) on 10 October 2008, being the time and date for determination of Entitlements of Shareholders to participate in the Rights Issue
Refinancing	Secured borrowing facilities of up to \$116 million with GE, replacing existing senior secured debt facilities
Related Bodies Corporate	Has the same meaning given to that term in section 50 of the Corporations Act
Rights	The renounceable rights of Qualifying Shareholders to subscribe for New Shares under this Offer Summary
Rights Issue	The renounceable rights issue of New Shares offered under this Offer Summary to Shareholders on the basis of the Entitlement at the Issue Price
Shareholders	Holders of Shares in Capral
Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Yarra Falls, 452 Johnston Street, Abbotsford VIC, Melbourne, 3067
Shares	Fully-paid ordinary shares in the capital of Capral
Shortfall	New Shares not taken up by Qualifying Shareholders under their Entitlements
Underwriter or GPG	Guinness Peat Group (Australia) Pty Limited (ABN 13

052 245 191)

Underwriting Agreement

The agreement described in Section 7.1(a)

US Persons

The meaning given to that term by regulations made under the US Securities Act 1993 (as amended).