



2014 ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held at:

11.00am (Melbourne Time) on Wednesday 19 November 2014,

Marbletrent Pty Ltd, 22 Jersey Road, Bayswater VIC 3153

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

As advised at the AGM back in 2011, since Christmas 2010, we have faced a challenging housing market which was exacerbated during FY12 where new home construction was the weakest sector in the Australian economy and the market faced constrained household discretionary spending. A situation that continued through FY13 and in part up to Christmas 2013.

With this as a backdrop your Company has faced a very difficult last 12 months of trading culminating in further trading losses over the year. As a consequence of these conditions the Company has had to take a number of difficult decisions in order to both stabilize the business, return confidence to our customers, staff and stakeholders and set the base for a sustainable and profitable business.

Our business model lags the housing market recovery by up to 18 months. That is, the products we supply tend to be ordered towards the end of the new build cycle. Purchases have been curtailed as consumers and customers alike defer decision making on renovations. Certainly the low interest rate environment is conducive to the housing recovery, however, as a Company we are focussed on the establishment of a business model which is not as tied to the cyclical nature of our past business.

As a Board we are also of the view that the dominance of the major home improvement retailers will over time continue to commoditise a number of products and drive prices down to unsustainable levels. The very reason for our exit out of vanities and basins.

We therefore, as a business, need to be nimble and identify the longer term strategic opportunities that the market presents. In part this revolves around our business model and our channels to market, our capacity to source quality product, our ability to be on trend and our market leadership as a shower base and shower systems supplier. This strategy is coupled with excellent customer relationships including reworking the business model to roll out the release of a premium global European brand – Noken, which the Company will exclusively manage in our region.

I am pleased to report to you today that our market is beginning to open up and we are experiencing a material pull through of our product range. Looking forward, we foresee a profitable future as a more focussed higher margin business.

New product development continues to be a focus of management with a particular focus on increasing the range of our offer of shower systems to complement our very strong shower base business. We will continue to develop this focus over the coming year with some exciting new designs. We have, in addition, freed up working capital and



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are currently reducing our fixed costs pertaining to our warehouse foot print through exiting our low margin vanity business.

Staff numbers over the past 12 months have fallen from a peak of 72 to 62 today.

Freight and distribution costs continue to be the subject of intense management focus leveraging off our China cross-docking solution allowing us to more efficiently send mixed containers of products directly to each of our interstate branches, thereby reducing the need for both interstate transfers and multiple delivery solutions. These initiatives have been complemented with improved management of local freight carriers and customer expectations.

Inventory controls continue to be strengthened and greater focus continues to be applied to forecasting and product development through our Integrated Business Planning processes which is critical to the future success of the business.

Margins have continued to remain strong as a consequence of improved products offerings being delivered to the market and receivables collection remain on budget.

Our Managing Director, Jeff Nicol will in his address elaborate on a number of our business strategies.

The Citywide business was sold during the year with proceeds used to pay down debt and free up working capital.

Results

MBD Corporation Limited recorded a consolidated EBITDA loss of \$2,573,958 (2013: loss of \$4,379,512) and net loss after tax of \$3,990,536 on net sales revenue (after discounts and rebates) of \$30,676,586. The net loss after tax includes a net loss of \$1.3 million from discontinued operations on the sales of the Citywide assets. This represents an improved result of 42.1% on year-on-year net profit after tax, albeit unsatisfactory and a decrease of 12.0% on year-on-year sales, from continuing operations.

During the Year the Company undertook various capital management initiatives including MBD Corporation announced a fully underwritten non-renounceable 1:1 rights issue at an issue price of 2.0 cents per share on 11 July 2014 which concluded on 15 August 2014 raising \$1,284,194 which will be utilized to retire debt and for working capital purposes with an emphasis on stock purchases.

A Trade Finance Facility was finalized in July 2014, which provides the Company with a further \$500,000 for the purpose of supporting specific stock purchases from China, subject to the terms of the Facility.

Finally, Westpac have continued to support Marbletrend during a difficult year, and renewed all facilities for a one year period on 4 July 2014. The renewed facilities include an increased line for Debtor financing of \$4.0 million replacing the existing \$3.0 million overdraft facility.

In terms of the resolutions to be put to Shareholders, the Board is seeking approval for one resolution pertaining to capital management. As a Board, we believe where possible it is important to reduce our cash costs of carrying debt. To this end we are seeking Shareholder support to vary the terms of the existing Convertible Notes with the objective that the holders of these Notes convert them to shares in the Company.



The Board and Management acknowledge that these results are once again unacceptable and that new product initiatives and expanded channels to market whilst maintaining and increasing gross margin and driving cost efficiencies is vital to the businesses ongoing viability.

Trading Update

Over the past four months both trading and customer sentiment has improved and with our previous tight working capital position being remedied, stock flows have returned to a more stable forecasting resulting in strong pull through of stock and support in the market for the sell down by the Company of slower moving stock.

Key support from several of our major customers to our product initiatives is also welcomed.

Leadership Team

Despite the Company's poor results in FY14, the Board remains firmly in support of our Leadership Team who have continued to provide stability and strategic initiative during a period of significant stress.

Executive Remuneration

The Board is cognisant that Marbletrend results for FY14 have not met the internal budgets and forecasts nor the expectations of Shareholders. As a consequence, no short term incentives were paid to the Leadership Team.

Dividends and Capital Management

It is unlikely that an interim FY15 dividend will be paid.

Our People

Over the past 12 months, Marbletrend has continued to invest in lifting the capability of the entire team by recruiting a number of suitably qualified people. Safety, training and development initiatives remain a central plank to staff attraction and retention together with a continued focus on further developing a culture of safety.

The Company continues to invest in a more robust information technology backbone to meet the needs of the business, together with an ongoing rollout of the Company's supply chain strategy.

Looking forward, Marbletrend will focus over the next 12 months in returning to profitability, with a heightened focus on innovation, new product development specifically in showers and brand management.

Finally I would like to thank our Shareholders for your continuing support.

Before we turn to the formal part of the meeting, I would like to invite Jeff Nicol to present our 2014 results and provide an update on current operations.

Thank You