



# Prospectus

## Renounceable Rights Issue

Renounceable Rights Issue of  
**2 New Shares for every 3 Shares**  
at **\$1.50 cents** per **New Share**  
to raise approximately \$116 million

THE LAST DATE FOR ACCEPTANCE AND PAYMENT  
IN FULL FOR THE RIGHTS ISSUE IS 24 OCTOBER 2005  
(THE "**CLOSING DATE**")

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.



# Rights Issue



## Summary of Important Dates

Shares quoted ex Rights and Rights trading commences	16 September 2005
Record Date to determine Your Entitlement to New Shares	22 September 2005
Expected date of dispatch of Prospectus and Entitlement and Acceptance Form	28 September 2005
Last day of Rights trading	17 October 2005
First day of trading of New Shares on deferred settlement basis on the ASX	18 October 2005
Last day for acceptance and payment in full ("Closing Date")	24 October 2005
Expected allotment	31 October 2005
First day of trading of New Shares	1 November 2005

These dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and the Listing Rules, 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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# Important Notice

This Prospectus is dated 14 September 2005 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## Important document

It is important that you carefully read this Prospectus in its entirety before deciding to invest in the Company and, in particular, that you consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

## 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 Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Rights Issue. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then, only to the extent so required.

## Restrictions on the distribution of this Prospectus

This Prospectus 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 Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) should seek advice on, and observe, those restrictions.

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

## Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in Definitions Section (Section 8 of this Prospectus).

### Summary of Important Dates

Shares quoted ex Rights and Rights trading commences
Record Date to determine Your Entitlement to New Shares
Expected date of dispatch of Prospectus and Entitlement and Acceptance Form
Last day of Rights trading
First day of trading of New Shares on deferred settlement basis on the ASX
Last day for acceptance and payment in full
Expected allotment
First day of trading of New Shares

### Business Day

16 September 2005
22 September 2005
28 September 2005
17 October 2005
18 October 2005
24 October 2005
31 October 2005
1 November 2005

These dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and the Listing Rules, 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.

# 1. Letter from the Chairman

Dear Shareholder

I am pleased to invite you to participate in a 2 for 3 renounceable Rights Issue at \$1.50 per Share to be made by the Company ("Rights Issue"). This Prospectus outlines the details of the Rights Issue.

The Board has decided to raise approximately \$112 million (net of costs) in new capital by way of Rights Issue. The new capital, along with borrowed funds, will be applied to complete the acquisition of the Crane Aluminium Businesses. For more detail of the acquisition, see clause 4.

The Rights Issue will raise approximately \$116 million in total before expenses and has been underwritten by Guinness Peat Group (Australia) Pty Limited (ABN 13 052 245 191) ("Underwriter"). The Company is pleased to provide an opportunity for you to participate in the Rights Issue.

Your Entitlement under the Rights Issue to New Shares is set out on the accompanying Entitlement and Acceptance Form. The Closing Date for acceptance and payment is 5.00pm (Sydney time) on 24 October, 2005. If you decide not to accept all or part of your Entitlement, you can sell the Rights rather than allow them to lapse. New Shares not accepted will be taken up by the Underwriter.

New Shares will, from allotment, rank equally with existing fully paid Shares. No dividend is expected to be paid on shares in the Company in respect of the year ending 31 December 2005.

Details of the Rights Issue and other matters required by law to be disclosed are set out in the Prospectus. Your Directors draw your attention to the courses of action available to you as set out in Section 2 of this Prospectus.

Yours faithfully



**John Crabb**  
Chairman

## 2. Action Required by Shareholders

This Section does not apply to Shareholders with registered addresses outside Australia or New Zealand. Such Shareholders should refer to Section 8.6 of this Prospectus.

### 2.1 What you may do

The number of New Shares to which you are entitled under the Rights Issue (**your “Entitlement”**) is shown on the accompanying Entitlement and Acceptance Form. You may:

- a) take up all of your Entitlement to New Shares;
- b) sell all of your Entitlement;
- c) take up part of your Entitlement and sell the balance on the ASX;
- d) take up part of your Entitlement and allow the balance to lapse;
- e) transfer your Entitlement to another person other than on the ASX; or
- f) not take up any of your Entitlement and allow it to lapse.

### 2.2 If you wish to take up all of your Entitlement

If you wish to take up your Entitlement in full, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form. Forward your completed Entitlement and Acceptance Form together with your Australian Dollar cheque or bank draft for the amount shown on the form to reach the Registry no later than 5.00 pm (Sydney time) on 24 October 2005. An accompanying reply paid envelope is provided for your convenience. Cheques or bank drafts should be made payable to “Capral Aluminium Limited - Rights Issue” and crossed “Not Negotiable”.

### 2.3 If you wish to sell all of your Entitlement

If you wish to sell all of your Entitlement, complete the Section on the back of the accompanying Entitlement and Acceptance Form entitled “Instructions to Your Stockbroker” and lodge the Entitlement and Acceptance Form with your stockbroker. Trading of Rights will commence on the ASX on 16 September 2005. Shareholders wishing to sell their entitlements must do so by close of trading on ASX on 17 October 2005, when Rights trading will cease.

### 2.4 If you wish to take up part of your Entitlement and sell the balance of the Rights

If you wish to take up part of your Entitlement and sell the balance, complete the accompanying Entitlement and Acceptance Form for that part of your Entitlement that you wish to accept, and also complete the Section on the back of the accompanying Entitlement and Acceptance Form entitled “Instructions to Your Stockbroker” for the balance that you wish to sell on the ASX. The completed Entitlement and Acceptance Form should be lodged with your stockbroker together with your Australia Dollar cheque or bank draft for the amount due in respect of New Shares you intend to take up (being the number of New Shares you wish to accept multiplied by \$1.50). Cheques or bank drafts should be made payable to “Capral Aluminium Limited - Rights Issue” and crossed “Not Negotiable”.

Trading of Rights will commence on the ASX on 16 September 2005. If you wish to sell part of your Entitlement which you do not intend to take up, you must do so by close of trading on the ASX on 17 October 2005 when Rights trading ceases.

## **2.5 If you wish to take up part of your Entitlement and allow the balance to lapse**

If you wish to accept part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up in accordance with the instructions set out on the form. Forward your completed form together with your Australian Dollar cheque or bank draft for the amount due in respect of New Shares you intend to take up (being the number of New Shares you wish to accept multiplied by \$1.50) to reach the Registry no later than 5.00 pm (Sydney time) on 24 October 2005. An accompanying reply paid envelope is provided for your convenience. Cheques or bank drafts should be made payable to "Capral Aluminium Limited - Rights Issue" and crossed "Not Negotiable".

## **2.6 If you wish to transfer your Entitlement to another person other than on the ASX**

If you wish to transfer all or part of your Entitlement to another person other than on the ASX, forward a completed standard renunciation form (obtainable from your stockbroker or from the Registry) together with your Entitlement and Acceptance Form and the applicable transferee's Australian Dollar cheque or bank draft for the acceptance money to reach the Registry no later than 5.00 pm (Sydney time) on 24 October 2005. An accompanying reply paid envelope is provided for your convenience. Cheques or bank drafts should be made payable to "Capral Aluminium Limited - Rights Issue" and crossed "Not Negotiable".

## **2.7 If your Entitlement is not taken up**

If you do nothing, your Entitlement that is not taken up by 24 October 2005 will lapse and the New Shares that would otherwise have been issued pursuant to the taking up of all or part of Your Entitlement, will be taken up by the Underwriter.

## **2.8 Payment**

Acceptances for New Shares must be accompanied by payment in full of \$1.50 per New Share.

Payment will only be accepted in Australian currency and by way of cheque or bank draft.

Cheques or bank drafts should be made payable to "Capral Aluminium Limited - Rights Issue" and crossed "Not Negotiable". Please do not forward cash. Receipts for payment will not be provided.

## **2.9 Enquiries**

For further information please call the Company on 1300 132 094 (within Australia) or +61 3 9415 4250 (outside Australia) during business hours.



## 3. Details of the Rights Issue

### 3.1 The Rights Issue

The Company is making a renounceable Rights Issue of New Shares on a 2 for 3 basis to Shareholders who are registered as at 5.00 p.m. (Sydney Time) on the Record Date, except those Shareholders who have a registered address in a country other than Australia or New Zealand.

The Issue Price for each New Share offered under this Rights Issue is \$1.50 per New Share.

Fractional entitlements to New Shares will be rounded up to the nearest whole number.

The total number of New Shares to be issued pursuant to the Rights Issue will be approximately 77,852,049. The exact number of New Shares to be issued cannot be determined as Entitlements are subject to rounding. The gross proceeds, before costs, of the Rights Issue will be approximately \$116 million. The issue is fully underwritten by the Underwriter.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form.

The Rights Issue will be open for receipt of acceptances until 5.00 p.m. (Sydney time) on the Closing Date. The Closing Date may be varied without notice, but only in accordance with the Listing Rules. New Shares must be paid for in full on acceptance.

### 3.2 Purpose of the Rights Issue

The Rights Issue will, when fully subscribed, raise approximately \$116 million. This will provide capital for the Company to fund most of the Crane Aluminium Acquisition, as described in Section 4.

### 3.3 Rights trading and ASX quotation of Rights

The Rights to New Shares are renounceable, which enables Shareholders who do not wish to take up some or all of their New Shares to sell their respective Rights and also to purchase additional Rights if they wish.

Trading of Rights will commence on the ASX on 16 September 2005 and will cease at the close of trading on 17 October 2005. Rights to which you are entitled may be sold on the ASX between these dates should you choose not to accept your full entitlement to New Shares.

### 3.4 Application Moneys Held On Trust

Application monies for the New Shares will be held in a trust account until allotment of the New Shares. The funds will then be used to assist in the funding of the Crane Aluminium Acquisition. Any interest earned on application monies will be retained by the Company. If the Rights Issue does not proceed, all application monies will be returned in full as soon as possible to the applicants, without interest.

### 3.5 ASX quotation of New Shares

Application will be made to the ASX within 7 days of the date of this Prospectus for admission of the New Shares to quotation on the ASX.

If permission is not granted by the ASX for the official quotation of the New Shares on the ASX within 3 months after the date of this Prospectus, the Company will repay, without interest, all application moneys received pursuant to this Prospectus as soon as practicable.

### 3.6 Allotment and dispatch of Shareholding statements

No allotment of New Shares will be made until proceeds of the Rights Issue have been



received and permission is granted for the quotation of the New Shares on the ASX. It is expected that the allotment of New Shares will take place on 31 October 2005. Shareholder statements for New Shares will be dispatched upon completion of allotment.

### **3.7 Participation in dividends**

Payment of dividends is determined by the Directors having regard to the performance of the Company and dividend paying capacity. No final determination has been made with respect to payment of future dividends.

The Directors do not expect to pay a dividend in respect of the year ended 31 December 2005.

### **3.8 Ranking of New Shares**

New Shares will, from allotment, rank equally with existing fully paid Shares. A summary of the rights attaching to the New Shares is set out in Section 8.4 of this Prospectus.

### **3.9 Underwriting**

The Rights Issue has been fully underwritten by the Underwriter. A summary of the Underwriting Agreement is set out in Section 8.7 of this Prospectus.

### **3.10 Market prices of ordinary Shares**

The lowest and highest market sale prices of Shares on the ASX during the three months immediately preceding the date of this Prospectus, and the respective dates of those sales, were:

- a) Highest: **\$1.98** on **1 August 2005**; and
- b) Lowest: **\$1.465** on **6 September 2005**

The last sale price for Shares on the ASX prior to the date of this Prospectus was \$1.60 on 13 September 2005.

### **3.11 Overseas Shareholders**

The Prospectus and Entitlement and Acceptance Form are being sent to Shareholders with registered addresses in Australia and New Zealand only. Entitlements of Shareholders with registered addresses outside these countries will be dealt with as set out in Section 8.6 of this Prospectus.

### **3.12 Taxation**

Shareholders should be aware that there are taxation implications for subscribing for New Shares and for the selling of Rights acquired pursuant to this Prospectus. These taxation implications will vary between different Shareholders and Shareholders should consult their professional tax advisor in relation to the taxation implications.

Neither the Company nor any of its officers, employees, agents and advisors accept any liability or responsibility in respect of the taxation consequences connected with participation in the Rights Issue.

### **3.13 If the Crane Aluminium Acquisition Fails**

The Sale of Business Agreement for the acquisition of the Businesses, which is summarised in Section 4.5 of this Prospectus, contains a number of conditions precedent to completion, which at the date of this Prospectus are yet to be satisfied. Although the Company has no reason to believe these conditions will not be satisfied, if the Company becomes aware that any of these conditions will not be satisfied or waived or that the acquisition otherwise will not proceed, then the Company will cancel the Rights Issue and refund all application monies received from the Rights Issue, without interest, in accordance with the Corporations Act.

### **3.14 Withdrawal of Prospectus**

The Directors may at any time decide to withdraw this Prospectus, in which case the Company will repay, as soon as practicable and without interest, all application monies for New Shares received pursuant to this Prospectus.

## 4. The Crane Aluminium Acquisition

The capital provided by the Rights Issue will be employed by the company to fund the purchase by its subsidiary Aluminium Extrusion and Distribution Pty Limited ABN 80 088 099 861 of three businesses from Crane Enfield Metals Pty Limited, a subsidiary of Crane Group Limited, a company listed on the ASX. The Crane Group's principal activities are the manufacture and distribution of non-ferrous metal products and plastic pipeline systems and the distribution of plumbing and electrical supplies. Crane Enfield Metals Pty Limited holds and operates the metals division of the Crane Group.

The businesses conducted by Crane Enfield Metals Pty Limited that are being purchased by the Aluminium Extrusion and Distribution Pty Limited (the "Businesses") are:

- 1) Crane Aluminium Extrusions;
- 2) Crane Aluminium Systems; and
- 3) Smart Aluminium.

Further details pertaining to the Businesses are set out below.

### 4.1 Crane Aluminium Extrusions (CAE)

CAE is the second largest manufacturer and marketer of aluminium extrusions in Australia.

CAE manufactures its products at two sites:

- Penrith, New South Wales ("CAE Penrith"); and
- Angaston, South Australia ("CAE Angaston").

The CAE Angaston plant comprises one press and the facility includes a vertical paint line and a horizontal paint line.

The CAE Penrith plant is older, comprises two presses and does not have paint lines. CAE Penrith sub-contracts this work out to local finishing companies.

#### Products and Customers

CAE's main customers are distributors of aluminium mill products, manufacturers of windows and door frames, security grilles, office fitout, building components and ladders.

Customers are predominantly based in Australia. Among CAE's major customers are Crane Aluminium Systems and Smart Aluminium. The customers of the two plants vary. CAE Angaston derives a high proportion of its revenues from CAS and one external customer both focussed on the residential window and door markets. CAE Penrith has a much wider customer base and supplies the wider distributor market and some original equipment manufacturers.

#### Suppliers

CAE relies on one source of aluminium. The supplier, also supplies aluminium to Capral. CAE also acquires aluminium extrusions from Chinese based extrusion suppliers.

#### Market

CAE's main competitors are Capral, G James, an Australian manufacturer, and importers which hold a substantial portion of the market.

### 4.2 Crane Aluminium Systems (CAS)

CAS was established in December 2000, following Crane's acquisition of a distribution business which had been operating approximately 30 years.

CAS is involved in the design, marketing and distribution of aluminium extrusions and associated components throughout Australia. CAS is a major customer of CAE Angaston and its purchase by Crane created a vertically integrated business securing production capacity for CAE and guaranteed quality supply for CAS.

#### **Customers**

CAS supplies fabricators of windows, doors, showers, wardrobes, security screens and other specialised aluminium products which then supply residential and commercial building projects which can be found throughout Australia and parts of South East Asia.

CAS products are aimed at medium and small builders.

#### **Products**

CAS distributes extrusions and components to a range of companies and small fabricators that make windows, doors, showers, wardrobes, and security screens. It also supplies specialised industrial products.

CAS uses computer-aided design technology to develop new products and improve its existing product range. This is supported by in-house testing facilities and supplemented by external specialist advice.

Depending on project complexity, the majority of CAS products require specific tooling to assemble.

CAS has designed a software package, to enable customers to prepare costings and quotations, together with cutting sheets to assist with manufacturing. CAS provides customers using the software with training, updates and telephone and on-site assistance.

#### **Suppliers**

CAE Angaston is the major supplier to CAS of extrusions. Capral is also a supplier to CAS. CAS also utilises other local suppliers, although these have been predominantly replaced by imports from China.

#### **Locations**

CAS has sales and distribution centres in all mainland States of Australia. The locations of its seven branches are:

- Somerton Victoria;
- Smithfield, NSW;
- Wetherill Park, NSW;
- Banyo, Queensland;
- Townsville, Queensland;
- Dry Creek, SA;
- Wangara, WA

### **4.3 Smart Aluminium (Smart)**

Smart is a distributor of aluminium products targeting smaller volume users, primarily in the Eastern States of Australia.

#### **Products**

Smart distributes extruded and rolled aluminium products in standard geometric shapes Australia wide. Systems such as security doors, commercial shopfronts and shower assemblies are also supplied in far North Queensland. Products are supplied to customer specifications.

### Suppliers

A substantial proportion of supplies are imported. CAE provides Smart with the majority of the balance.

### Locations

Smart has twenty sales and distribution centres in all mainland States of Australia.

### Customers

The majority of Smart's customer base are small fabricators and engineering companies.

## 4.4 Historical Financial Performance

Set out below is the consolidated historical earnings of the Businesses prepared on a basis comparable to its operations going forward and adjusted for identified non-recurring and abnormal items (normalised):

	Year Ending 30 June			
	2002	2003	2004	2005
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
<b>Net Sales revenue</b>	159,308	184,109	211,92	217,523
Cost of sales	135,381	149,895	166,101	171,785
<b>Gross margin</b>	<b>23,927</b>	<b>34,214</b>	<b>45,821</b>	<b>45,738</b>
Other expenses/(income)	-	(11)	162	608
Operating expenses	13,840	20,622	25,736	31,153
<b>EBITA</b>	<b>10,087</b>	<b>13,603</b>	<b>19,923</b>	<b>13,977</b>
Amortisation	902	1,134	1,351	1,427
<b>EBIT</b>	<b>9,185</b>	<b>12,469</b>	<b>18,572</b>	<b>12,550</b>
Revenue growth %		15.6%	15.1%	2.6%
Gross margin %	15.0%	18.6%	21.6%	21.0%
Operating expenses % sales	8.7%	11.2%	12.1%	14.3%
EBITA margin %	6.3%	7.3%	9.4%	6.4%
EBIT margin %	5.8%	6.8%	8.8%	5.8%

Source: PKF and Crane management accounts

Set out below are the details of the normalisation adjustments used to arrive at the normalised historical EBIT of the Businesses:

	Notes	2002 Actual \$000	2003 Actual \$000	2004 Actual \$000	2005 Actual \$000
<b>EBIT, as reported</b>		<b>7,937</b>	<b>13,007</b>	<b>16,466</b>	<b>11,930</b>
Adjustments:					
<b>CAE</b>					
Significant expenses	1	-	-	1,550	288
Other expenses	2	1,748	-	-	-
Rental expense Penrith	3	(500)	(500)	(500)	(500)
<b>CAS</b>					
Restructuring cost	4	-	-	-	161
Inventory adjustments	5	-	(437)	437	151
<b>Other</b>					
Crane Group head office costs	6	-	399	619	520
<b>Normalised EBIT</b>		<b>9,185</b>	<b>12,469</b>	<b>18,572</b>	<b>12,550</b>

Source: PKF

The actual consolidated EBIT for the four years ended 30 June 2002, 2003, 2004 and 2005 have been normalised based on the following adjustments:

- 1 significant expenses relate to the following:
  - in the year ended 30 June 2004, relate to the write down of deferred ERP (information systems) expenses; and
  - in the year ended 30 June 2005, relate to one-off redundancy costs;
- 2 other expenses in the financial year ended 30 June 2002 include prior period die development amortisation of approximately \$1.2 million and restructuring expenses of \$0.5million;
- 3 the rental expense for the Penrith plant is based on the agreed terms with Crane for future rental of the property;
- 4 restructuring cost relates to employee redundancies;
- 5 in the financial year ended 30 June 2004, CAS made an adjustment of approximately \$874,000 to stock values to reflect the difference between the stock ledger and the value of stock on the general ledger. The difference is considered to have spanned over the two years ended 30 June 2003 and 2004 and accordingly, EBIT has been adjusted for both years to reflect a more appropriate allocation of the expense. A further adjustment of approximately \$151,000 has also been made in for the year ended 30 June 2005, for further non recurring stock adjustments; and
- 6 Crane Group head office costs, relate to the allocation of metal division costs that will not be applicable once the Crane Aluminium Acquisition is complete.

#### 4.5 Sale of Business Agreement

The Sale of Business Agreement dated 22 August 2005 between the Company as guarantor, its wholly owned subsidiary Aluminium Extrusion and Distribution Pty Limited and the Vendor, Crane Enfield Metals Pty Limited provides for Aluminium Extrusion and Distribution Pty Limited to purchase the assets of the Businesses for approximately \$124,000,000. The assets of the Businesses are:

Goodwill, plant and equipment, stock, freehold property at Angaston (South Australia), leased motor vehicles, intellectual property, business records, all rights and benefits of Crane Enfield Metals Pty Limited under contracts relating to the Businesses, and all rights and benefits of Crane Enfield Metals Pty Limited under the leases for premises used by the Businesses.

The Sale of Business Agreement is conditional on:

- (a) approval of the proposed acquisition in accordance with the Foreign Acquisitions and Takeovers Act 1975 (Cth);
- (b) the Underwriter not terminating the Underwriting Agreement in accordance with various clauses relieving the Underwriter of its obligations (where the circumstances are beyond the control of Aluminium Extrusion and Distribution Pty Limited);
- (c) acceptance of the offers of employment by an agreed percentage of employees of the Businesses; and
- (d) the assignment of a material contract with a major customer.

Aluminium Extrusion and Distribution Pty Limited will also enter into a Shared Services Agreement, lease of shared premises in Penrith, IT Transition Agreement with Crane Enfield Metals, under which Crane Enfield Metals will continue to provide for approximately two years, certain administrative, information technology and other services to the Businesses in return for a fee (the "Ancillary Agreements").

Upon transfer of the assets and entry into the Ancillary Agreements, Aluminium Extrusion and Distribution Pty Limited will be given the means to continue to conduct the Businesses and the benefit of a Trade Mark Licence Agreement which gives the Purchaser use of the name "Crane" for 5 years in the conduct of the Businesses.

## 5. Risks

### 5.1 General

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

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

This Section describes certain risks associated with an investment in the Company. Prior to making an investment decision, Shareholders should carefully consider the following risk factors, as well as the other information contained in this Prospectus.

### 5.2 Share investment

Shareholders should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The value of Shares can be expected to fluctuate depending on various factors including general worldwide economic and political conditions,

changes in government policies, investor perceptions, movements in interest rates and stock markets. 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.

Similarly, the level of dividends that will be paid in respect of Shares can move either up or down and it is possible that the Company may not be able to pay any dividends.

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

The ability of the Company to pay fully franked dividends is dependent on the profit performance, including the amount of tax paid by the Company.

The last dividend was paid in February 2004, being a final dividend for the year ending 31 December 2003.

The Directors do not expect to pay a dividend for the year ending 31 December 2005.

### **5.3 Economic risk and external market factors**

Factors, such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's profit margins and share price. These factors are beyond the control of the Company and it cannot, to any degree of certainty, predict how they will impact on the Company.

### **5.4 War and terrorist attacks**

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Company.

### **5.5 Specific risks**

#### **Overseas competitor influence**

The Company and Businesses are subject to pressures from import competition. Import competition is substantial in the markets in which the Businesses operate.

#### **Transfer risk**

As a result of the acquisition, some suppliers or customers of the Businesses or Capral may choose not to deal with the Company or may seek to change terms which may adversely affect the Company.

#### **Supplier risk**

The Businesses have a number of key suppliers, for many of which there are no contracts in place.

#### **Loss of key personnel**

The Businesses have a number of key employees, which if they resigned could affect the performance of the Businesses.

#### **Price of aluminium**

The market prices of metal and minerals are volatile. To the extent that price variations are not able to be passed on to customers, the Company is exposed in the short term to movements in the price of aluminium with respect to sales of aluminium.



### Interest rates / Economic conditions

The results of the Company's business operations will be affected by the level and volatility of interest rates. Further, the performance of the Company will be influenced by the general condition of the Australian economy.

### Litigation risk

There is a risk that the Company may become involved in the defence or prosecution of litigation in the normal course of business, which may have a material adverse effect on the Company's operations. The Company is not aware of any existing or pending issues of this nature.

## 6. Effect of the Rights Issue

### 6.1 Issued capital

The effect of the Rights Issue on the Company's issued capital will be as follows:

	<b>Number of Fully Paid Shares</b>
Number of Shares on issue at 22 August 2005 – the date the Rights Issue was announced	116,778,074
Approximate number of New Shares to be issued pursuant to Rights Issue	77,852,049
Approximate Total Issued Shares	194,630,123

## 6.2 Proforma statement of financial position

The statement of financial position of the Company at 30 June 2005, prepared using Australian International Financial Reporting Accounting Standards ("AIFRIS") has been adjusted to show the effect of the Rights Issue (\$116 million) as if it had occurred on that date and after taking into account a number of pro forma adjustments set out below:

**Table 1: Proforma Statement of Financial Position**

	Capital Actual \$000	Rights Issue \$000	Target Businesses \$000	Debt Facility \$000	Proforma Combined \$000
<b>Current Assets</b>					
Cash Assets	1,280	112,775	(129,131)	15,076	-
Receivables	65,585	-	-	-	65,585
Inventories	42,307	-	25,837	-	68,144
Other	5,308	-	-	-	5,308
Assets held for sale	2,260	-	-	-	2,260
<b>Total Current Assets</b>	<b>116,740</b>	<b>112,775</b>	<b>(103,294)</b>	<b>15,076</b>	<b>141,297</b>
<b>Non-Current Assets</b>					
Receivables	466	-	-	-	466
Investments	10,398	-	-	-	10,398
Property, Plant and Equipment	159,334	-	18,768	-	178,102
Intangible Assets	5,105	-	88,868	-	93,973
Deferred Tax Assets	175	-	-	-	175
<b>Total Non-Current Assets</b>	<b>175,478</b>	<b>112,775</b>	<b>107,636</b>	<b>-</b>	<b>283,114</b>
<b>TOTAL ASSETS</b>	<b>292,218</b>	<b>112,775</b>	<b>4,342</b>	<b>15,076</b>	<b>424,411</b>
<b>Current Liabilities</b>					
Payables	60,656	-	-	-	60,656
Interest Bearing Liabilities	25,750	-	-	15,076	40,826
Provisions	2,694	-	4,086	-	6,780
Other	85	-	-	-	85
<b>Total Current Liabilities</b>	<b>89,185</b>	<b>-</b>	<b>4,086</b>	<b>15,076</b>	<b>108,347</b>
<b>Non Current Liabilities</b>					
Deferred tax liabilities	551	-	-	-	551
Interest bearing liabilities	34,081	-	-	-	34,081
Provisions	1,476	-	256	-	1,732
<b>Total Non-Current Liabilities</b>	<b>36,108</b>	<b>-</b>	<b>256</b>	<b>-</b>	<b>36,364</b>
<b>TOTAL LIABILITIES</b>	<b>125,293</b>	<b>-</b>	<b>4,342</b>	<b>15,076</b>	<b>144,711</b>
<b>NET ASSETS</b>	<b>166,925</b>	<b>112,775</b>	<b>-</b>	<b>-</b>	<b>279,700</b>

Source: PKF

The Proforma statement of financial position has been compiled based on the following assumptions:

- the Capral balance sheet reflects that lodged with the ASX as part of its continuing disclosure requirements and has been prepared using AIFRIS;
- the rights issue of two new Capral shares for every three Capral shares at \$1.50 to raise approximately \$116 million is completed. Underwriting costs of 3% or \$3,480,000 and professional fees of approximately \$50,000 (total \$3,530,000) associated with the rights issue have been offset against the rights issue. The net amount received from this rights issue is \$112,775,000;
- a purchase price of \$124 million for the Crane Aluminium Acquisition. However, the amount payable on completion will vary in accordance with the level of net tangible assets of the Businesses on completion. The allocation between, plant and equipment, goodwill, intellectual property and inventory is based on their carrying value shown in Crane Enfield Metal Pty Limited's financial statements as at 30 June 2005. Allocations of the purchase price in the books of Capral may however vary in accordance with applicable accounting standards.
- stamp duty, professional fees and costs associated with the Crane Aluminium Acquisition of approximately \$5.5 million;
- inventories and property, plant and equipment, including the CAE Angaston plant in South Australia are recognised at carrying values shown in Crane Enfield Metal Pty Limited's financial statements as at 30 June 2005.
- the amount payable to Crane Enfield Metal Pty Limited is reduced by an agreed value for employee entitlements assumed by Aluminium Extrusion and Distribution Pty Limited;
- as at 30 June 2005, in addition to a number of trade facilities, the Company had a finance facility of \$35 million, of which \$12 million was drawdown. Following completion of the Crane Aluminium Acquisition, the Company will have increased the facility by \$45 million. Also following completion, the Company expects to have further drawn approximately \$15 million, which with the proceeds of this Rights Issue, will be paid to complete the Crane Aluminium Acquisition and to meet expenses;
- under the terms of the sale, Capral did not acquire certain assets and assume certain liabilities of the Businesses ("Remaining Working Capital"). Set out below is a table summarising the impact to the Proforma balance sheet had the Remaining Working Capital in fact been acquired:

	<b>As at 30 June 2005</b>
	<b>\$000</b>
<b>Current Assets</b>	
Accounts receivable	34,405
Other receivables and prepayments	1,737
<b>Total Current Assets</b>	<b>36,142</b>
<b>Current Liabilities</b>	
Accounts payable	38,468
Other creditors and accruals	2,376
Other provisions	305
<b>Total Current Liabilities</b>	<b>41,149</b>
<b>Net Working Capital</b>	<b>(5,007)</b>

Source PKF

Note: Capral will progressively rebuild these current assets and liabilities which comprise remaining working capital in the months following completion.

- no GST is payable in respect of the Crane Aluminium Acquisition.

### 6.3 Net Tangible Asset (“NTA”) Backing

The Company’s net tangible asset backing per Share as at 30 June 2005 has been adjusted to show the effects of the above proforma adjustments (including the Rights Issue) had they occurred on that date.

	<b>Audited NTA at 30 June 2005</b>	<b>Pro forma NTA at 30 June 2005 after pro forma adjustments</b>
NTA before provision for deferred tax on unrealised gains	\$1.39 per share	\$0.96 per share

## 7. Capral - Historical Performance

Capral has incurred losses over the past 18 months. In the year ended 31 December 2004, Capral reported a loss after taxation of \$72.8 million and in the six months to 30 June 2005, a loss after taxation of \$21.9 million. A more detailed analysis of the recent results of Capral and explanations can be found in its announcements to the ASX on 23 August 2005.

These can be found on the Capral website [www.capral.com.au](http://www.capral.com.au) or the ASX website [www.asx.com.au](http://www.asx.com.au).

## 8. Additional Information

### 8.1 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus with modified disclosure requirements if:

- the securities offered by the prospectus are in a class of securities that have been quoted securities at all times in the 12 months before the date of the prospectus; and
- the Company is not subject to certain exemptions or declarations prescribed by the Corporations Act.

Securities are quoted securities if:

- the Company is included in the official list of ASX; and
- the Listing Rules apply to the Company and those securities.

The information in this Prospectus principally concerns the terms and conditions of the Rights Issue and the information necessary to make an informed assessment of:

- the effect of the Rights Issue on the Company; and
- the rights and liabilities attaching to the New Shares offered by this Prospectus.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX (see Section 8.3 below) and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the New Shares.

## 8.2 Disclosing Entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information of which it becomes aware concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

The Company is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditor's report.

All announcements made by the Company are available from ASX.

## 8.3 Other documents

Copies of any documents in relation to the Company which are lodged with ASIC may be obtained from or inspected at, an ASIC office. Alternatively, you are also able to review any of these documents on the Company's web site being [www.capral.com.au](http://www.capral.com.au).

The Company will provide a copy of any of the following documents, free of charge, to any person who requires a copy during the application period in relation to this Prospectus:

- the financial statements of the Company for the year ended 31 December 2004, being the most recent audited financial statements for a financial year lodged in relation to the Company;
- any other financial report in relation to the Company lodged with the ASIC in the period starting after lodgement of that last annual financial report and ending before the issue of this Prospectus – note that half yearly reports and half yearly accounts for the six month period to 30 June 2005, have been lodged in relation to the Company; and
- any announcements made by the Company to the ASX since the date of lodgement of the financial statements for the year ended 31 December 2004.

Details of these announcements are as follows:

Date	Headline
4 March 2005	S&P Announces March 2005 changes to the S&P/ASX indices
10 March 2005	Renounceable Issue
10 March 2005	Appendix 3B
10 March 2005	Disclosure Document
11 March 2005	Analyst Presentation
15 March 2005	Amended Appendix 3B
15 March 2005	Letter to Shareholders re Rights Issue
18 March 2005	Change of Registered office address
30 March 2005	Annual Report & Notice of Annual General Meeting
13 April 2005	Rights Issue Shortfall
15 April 2005	Amended Shortfall Announcement

18 April 2005	Top 20 shareholders
19 April 2005	Chairmans and Managing Directors AGM Address
19 April 2005	Results of Annual General Meeting
20 April 2005	Change in substantial holding from GPG
20 April 2005	Change of Director's Interest Notice x 6
30 April 2005	Director Resignation
8 July 2005	Appoints new Managing Director
22 July 2005	Appointment of CFO
5 August 2005	Initial Director's Interest Notice
23 August 2005	Acquisition & renounceable rights issue
23 August 2005	CRG ann: Sale of Crane Aluminium Business
23 August 2005	Half Yearly Report & Half Yearly Accounts
24 August 2005	Details of CEO Remuneration Package
8 September 2005	Change of Director's Interest Notice

#### 8.4 Rights attaching to New Shares

Holders of New Shares will participate equally with holders of all other Shares in all respects.

The Rights attaching to Shares are set out in the Constitution. The following paragraphs contain a summary of the principal rights attaching to Shares and New Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of New Shares, which can involve complex questions of law arising from the interaction of the Constitution and statutory and common law requirements.

##### (a) Voting

At a general meeting every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each Share held. The number of votes to which a holder of partly paid Shares is entitled on a poll is equivalent to the proportion that the amount paid on the Share is of the issue price of the New Share (ignoring amounts paid in advance).

##### (b) Dividends and Reserves

The profits of the Company which the Directors from time to time determine to distribute by way of dividend are divisible amongst the Shareholders in proportion to the amounts paid up on the Shares held by them.

##### (c) Issue of further Shares

The Directors may (subject to the Constitution, the Listing Rules and the Corporations Act) allot or otherwise issue further shares in the capital of the Company on such terms and conditions as they see fit.

##### (d) Transfer of Shares

Subject to the Compliance Rules, Shares in the Company are freely transferable. Subject to the ASX Listing Rules and the Corporations Act, the Directors may refuse to register a

transfer or apply a holding lock to prevent a transfer of shares only in limited circumstances, such as when the Company has a lien on those Shares or where the registration of the transfer will result in a contravention of or failure to observe a law of a State or Territory of the Commonwealth of Australia.

**(e) General meetings and notices**

General meetings may be convened in the manner provided for in the Corporations Act and the Listing Rules.

**(f) Winding up**

Subject to any special or preferential rights attaching to any class or classes of Shares, members will be entitled on a winding up to share in any surplus assets of the Company in proportion to the Shares held by them less any amounts which remain unpaid on their Shares at the time of distribution.

**8.5 Information for New Zealand Shareholders**

The Rights are offered in New Zealand pursuant to the Securities Act (Australian Issuers) Exemption Notice 2002 (New Zealand).

Prospective investors resident or located in New Zealand should note the following:

- (a) investors should satisfy themselves as to the taxation implications of investing in New Shares;
- (b) an investment in the Company may carry with it currency exchange risk;
- (c) the financial reporting standards applicable to the Company may differ from the financial reporting standards of New Zealand companies and the financial statements of the Company may not be compatible in all respects with the financial statements prepared in accordance with the Securities Act 1978 (New Zealand) and the Financial Reporting Act 1993 (New Zealand);
- (d) the offer and allotment of New Shares will be governed by this Prospectus and will be made in accordance with the laws of the Commonwealth of Australia under which the Prospectus has been lodged;
- (e) the Company may not be subject in all respects to New Zealand law; and
- (f) the contract created in respect of the offer to issue and allot New Shares may not be enforceable in New Zealand courts.

**8.6 Overseas Shareholders**

This Prospectus and accompanying Entitlement and Acceptance Form does not, and is 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 Prospectus or that form. The distribution of this Prospectus and the accompanying form in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus 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.

The Company has decided that it is unreasonable to make offers under this Prospectus 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 New Shares 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 Prospectus is sent to those Shareholders for information purposes only.

The Directors will offer the Rights which would otherwise have been offered to each of those Shareholders to a nominee appointed by the Company. If there is a viable market in the Rights and a premium over the expenses of the sale of those Rights 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 the Company nor the nominee will be held liable for failure to sell all or any of the Rights or to sell all or any of 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, your Entitlement will be allowed to lapse and the New Shares will revert to the Underwriter.

### 8.7 Underwriting Agreement

The Underwriter and the Company entered into an underwriting agreement dated 22 August 2005 (the "Underwriting Agreement").

Subject to certain terms and conditions, the Underwriter has agreed to underwrite the Rights Issue by subscribing for the unsubscribed New Shares.

The Underwriter is entitled to an underwriting fee of 3% of the product of \$1.50 and the number of shares offered in the Rights Issue and reimbursement of certain costs (exclusive of GST). The Underwriter may at any time by notice given to the Company immediately, without cost or liability to the Underwriter, terminate the Underwriting Agreement so that the Underwriter is relieved of all of its obligations under the Underwriting Agreement if any of the following events occurs before the completion of the Rights Issue:

- (a) **lodge agreed form:** the Company lodges the Prospectus with ASIC and ASX in a form not agreed by the Underwriter;
- (b) **ASIC Stop Order:** ASIC gives notice of its intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an order under sections 739(1), 739(3) or 739(4) of the Corporations Act;
- (c) **changes of law:** any law, bill or other measure is introduced or announced by the Government of Australia, the Government of any Australian State or Territory, or any responsible Minister of any such Government, or any policies are adopted or announced by the Reserve Bank of Australia or any other relevant fiscal authority (whether or not in Australia) or the United States of America or the European Economic Community adopts a policy, which has or is likely to have a Material Adverse Effect on the prospects of the Offer being fully subscribed prior to the Closing Date;
- (d) **commencement of hostilities:** other than the conflict in Iraq, hostilities are commenced (whether war is declared or not) involving all or any of the Commonwealth of Australia, the United Kingdom, the United States of America, the Republic of Indonesia, the Commonwealth of Independent States (or any successor union or if there is not such successor union, then the Republic of Russia), any former members of the USSR, the Peoples Republic of China or Japan or hostilities are renewed in the Persian Gulf between sovereign nations, other than hostilities between members of the Commonwealth of Independent States;

- (e) **directors:** any director or proposed director of the Company dies or is charged with or convicted of any indictable criminal offence involving dishonesty;
- (f) **breach:** the Company commits or permits any breach or default of any provisions of the Underwriting Agreement and, if capable of being remedied, fails to remedy the breach or default within five (5) Business Days of the Underwriter serving written notice on the Company requiring the breach or default to be remedied and that breach or default has, or is likely to have, a Material Adverse Effect;
- (g) **misstatement in the Prospectus:** there is a misstatement or inaccuracy in the Prospectus or omission from the Prospectus or any statement in the Prospectus including but not limited to any representation with respect to any future matter is or becomes false or misleading such that the Prospectus is in breach of section 728 of the Corporations Act;
- (h) **insolvency event:** an Insolvency Event occurs with respect to the Company or any Subsidiary;
- (i) **movement in the All Ordinaries Index:** at any time after the date of the agreement and before the Applications Closing Date, the All Ordinaries Index of ASX falls to a level that is fifteen per cent. (15%) or more of the level attained at the close of trading on the Business Day immediately preceding the date of the Underwriting Agreement;
- (j) **contravention by the Company:** the Company or any Subsidiary or any director, proposed director or officer of the Company or any Subsidiary contravenes any material provision of the Compliance Rules;
- (k) **adverse change:** in the opinion of the Underwriter there is an adverse change or a development involving a prospective adverse change occurs in the financial or trading position of the Company or any Subsidiary which has, or is likely to have, a Material Adverse Effect;
- (l) **breach of constitution:** the Company or any Subsidiary contravenes any of the material provisions of their constitutions;
- (m) **unapproved alteration:** the Company or any Subsidiary alters its board of directors or its capital structure or its constitution without the prior written consent of the Underwriter;
- (n) **adverse change:** in the opinion of the Underwriter there is a Material Adverse Effect in relation to the principal business activities of the Company or any Subsidiary or in any of the principal projects or businesses of the Company or any Subsidiary which is or are referred to in the Prospectus including, without limiting the generality of the foregoing, if any adverse order is made by an environmental agency in relation to the Company or any Subsidiary which has, or is likely to have, a Material Adverse Effect;
- (o) **certificate:** the certificate required to be delivered by the Company to the Underwriter in the event of a shortfall (if required) is not given in accordance with the Underwriting Agreement or, if so given, is or becomes incorrect in whole or in part;
- (p) **material contract:** without the prior written consent of the Underwriter, a material contract (other than the Underwriting Agreement) referred to in the Prospectus is terminated (whether by breach or otherwise), rescinded, altered or amended or if any such contract is rendered void or voidable or liable to be terminated which has, or is likely to have, a Material Adverse Effect;

- (q) **Encumbrances:** other than Encumbrances proposed to be entered into and disclosed to the Underwriter prior to the Operative Date or Encumbrances created with the prior written approval of the Underwriter, an Encumbrance over all or any of the assets of the Company or of any Subsidiary is created or comes into existence;
- (r) **false or misleading information given to the Underwriter:** any information supplied by the Company or any Subsidiary or any person on its behalf to the Underwriter or its employees or agents in respect of the Offer or the Prospectus is or becomes false or misleading, which has, or is likely to have, a Material Adverse Effect;
- (s) **ASIC hearing:** any application is made by ASIC for any order under section 1324A or section 1324B of the Corporations Act in relation to the Prospectus;
- (t) **ASIC Prosecution:** ASIC gives written notice of an intention to prosecute the Company, any director or employee of the Company, or any Subsidiary of the Company or any of its related bodies corporate, unless ASIC withdraws that intention in writing on or before the Closing Date;
- (u) **Court Order:** an order is made in connection with the Prospectus including under section 1324 and 1325 of the Corporations Act;
- (v) **significant change or new matter:** there occurs in relation to the Prospectus an event which, in the opinion of the Underwriter acting reasonably and in good faith, constitutes a matter referred to in section 719 of the Corporations Act, and the event has, or is likely to have, a Material Adverse Effect;
- (w) **timely lodgement of supplementary prospectus:** if there occurs in relation to the Prospectus an event which, in the reasonable opinion of the Underwriter, constitutes a matter referred to in section 719 of the Corporations Act, the Company fails for any reason to lodge a supplementary Prospectus or replacement Prospectus in such form and within such time as the Compliance Rules prescribe;
- (x) **compliance with section 713 of the Corporations Act:** the Prospectus does not contain, having regard to the matters set out in section 713 of the Corporations Act, all such information as investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the matters referred to in section 713 of the Corporations Act;
- (y) **Financial Assistance:** the Company, any of its Subsidiaries or any Related Bodies Corporate, seeks the approval of Shareholders under section 260B of the Corporations Act without the prior written consent of the Underwriter;
- (z) **action by Authority:** the performance of the obligations of the Underwriter under this Agreement, or the completion of the Offer by the Company is prevented or restrained by order of or notice by an Authority;
- (aa) **withdrawal of consent:** any person who has previously consented to the inclusion of his, her or its name in the Prospectus (other than the Underwriter) withdraws that consent;
- (bb) **public statements:** without the prior written approval of the Underwriter, such approval not to be unreasonably withheld or delayed, a public statement is made by the Company or any Subsidiary, or any director, proposed director, officer, employee, agent or adviser of any of the foregoing in relation to the Rights Issue or the Prospectus.

## 8.8 Expenses

The expenses of the Rights Issue payable by the Company, including the underwriting commission and management fee, legal and accounting fees, advertising and communication and share registry costs are estimated to amount to approximately \$3.6 million.

## 8.9 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director, and no firm in which a Director or proposed Director is a partner, holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue; or
- the Rights Issue.

In addition, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of the Company:

- to induce them to become, or to qualify them as, a Director; or
- for services rendered by them in connection with the formation or promotion of the Company or in connection with the Rights Issue.

At the date of this Prospectus:

- R Freeman has a beneficial interest in 70,750 Shares held by 7PM Pty Limited as trustee for the Freeman Superannuation Fund.
- PJ Arnall has a beneficial interest in 23,040 Shares held by Famarn Pty Ltd as trustee for the Phillip Arnall Superannuation Fund.
- J Crabb has a beneficial interest in 14,400 Shares held by Craigiefield Investments Pty Limited as trustee for Craigie Investments Superannuation Fund.
- GJ Cureton has a beneficial interest in 86,400 Shares held by Buduva Pty Limited as trustee for the Baskerville Superannuation Fund.
- GH Weiss has a beneficial interest in 14,400 Shares held by Bivaru Pty Ltd as trustee for the GH Weiss Superannuation Fund.
- RG Pitcher has a beneficial interest in 57,600 Shares held by Eseal Pty Limited as trustee for the RGP Super Fund.

Other information relevant to Directors' interests includes:

- GH Weiss and GJ Cureton are also directors of the Underwriter.

## 8.10 Underwriter's interests

GPG Nominees Pty Limited (ABN 72 067 943 337), a Related Body Corporation of the Underwriter, as at the date of this Prospectus, holds 44,708,398 Shares, which represents 38.28% of the total issued shares in the Company. GH Weiss and GJ Cureton are also directors of GPG Nominees Pty Limited.

Guinness Peat Group (Australia) Pty Limited and GPG Nominees Pty Limited are both wholly owned subsidiaries of Guinness Peat Group plc (an English company, listed in England, Australia and New Zealand).

As at the date of this Prospectus, the Underwriter and its associates currently hold 38.28% of the voting power of the Company. If in its role as underwriter the Underwriter was called upon to acquire all Shares offered in the Rights Issue, the Underwriter's voting power would increase to 62.97%.

### 8.11 Advisers' interests

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company or Underwriter named in this Prospectus holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue, or
- (c) the Rights Issue,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Rights Issue.

The Underwriter has received or will receive the fees and other benefits described in Section 8.7 of this Prospectus.

Addisons has provided various legal services and has received or will receive professional fees of approximately **\$30,000** (including GST) for legal work undertaken by it in connection with the Rights Issue and this Prospectus.

PKF Corporate Advisers Pty Limited has provided various accounting services and has received or will receive professional fees of approximately **\$20,000** (including GST) for work undertaken by it in connection with the Rights Issue and this Prospectus.

### 8.12 Consents

Each of the parties referred to in this Section:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than as specified in this Section;
- has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; 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 Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this Section.

Guinness Peat Group (Australia) Pty Limited has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to be named in this Prospectus as the underwriter to the Rights Issue in the form and context in which it is named.

Addisons Lawyers has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as legal advisers to the Company in respect of the Rights Issue in the form and context in which it is named.

PKF Corporate Advisers Pty Limited has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as accounting advisers to the Company in respect of the Rights Issue in the form and context in which it is named.

Computershare Investor Services Pty Limited has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as the share registry of the Company in respect of the Rights Issue in the form and context in which it is named.

## 9. Definitions

**“ASIC”** means the Australian Securities and Investments Commission;

**“ASX”** means Australian Stock Exchange Limited (ACN 008 624 691) or the market conducted by it;

**“Authority”** means ASIC, ASX, the Takeovers Panel or any other governmental, judicial or public authority;

**“Board”** means the board of Directors;

**“Businesses”** means the businesses known as Smart Aluminium, Crane Aluminium Systems and Crane Aluminium Extrusions;

**“Closing Date”** means 24 October, subject to the Company varying this date in compliance with the Listing Rules;

**“Company”** means Capral Aluminium Limited ABN 78 004 213 692, or if the context requires, Capral Aluminium Limited and its Subsidiaries;

**“Compliance Rules”** means any and all relevant or applicable provisions of:

- (a) Corporations Act;
- (b) Corporations Regulations;
- (c) the Listing Rules;
- (d) the operating rules of ASX Settlement and Transfer Corporation Pty Limited and Australian Clearing House Pty Limited;
- (e) the Constitution; and
- (f) any practice note, policy statement, class order, declaration, guideline, policy or procedure pursuant to the provisions of which either ASIC or ASX is authorised or entitled to regulate, implement or enforce, either directly or indirectly, the provisions of any of the foregoing statutes, regulations, rules, deeds or agreements or any conduct or proposed conduct of any person pursuant to any of the abovementioned statutes, regulations, rules, deeds or agreements;

**“Constitution”** means the constitution of the Company, as amended from time to time;

**“Corporations Act”** means the Corporations Act 2001 (Cth);

**“Crane Aluminium Acquisition”** means the acquisition of 3 metals businesses currently operated by Crane Enfield Metals Pty Limited ABN 51 008 408 151 (a subsidiary of Crane Group Limited ABN 91 008 410 302) under the business names Smart Aluminium, Crane Aluminium Systems and Crane Aluminium Extrusions;

**“Director”** means a director of the Company;

**“Disclosing Entity”** means the meaning given by section IIIAC of the Corporations Act;

**“EBIT”** means earnings before interest and tax;

**“EBITDA”** means earnings before interest, tax, depreciation and amortisation;

**“Encumbrance”** means any mortgage, charge, lien, hypothecation, assignment, security or other encumbrance by way of security (other than a lien arising by operation of law and a charge arising by statute and in either case in respect of which no default has occurred), Security Interest or any title (other than a title retention arising in the ordinary course of business as a result of the supply of goods and services), preferential right or arrangement or trust arrangement the effect of which is the creation of security (howsoever ranking) for the payment of indebtedness or any other monetary obligation or the observance of any other obligation and any agreement to create any of them or allow any of them to exist;

**“Entitlement and Acceptance Form”** means the Entitlement and Acceptance Form enclosed with this Prospectus;

**“Insolvency Event”** means the happening of any of the following events:

- (a) an application is made to a court for an order or an order is made that a body corporate be wound up;
- (b) an application is made to a court for an order appointing a liquidator, provisional liquidator, administrator, controller, managing controller, receiver, receiver and manager or similar officer in respect of a body corporate or one of them is appointed, whether or not under an order;
- (c) a receiver, receiver and manager, controller, managing controller or administrator is appointed to the property of a body corporate or any part or parts of it;
- (d) except to reconstruct or amalgamate while solvent on terms approved by the Underwriter, a body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or compromise or assignment for the benefit of all or any class of its creditors or members or it proposes a reorganisation, moratorium or other administration involving any of them;
- (e) a body corporate resolves to wind itself up or otherwise dissolve itself or gives notice of intention to do so, except to reconstruct or amalgamate while solvent and on terms approved by the Underwriter;
- (f) a body corporate is or states that it is unable to pay its debts as and when they fall due;
- (g) a body corporate fails (in accordance with the terms of section 459F of the Corporations Act) to comply with any statutory demand served pursuant to section 459E of the Corporations Act;
- (h) a body corporate is or makes a statement from which it may be reasonably deduced by the Underwriter that the body corporate is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (i) a body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (j) execution or other process issued or a judgment, decree or order of a court in favour of a creditor of a body corporate is returned wholly or partly unsatisfied;
- (k) any steps are taken by ASIC to dissolve a body corporate or a body corporate is dissolved;



- (l) a person becomes an insolvent under administration as defined in section 9 of the Corporations Act or action is taken which could result in that event;
- (m) a body corporate becomes insolvent as defined in section 95A or Regulation 7.5.02(1) of the Corporations Regulations; and
- (n) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction;

**“Issue Price”** means \$1.50 per New Share;

**“Listing Rules”** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;

**“Lodgement Date”** means 14 September 2005 or such other date as the parties agree being the date of lodgement of the Prospectus with ASIC in accordance with the provisions of the Corporations Act;

**“Material Adverse Effect”** means a material diminution in the value of the assets or material increase in the value of the liabilities of the Company which, in the reasonable opinion of the Underwriter acting in good faith after consultation with the directors of the Company, will have a material adverse effect on the success of the exercise of the Rights Issue;

**“New Shares”** means the Shares to be issued pursuant to this Prospectus;

**“PKF”** means PKF Corporate Advisers Pty Limited ABN 70 050 038 170, a wholly owned entity of PKF Chartered Accountants and Business Advisers, a New South Wales partnership;

**“Prospectus”** means this Prospectus dated 14 September 2005;

**“Record Date”** means 5.00pm (Sydney time) on 22 September 2005;

**“Registry”** means Computershare Investor Services Pty Limited (ABN 48 078 279 277);

**“Rights”** means the right to subscribe for New Shares in the course of the Rights Issue pursuant to this Prospectus;

**“Rights Issue”** means the issue to Shareholders by way of Rights to New Shares pursuant to this Prospectus;

**“Shares”** means fully paid ordinary Shares in the capital of the Company;

**“Shareholders”** means the holders of shares on issue at the Record Date;

**“Subsidiary”** means a body corporate that is or would be taken to be any of a subsidiary, an associate or a related body corporate of the Company by virtue of the Corporations Act;

**“Underwriter”** means Guinness Peat Group (Australia) Pty Limited (ABN 13 052 245 191);

**“Your Entitlement”** means the number of New Shares to which Shareholders are entitled;

Directors' consents

Every Director has consented to the lodgement and issue of this Prospectus.



John Crabb

(Chairman)

# Corporate Directory

## REGISTERED OFFICE

71 Ashburn Road  
BUNDAMBA QLD 4304

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
SYDNEY NSW 2000

## UNDERWRITER

Guinness Peat Group (Australia) Pty Limited  
Level 41, Gateway  
1 Macquarie Place  
SYDNEY NSW 2000

## SOLICITORS

Addisons Lawyers  
Level 12  
60 Carrington Street  
SYDNEY NSW 2000

## ACCOUNTANTS

PKF Corporate Advisers Pty Limited  
Level 10  
1 Margaret Street  
SYDNEY NSW 2000

# **Prospectus** Renounceable Rights Issue

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