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NZX ANNOUNCEMENT AND MEDIA RELEASE**

Receivership update - Feltex Carpets Limited (Receivers and Managers Appointed)

Feltex's Receivers and Managers ("Receivers") today announced that they have accepted an offer from the Godfrey Hirst group to acquire the Feltex business as a going concern.

Godfrey Hirst is a leading manufacturer of carpet, operating in New Zealand and Australia. It is privately-owned by the McKendrick family. Godfrey Hirst New Zealand is headquartered in Auckland. Godfrey Hirst Australia is headquartered in Geelong, Victoria.

Receiver and Manager Colin Nicol, from McGrathNicol + Partners, said:

"Godfrey Hirst will acquire all of Feltex's assets and operations in Australia, New Zealand and the USA as a going concern. We anticipate that the handover will occur in early November 2006."

"The Receivers are pleased to have been able to sell the Feltex business to a party with specialised expertise and financial strength, which will provide an exciting long-term future for Feltex's employees, suppliers and customers," he said.

Godfrey Hirst was the only party to submit a bid for Feltex.

The purchase price for Feltex is sufficient to repay its existing bank facilities. In addition, Godfrey Hirst will take responsibility for Feltex's statutory employee entitlements.

In New Zealand, Godfrey Hirst intends to offer jobs to approximately 85% of Feltex's 820 employees. The Receivers regret that redundancies will be necessary at the Kakariki and Christchurch plants to support the longer term viability of the business.

In Australia Godfrey Hirst intends to offer jobs to all of Feltex's 500 employees.

Details of these processes are currently being discussed with Feltex's employees and unions. Arrangements to support employees affected by redundancies will be made in conjunction with their unions.

Transitional arrangements have been made with Godfrey Hirst management to prepare for the handover with the full cooperation of the Receivers. Godfrey Hirst will support Feltex's operations in the period leading up to the handover.

Feltex's suppliers will have the opportunity to arrange new supply arrangements with Godfrey Hirst, and customers will be contacted directly for briefings on Godfrey Hirst's plans for the Feltex brands and to support their requirements.

Further details will be provided during the transition period.

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