



ASX RELEASE
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Carbon Polymers acquires Reclaim Industries

*..\$16m pa revenue business & CBP expects integrated business to save \$3-5m costs pa
..Substantially expands Carbon Polymers tyre processing and recycling business*

Carbon Polymers Limited (**ASX: CBP**) has successfully acquired the assets and operations of Reclaim Industries Limited (**ASX:RCM**).

The Board of CBP expects that the synergies between the operations of CBP and Reclaim will save \$3-5 million in costs per annum as well as generate organic sales growth for both businesses.

Until recently Reclaim was a tyre recycling company listed on the ASX. It was better known for its soft fall playground products that are installed in playgrounds in McDonalds and Hungry Jacks outlets throughout Australia. Reclaim had operations nationally with processing and recycling plants in Western Australia, South Australia and NSW with sales offices in Queensland and Victoria.

Reclaim had revenues of \$16 million for the past 12 months and had a forward order book valued at \$7 million. Although Reclaim's processing capacity was only 600 tonnes per month, it was very effective at maximising the value of its products.

The national footprint of Reclaim will assist CBP's ability to enter into national collection agreements with tyre retailers. The operations in Western Australia and South Australia will also be launching pads for increasing business with the vastly untapped mining sector. Carbon Polymer's spare plant capacity in Smithfield in Sydney's west will immediately fill the product supply shortfall Reclaim has experienced and instantly relieves the additional costs it faced in supplementing its shortfalls.

Due to the acquisition CBP will revise its plant rollout strategy. We will also lower our need to potentially raise funds for plant expansion and the capital expenditure required, due to the nature and the cost of the assets being acquired and the strong acquisition cost benefit versus expenditure on new plant and equipment.

CBP has been in negotiations to acquire Reclaim for some time and we have identified key areas of operations in Reclaim that can be improved. We will look to fully integrate the operations of Reclaim over the next 6 months and envisage savings of \$3-5 million per annum on Reclaim's operations.

As previously notified to shareholders, CBP made a private placement of \$2 million to fund the acquisition. The final purchase price was \$925,000. After allowance for inventory, the net acquisition cost will be \$525,000 for the three processing & recycling plants. This is against an estimated rollout cost for RCM of between \$8-9 million.

“This acquisition will add very substantial value for CBP shareholders,” said Mr Andrew Howard, managing director of Carbon Polymers. “This is highly synergistic and moves us much closer and more quickly to shareholder positive earnings and capital gains.”

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