Prospectus.

Murray River Organics

Murray River Organics
Group Limited
ACN 614 651 473

Important notice.

Important notice.

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in Murray River Organics Group Limited (ACN 614 651 473) (**Company**) (**Shares**).This Prospectus is issued by the Company and Murray River Organics SaleCo Limited (ACN 615 516 562) (**SaleCo**).

Lodgement and Listing

This Prospectus is dated Thursday, 8 December 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. It is a replacement prospectus which replaces the prospectus dated 24 November 2016 and lodged with ASIC on that date (**Original Prospectus**). The replacement Prospectus differs from the Original Prospectus. The key changes that have been made to the Original Prospectus are:

- including additional disclosure in Section 1.6 of the number and value of Shares to be sold by the Founders;
- clarifying the manner in which Murray River Organics intends to integrate the Acquisition Asset with its existing business in Section 3.2.3;
- clarification in Section 3.3 as to the composition of Murray River Organics (on a standalone basis), the Acquisiton Businesses and the Acquisition Asset's product categories and sales channels;
- including additional disclosure in Section 3.4.1 regarding the components of Murray River Organics' vertically integrated business model and reference to some of the key risks associated with this business model;
- clarification that products sold by Murray River Organics (other than the Acquisition Businesses) are farmed and grown by Murray River Organics in Section 3.4.2;
- clarification of Murray River Organics' supply arrangements (including in relation to raw materials and the Acquisition Businesses) in Section 3.4.3;
- amending the "Sales by Product Chart" in Section 3.6 to disclose sales for each of Murray River Organics (on a stand alone basis), the Acquisition Businesses and the Acquisition Asset;
- including additional disclosure in Section 4.2.3, the Notes to Table 1a and 3 in Section 4.3 and Sections 4.8.2.1 and 4.8.2.2 regarding the underlying assumptions applied by the Company in preparation of the Pro Forma Forecast Financial Information;
- including further disclosure regarding the treatment of fair value of agricultural produce in the Financial Information in Section 4.6.2;
- disclosure in Section 4.6.2 regarding the offer price of securities under the private capital raisings undertaken by MROL (on a post-Restructure basis);
- clarification in Section 6.1.1 of the nature of the legal proceedings involving Erling Sorensen, Jamie Nemtsas and certain corporate entities associated with them; and
- disclosure in Section 6.3.4 of the fees paid to Frost & Sullivan Australia Pty Ltd in connection with the preparation of the 'Independent Market Report on the organic, natural and healthy food and snack market'.

None of ASIC, the Australian Securities Exchange (**ASX**) or their respective Officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company has applied to ASX for Listing and quotation of the Shares on ASX.

This Prospectus expires on the date which is 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

Note to applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. You should carefully consider this Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares.

Some of the risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, its Directors, SaleCo or the SaleCo Directors.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares acquired under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application to acquire Shares under this Prospectus once it has been accepted.

Exposure period

The Corporations Act 2001 (Cth) (**Corporations Act**) prohibits the Company from processing Applications in the seven day period after the date of lodgement of the Original Prospectus (**Exposure Period**).

This period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Obtaining a copy of this Prospectus

The Offer constituted by this Prospectus in electronic form at www.murrayriverorganicsinvestors.com.au is available only to persons within Australia or certain persons in jurisdictions authorised by the Company.

Subject to the foregoing, the Prospectus is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Offer closes, obtain a paper copy of this Prospectus (free of charge) by telephoning the Murray River Organics Offer Information Line on 1300 651 479 within Australia. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 3 9415 4285.

Applications for Shares may only be made on an application form attached to or accompanying this Prospectus, or via the relevant electronic application form attached to the electronic version of this Prospectus (**Application Form**) available at www.murrayriverorganicsinvestors.com.au. The Corporations Act prohibits any person from passing the Application Form onto another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. Refer to Section 7 for further information.

Statements of past performance

This Prospectus includes information regarding the past performance of Murray River Organics. Investors should be aware that past performance is not indicative of future performance.

Company website

Any references to documents included on the Company's website at www.murrayriverorganics.com.au or www.murrayriverorganicsinvestors.com.au are for convenience only, and none of the documents or other information available on the Company's website is incorporated herein by reference.

Financial performance

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 4.2. All references to FY2014, FY2015, FY2016 and FY2017 appearing in this Prospectus are to the financial years ended or ending 30 June 2014, 30 June 2015, 30 June 2016 and 30 June 2017 respectively, unless otherwise indicated.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board and the accounting policies of the Company, unless otherwise stated.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Forward looking statements and marketing and industry data

This Prospectus includes Forecast Financial Information based on an assessment of present economic and operating conditions, and on a number of specific and general assumptions set out in Sections 4.8.1 and 4.8.2 regarding future events and actions that, as at the date of the Original Prospectus, the Company expects to take place. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information.

This Prospectus contains forward looking statements which are identified by words such as “believes”, “considers”, “could”, “estimates”, “expects”, “intends”, “may”, and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and SaleCo.

Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general assumptions as set out in Section 4.8.1, the specific assumptions as set out in Section 4.8.2, the sensitivity analysis as set out in Section 4.9, and other information in this Prospectus.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. The Company has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the overview of the industry in which Murray River Organics operates in Section 2 and the overview of the business of Murray River Organics in Section 3, uses market data, industry estimates and projections. The Company has based some of this information on market research prepared by third parties. The information contained in the projections and reports of third parties includes assumptions, estimates and generalisations that Murray River Organics believes to be reliable, but the Company cannot guarantee the completeness of such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors as set out in Section 5. This information should not be used as a basis for investments and should not be considered as an opinion as to the value of any security or advisability of investing in Shares.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Murray River Organics. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of the Original Prospectus.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Section 11.

Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne time.

Disclaimer

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.2, it is expected that the Shares will be quoted on the ASX on a deferred settlement basis. The Company, SaleCo, the Company's share registry Computershare Investor Services Pty Limited (**Share Registry**), the Joint Lead Managers and the Selling Shareholders disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, any person in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933 (**US Securities Act**) or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or are offered or sold in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable US state securities laws.

See Sections 7.6 and 7.7 for more detail on the restrictions on distribution and selling restrictions that apply to the offer and sale of Shares in jurisdictions outside Australia.

Privacy

By filling out the Application Form to apply for Shares, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company, SaleCo and the Share Registry on their behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration. If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of Murray River Organics may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments, corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

An Applicant has a right to gain access to their personal information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by a telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus. Applicants can obtain a copy of the Company's privacy policy by visiting the Murray River Organics website (www.murrayriverorganics.com.au).

By submitting an Application, you agree that the Company, SaleCo and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Report on Directors' forecasts and financial services guide

The provider of the independent review on the Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The financial services guide is provided in Section 8.

Use of trademarks

This Prospectus includes the Group's registered and unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Key Offer details.

Key Offer details.

Key Offer Details	
Total number of Shares on issue following Completion of the Offer[1]	87.1m
Total number of Shares offered under this Prospectus: • New Shares to be issued by the Company; and • Existing Shares to be sold by SaleCo	26.9m 19.2m 7.7m
Number of Shares to be held by Existing Shareholders on Completion of the Offer	60.0m
Percentage of total Shares to be held by Existing Shareholders on Completion of the Offer	68.9%
Offer Price	$1.30
Amount to be raised under the Offer	$35.0m
Market capitalisation at the Offer Price on Completion of the Offer	$113.2m
Enterprise value at the Prospectus Date[2]	$144.4m
Enterprise value / pro forma FY2017 forecast EBITDA[3]	9.1x
Market capitalisation / pro forma FY2017 forecast NPAT[4]	17.1x
Pro forma net debt / pro forma FY2017 forecast EBITDA[5]	2.0x

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in Shares. In particular, Section 4 sets out in detail the financial information referred to in this Prospectus, the basis of preparation of that information, the Statutory Financial Information and Pro Forma Financial Information, certain financial ratios and metrics and details of the Company's indebtedness and dividend policy. Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

Important Dates	
Prospectus lodgement date	Thursday, 8 December 2016
Broker Firm Offer opens	Friday, 9 December 2016
Broker Firm Offer closes	Wednesday, 14 December 2016
Settlement of the Offer	Thursday, 15 December 2016
Completion of the Offer (New Shares issued by the Company or Existing Shares transferred by SaleCo to successful Applicants and commencement of trading on a deferred settlement basis)	Friday, 16 December 2016
Expected despatch of holding statements	Monday, 19 December 2016
Expected commencement of trading of Shares on the ASX on a normal settlement basis	Tuesday, 20 December 2016

This timetable is indicative only and may be subject to change. Unless otherwise indicated, all times are stated in Melbourne time. The Company and SaleCo, in consultation with the Underwriters, reserve the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the closing date, or to accept late applications, either generally or in particular cases). The Company and SaleCo also reserve the right to cancel or withdraw the Offer before completion, in each case without notifying any recipient of this Prospectus or Applicants.

If the Offer is cancelled or withdrawn before the issue of New Shares by the Company or the transfer of Existing Shares by SaleCo under the Offer, then all amounts accompanying the Application Form will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

The quotation and commencement of trading of the Shares is subject to confirmation from ASX.

1 Total Shares on issue after Completion of the Offer comprise the 60.0m Existing Shares, 26.9m Shares offered under this Prospectus and 0.2m Shares to be issued to Non-Executive Directors (as described in Section 6.1.3.2)

2 Enterprise Value is calculated as the sum of indicative market capitalisation at the Offer Price and net debt as at Completion of the Offer

3 This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the Enterprise Value based on the Offer Price divided by pro forma FY2017 forecast EBITDA of $15.9 million. EBITDA is earnings before interest, tax, depreciation and amortisation

4 This ration is commonly referred to as a price earnings or PE ratio

5 Net debt at Completion of the Offer of $31.4m divided by divided by pro forma FY2017 forecast EBITDA of $15.9 million

Chair's letter.

Chair's letter.

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to become a Shareholder in Murray River Organics Group Limited (the **Company**).

Murray River Organics is an Australian producer, marketer, manufacturer and seller of certified organic, natural and better-for-you food products.

Murray River Organics was founded in 2010 with the acquisition of a 72 acre certified organic dried vine fruit vineyard in Merbein, Victoria. A series of subsequent strategic acquisitions of vineyards, which have been converted to certified organic dried vine fruit, has seen Murray River Organics grow to now controlling 4,447 acres of certified organic farmland.

Murray River Organics owns a certified organic processing facility in Mourquong, NSW, Australia, strategically located relative to its vineyards. In addition, Murray River Organics is completing the establishment of a new organically certified packaging facility in Dandenong, Victoria. Murray River Organics' operations make it the largest vertically integrated dried vine fruit producer and marketer in Australia, and the largest vertically integrated certified organic dried vine fruit producer in the world.

Murray River Organics services the organic and healthy snack food markets. The long-term global growth rate for organic food has been strong, and Murray River Organics' strategy is centred on servicing these global and fast growing sectors using various degrees of vertical integration of its product lines through integrated farming, processing, packing, product innovation and marketing operations.

Murray River Organics recently completed two significant acquisitions - the businesses of Food Source International and Australian Organic Holdings (including its brands Pacific Organics and Nutritious Foods). These are both well-established businesses with strong supplier and customer relationships. In addition, Murray River Organics holds an option to acquire Fifth Street vineyard in the Sunraysia region of Australia, which it intends to exercise using the proceeds of the Offer (see below).

These acquisitions provide Murray River Organics with a broader range of healthy products with which it intends to service its existing global customer base, and also strengthens its relationships with Australian domestic retailers. Coupled with its capacity in certified organic dried vine fruit, Murray River Organics is seeking to become a leader in certified organic, natural and better-for-you food product categories (such as dried vine fruit, table grapes, nuts, seeds, dried berries, chia seeds, prunes, dried ginger, dried mango, quinoa, coconut products and rice).

Murray River Organics is committed to growing the Group sustainably, whilst continuing to implement environmentally sound business practices and manufacturing processes to help provide consumers globally with the opportunity to maintain a healthier way of eating, snacking and living.

The Company is seeking to raise up to $25m through the issue of 19.2m New Shares at an Offer Price of $1.30 per Share. The Offer also includes the sale of approximately 7.7m Existing Shares by SaleCo at the Offer Price. The proceeds of the Offer will be used to (amongst other things) complete the acquisition of the Fifth Street vineyard and further expansion of productive capacity. The Offer proceeds will also be used to further integrate its recent business acquisitions, seek to increase operational efficiencies from existing operations, and support the appointment of overseas sales representatives, enabling better service delivery and continued supply of high quality healthy products to Murray River Organics' expanding global customer base.

The Offer and ASX Listing of the Company is an exciting and important step in the development of Murray River Organics, which is consistent with Murray River Organics' long-term strategy.

This Prospectus contains detailed information about the Offer and the financial position and performance of the Company. It also includes a description of the key risks associated with an investment in Murray River Organics. I encourage you to read this Prospectus carefully and in its entirety before making an investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder of the Company.

Yours sincerely,

Craig Farrow

Chairman
Murray River Organics Group Limited

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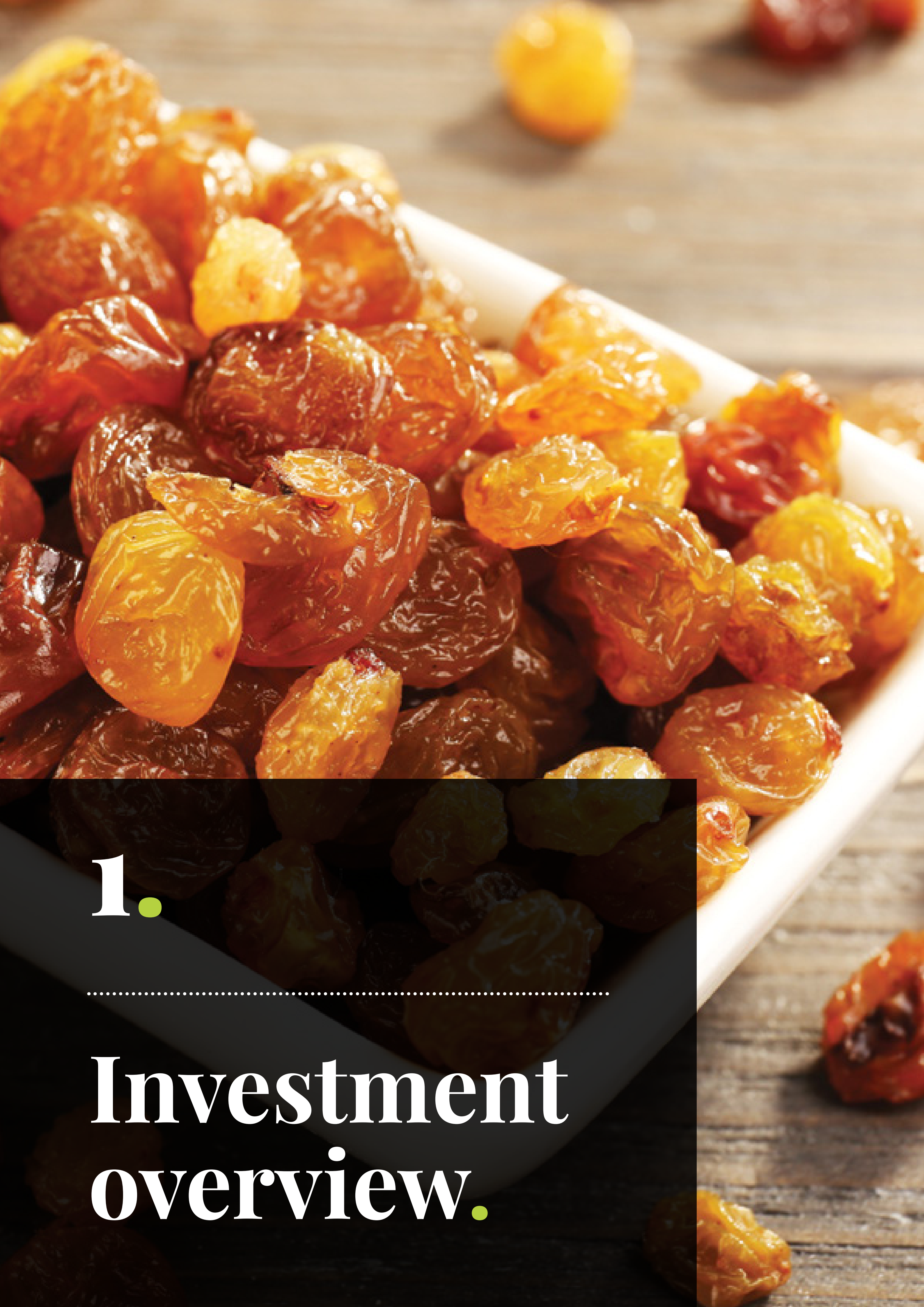


1. Investment overview.

1.1 Overview of Murray River Organics and key features of its business model.

Who is Murray River Organics?

Murray River Organics is an Australian producer, marketer, manufacturer and seller of certified organic, natural and better-for-you food products.

Murray River Organics has a growing portfolio of certified organic products, which are sold into 26 countries. Its products include dried vine fruit, table grapes, nuts, seeds, dried berries, chia seeds, prunes, dried ginger, dried mango, quinoa, coconut products and rice. Murray River Organics' product range is targeted at the rising consumer demand globally for natural, healthy and organic foods, and is an important part of the Group's strategy.

Murray River Organics' customers can be broadly segmented into the following market channels:

- the industrial market - which comprises food processors who use dried vine fruit in bakery products, cereal products and confectionery;
- the retail market - which comprises retailers stocking Murray River Organics' branded goods (Premium Australian Clusters, Gobble, Pacific Organics and Nutritious Foods) and retailers who sell Murray River Organics products under their own private labels; and
- food service market - which comprises speciality and natural food distributors.

Murray River Organics has experienced strong growth since its inception in 2010 and this continues in FY2017 with forecast pro forma EBITDA growing by 87% in FY2017 relative to FY2016 to $15.9m.

Murray River Organics is committed to growing the Group sustainably, whilst continuing to implement environmentally sound business practices and manufacturing processes to help provide consumers globally with the opportunity to maintain a healthier way of eating, snacking and living.

More information in Section 3.1

What is Murray River Organics' history?

Murray River Organics was founded in 2010 with the acquisition of a 72 acre certified organic dried vine fruit vineyard in Merbein, Victoria, and has grown to now controlling 4,447 acres of organic farmland.

Murray River Organics owns a certified organic processing facility in Mourquong, NSW, strategically located relative to its vineyards. In addition, Murray River Organics is currently completing the establishment of a new organically certified packaging, value-add and pick-pack facility in Dandenong, Victoria.

Murray River Organics recently completed two significant acquisitions - the businesses of Food Source International and Australian Organic Holdings (including its brands Pacific Organics and Nutritious Foods). In accordance with its strategy, Murray River Organics is well progressed in integrating these businesses and their key personnel, their assets and their brands under its own Management Team, and implementing its uniform operational, marketing, sales and distribution strategies.

Murray River Organics has an option to acquire the Fifth Street vineyard, located in the Sunraysia region of Australia, which it expects to exercise using the proceeds of the Offer. This 279 acre vineyard is planted with 179 acres of table grapes and has an additional 80 acres suitable for expansion. Included in the acquisition is a pack-out facility of 4,818 sqm, with chill and cool rooms installed, fitted for 610 pallets and the facility is accredited for export dispatches.

More information in Section 3.1 and 3.2

In what market does Murray River Organics operate?

Murray River Organics operates in the organic, natural and healthy food and snack market.

Murray River Organics operates both in the domestic and international markets, with customers in 26 countries.

Murray River Organics’ customers include industrial customers (such as cereal manufacturers, bakeries and confectionary manufacturers), retail customers (such as supermarkets, organic food stores, mass-market, e-commerce retailers and convenience stores) and food service channels (such as speciality and natural food distributors).

Murray River Organics has a broad customer base, with its key customers being two major Australian supermakerts.

More information in Section 3.6

What is Murray River Organics' business model and how does it generate revenue?

Murray River Organics uses various degrees of vertical integration of its product lines through integrated farming or supply arrangements, processing, packing and marketing operations.

Farming

Murray River Organics owns or controls 4,447 acres of organic certified farmland, and has an option to acquire an additional 279 acres of farmland at the Fifth Street vineyard, in the Sunraysia region of Australia.

From Murray River Organics' farming operations, 2,069 acres are planted with dried vine fruit production, 215 acres are planted to produce Clusters, 179 acres are planted with table grapes and 149 acres are planted with citrus. In FY2018, an additional 468 acres are expected to be planted with dried vine fruit, 80 acres with table grapes and 12 acres with citrus fruit.

Supply arrangements

Murray River Organics uses third party suppliers for raw materials and finished goods consumed in its farming, harvesting, processing and packaging activities. In addition to its farming operations, Murray River Organics sources raw materials and products from third party suppliers in connection with the Acquisition Businesses, For farming, raw materials include fish hyrdosate, humic acid, liquid gypsum and kelp. For harvesting, raw materials include potash and organic vegetable oil. For packaging, raw materials include organic high oleic sunflower oil and the products listed in Section 3.3, and finished goods include cartons, liners, doy bags and form fill.

Murray River Organics has established a broad and global network of suppliers for its business, which includes large multinational organisations, privately owned international businesses and family owned operations.

Processing and packing

Murray River Organics’ processing facilities are located centrally to its vineyards. Murray River Organics is seeking to consolidate its Sunraysia processing facilities related to its dried vine fruit and its Clusters at the Mourquong facility, NSW. Part of the proceeds of the Offer will be used for the consolidation.

This is complemented by the establishment of an organically certified packaging facility in Dandenong, Victoria, which is expected to be completed (and operational) in Q4 2016.

In addition, the Acquisition Businesses currently use third party packaging services or operate packaging arrangements from Murray River Organics' leased warehouses and facilities in Sydney, NSW. These processes are intended to be transferred to Murray River Organics' organically certified packaging facility in Dandenong, Victoria.

On exercising the option to acquire the Fifth Street vineyard, Murray River Organics will take possession of a fully equipped 4,818 sqm table grape pack-out facility, which includes chill and cool rooms.

Sales and marketing

Murray River Organics generates revenue by selling its products to the industrial market, retail market and food service market.

Murray River Organics' sales and marketing team is coordinated from Melbourne, Victoria. In addition, Murray River Organics engaged a sales representative in Europe in January 2016 to enable Murray River Organics to better service the large European and Scandinavian markets. With effect from November 2016, sales representatives have been engaged in North America, China and Japan. The appointment of these sales representatives will be funded using the proceeds of the Offer.

The benefits Murray River Organics seeks to derive from this vertically integrated model include:

- reduced costs through economies of scale;
- improved control over inputs, processes and quality, thereby reducing uncertainty;
- improved efficiencies through optimal resource and staff allocation; and
- greater competitive advantage through added expertise across the supply chain, thus raising barriers to entry for potential competitors.

More information in Sections 3.4 and 3.6

What is Murray River Organics' strategy?

The Company seeks to grow:

- organically through the ongoing development and expansion of its existing producing assets and vineyards; and
- through the disciplined acquisition of complementary productive assets, businesses, products and brands.

In particular, Murray River Organics intends to continue to:

- focus on products that have multiple uses and a long shelf life;
- seek to drive efficiencies from various degrees of vertical integration of its product lines through integrated farming, processing, packing and marketing operations (including the integration of its recently acquired businesses, Food Source International and Australian Organic Holdings);
- provide innovative and convenient packaging; and
- seek to leverage the clean and safe image of Australian produce.

The Company believes this strategy will enable it to build on its current scale and capitalise on growing demand in its target markets.

More information in Section 3.9

1.2 Key strengths.

Strong underlying market fundamentals

The demand for natural, healthy, certified organic and safe food is driven by population growth and the aging population trend, the prevalence of chronic disease and higher healthcare expenditure, urbanisation and higher disposable incomes, as well as higher consumer awareness of the impact of food on health and safety.

The global market for certified organic food and drink that Murray River Organics services has grown from $50.2 billion in 2006 to $104.0 billion in 2014; at a CAGR of 9.5%.[1] This growth is significantly higher than the 3.6% growth for the total food and beverage market from 2014 to 2015.[2]

Within the global snack food market, which is forecast to reach $826.4 billion by 2020,[3] one of the fastest growing segments is that of healthy snack foods.[4]

Proximity to Asia, and its reputation in that market as a source of safe and high quality products, puts Australia in a strong position to realise the opportunity of increased demand from the burgeoning Asian middle class (with Asia forecast to account for 66% of the global middle class population by 2030).[5]

More information in Section 2

Leading market position in attractive food category with unique characteristics

Murray River Organics controls 4,447 acres of certified organic farmland in the Sunraysia region of Australia, and its 2,069 acres of planted vineyards make it the largest vertically integrated dried vine fruit producer and marketer in Australia, and the largest vertically integrated certified organic dried vine fruit producer in the world.

With this current capacity in certified organic dried vine fruit, and through its recent acquisitions, as well as the intended acquisition of the Fifth Street vineyard, Murray River Organics aims to become a leader in the certified organic, natural and better-for-you food product categories.

Murray River Organics holds a growing portfolio of products including dried vine fruit, table grapes, nuts, seeds, dried berries, chia seeds, prunes, dried ginger, dried mango, quinoa, coconut products and rice. Its products are currently sold into 26 countries. Murray River Organics services industrial customers, retail customers and the food service market.

The Group is currently completing the establishment of a new organically certified packaging facility, which is expected to enable Murray River Organics' operations to be expanded to directly supply customers with a broader range of certified organic, healthy and better-for-you food products.

More information in Sections 2, 3.1 and 3.2

1. The Global Market for Organic Food & Drink, Organic Monitor, 2011

2 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015

3 Snack Foods - A Global Strategic Business Report, Global Industry Analysts, Inc., November 2015 http://www.strategyr.com/MarketResearch/Snack_Foods_Salted_Baked_Frozen_Snacks_Market_Trends.asp accessed 05 September 2016

4 The long-term global growth rate for organic food is 9,5% and the compound annual global growth rate of healthy snack food has outpaced the overall food and beverage market by 4,7% (Source: IRI's "InfoScan Reviews" (2016), Simmons National Consumer Study (fall 2015), Packaged Facts' National Consumer Survey (2016)).

5 OECD Development Center, http://www.oecdobserver.org/news/fullstory.php/aid/3681/An_emerging_middle_class.html, accessed 06 Sep 2016

Vertical integration

Murray River Organics uses various degrees of vertical integration on its product lines through integrated farming, processing, product innovation, packing and marketing operations. Through this integration the Group seeks to capture additional margins throughout the supply chain.

More information in Section 2 and 3.4

Competitive differentiation

Murray River Organics operates in a global and growing market place. Its points of competitive differentiation include:

- Murray River Organics' business model allows for scalable growth. Due to the maturity profile of the vineyards within its farming operations Murray River Organics has the potential for significant growth in productive capacity embedded in its dried vine fruit and table grape operations. This maturity profile, its vertical integration strategy, new product development, operational innovation and economies of scale are key differentiators for Murray River Organics.
- Murray River Organics has a proven history of identifying opportunities for conversion of conventional farmland to certified organic dried vine fruit production, utilising its understanding and experience of relevant viticulture and organic farming practices.
- Murray River Organics has the benefit of a highly experienced Management Team with a proven track record in growing the business organically and through acquisitions.
- Its Management Team oversees all aspects of the business, and through its overseas sales representatives coupled with its Australian office, embrace uniform marketing, sales and distribution strategies.

More information in Section 3.10

Revenue growth

Murray River Organics pro forma Sales are forecast to grow by 50% in FY2017 to $78m relative to FY2016 with EBITDA expected to grow by 87% relative to FY2016 to reach $15.9m.

The forecast increase in revenue is expected to be driven by the integration of the Acquisition Businesses and the expansion of the Company’s global sales footprint, particularly into the European, US and Asian markets where demand for organic food, including dried vine fruit, is increasing as well as the introduction of fresh table grapes from the Fifth Street vineyard.

The availability of supply to meet the increase in forecast revenue/demand for dried vine fruit is supported by the key following factors:

- increasing volume of dried fruit harvested as the Group's crop size increases;
- an increase in yields as vines continue to mature; and
- additional vineyards producing fruit in FY2017.

The FY2016 pro forma historical financial information presented in this Prospectus is inclusive of the Acquisition Businesses. The FY2017 pro forma forecast financial information presented in this Prospectus is inclusive of both the Acquisition Businesses and the Acquisition Asset. Refer Sections 4.2.2 and 4.2.3 for an overview of the treatment of the Acquisition Businesses and the Acquisition Asset in the Financial Information respectively.

More information in Section 4

1.3 Key risks.

The business, assets and operations of the Group are subject to certain risk factors that have the potential to influence future operating and financial performance. These risks may have an impact on the value of an investment in Murray River Organics' Shares.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseeable and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks to which Murray River Organics is exposed. Further general risks associated with an investment in the Group are outlined in Section 5.

Yields and climate

There are a number of factors that may affect the yield of viticultural crop, and yields may vary from vine to vine and harvest to harvest, which may impact Murray River Organics' performance.

In particular, as an agricultural producer, climate change or prolonged periods of adverse weather and climatic conditions (including floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on agricultural productivity, decreased availability or less favourable pricing for certain commodities necessary for the Group's products. Such conditions may also lower crop yields and reduce crop size and quality, which could reduce availability of organic ingredients or increase the price of such ingredients sourced from third parties.

More information in Section 5.2.1

Water supply

Adequate water supply is critical to the success of Murray River Organics to grow crops. There is a risk that the Group's operations may be exposed to natural events, many of which are outside the control of Murray River Organics, including floods, storms, fire and other adverse environmental changes.

In particular, such natural events could result in changes in water quality (including salinity levels in the Murray River and Darling River), which may impact Murray River Organics' operations.

In addition, unexpected changes in climatic conditions may affect future allocation, availability of water entitlements, or the price of water which may result in restrictions on Murray River Organics' access to water for its operations.

More information in Section 5.2.2

Uncontracted sales arrangements

Murray River Organics' growth is dependent on successfully maintaining existing, and securing new customers. A significant proportion of Murray River Organics' revenue is currently attributable to uncontracted customer relationships, using Murray River Organics' or the customers standard terms and conditions of sale. There is a risk that the Group will be unable to maintain these customer relationships, or secure new customers, on terms that are acceptable to the Group. In addition, it is not possible to guarantee consistency in respect of volume, prices and terms for future transactions.

More information in Section 5.2.3

Short term customer contracts

Some of Murray River Organics' customer contracts are short term, with supply periods typically for one season or one year (which may depend on the product's seasonality), and the prices at which its products are sold are subject to fluctuation depending on the level of supply and demand at the time the products are sold. In addition, a significant proportion of these customer contracts do not have fixed or minimum volume requirements, and do not oblige customers to continue purchasing Murray River Organics' products.

Murray River Organics' market share and/or profit margins could be materially and adversely impacted by customers taking actions that are adverse to the Group's interests, including:

- materially changing its trading terms with Murray River Organics;
- promoting the products of one or more of Murray River Organics' competitors or new entrants into organic, natural or better-for-you food products; or
- refusing to promote or stock Murray River Organics' products or significantly reducing orders for its products.

More information in Section 5.2.4

Loss of organic certification and deterioration in the Murray River Organics brand

The Group relies on independent certification, such as certifications of some of its products as "organic" to differentiate the Group's products from others. The loss of any independent certifications could adversely affect the Group's market position as a certified organic and natural products company and result in a loss of consumer confidence in the brands of Murray River Organics.

In addition, a failure to provide customers with the quality of product they expect from Murray River Organics, or a recall issue could adversely affect consumer confidence in the Murray River Organics brand.

More information in Section 5.2.5

Reduced ability to access raw materials (including organic ingredients)

The Group's ability to ensure continued supply of organic ingredients not grown by the Group from third parties at competitive prices is dependent on many factors beyond the Group's control, including (amongst other factors) the number and size of those farms growing organic crops, climate conditions and domestic and global economic conditions.

For certain products, Murray River Organics competes with other manufacturers in the procurement of these organic products, which are more limited in supply than conventional product ingredients. Such competition may increase in future and limit the Group's ability to access sufficient raw organic ingredients.

More information in Section 5.2.6

Consolidation of customers or the loss of a significant customer

Customers in certain markets in which the Group sells products, such as supermarkets and food distributors, continue to consolidate, which has resulted in larger organisations with increased negotiating and buying power. These larger organisations are able to resist price increases or demand increased promotional programs amongst other actions, which may negatively impact the level of product supplied by the Group to these customers.

There is also a risk that the Group may lose customers for a number of reasons, and the loss of any large customer (particluarly key customers such as major Australian supermarkets), the reduction of purchasing levels or the cancellation of any business from a large customer for an extended period of time may adversely affect the business.

More information in Section 5.2.7

Loss or deterioration of supply arrangements

Suppliers to Murray River Organics' business may seek to alter the terms on which products are supplied, as well as the range of products supplied to the Group. This could adversely impact Murray River Organics' ability to successfully provide customers with a range of products at competitive prices.

More information in Section 5.2.8

Growth plans are unable to be executed as anticipated

Murray River Organics intends to continue to grow the Group's business in part through acquisition of new businesses and brands in Australia and internationally. There is a risk that Murray River Organics will not be able to successfully identify suitable acquisition candidates, negotiate acquisitions with identified candidates on terms acceptable to Murray River Organics or integrate acquisitions made by the Group.

Additionally, businesses or brands may not achieve the level of sales or profitability that justify the investment made.

More information in Section 5.2.9

Inability to obtain funding

The Company may require further debt or equity funding in the future in order to fund growth strategies, in particular, acquisitions.

There is a risk that the Company may be unable to access debt or equity funding from the capital markets or its existing lenders on favourable terms, or at all.

More information in Section 5.2.10

Failure to respond to changes in consumer trends

Murray River Organics' business is primarily focused on sales of organic, natural and better-for-you products which are subject to continually evolving preferences, which may change based on a number of factors.

A shift in consumer demand away from products of the Group, or a failure by Murray River Organics to maintain its current market position could reduce sales or the value of its brands in those markets.

More information in Section 5.2.11

Product liability

There is a risk that illness or injury to customers may result from inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage.

Under certain circumstances, Murray River Organics may be required to recall or withdraw products, suspend production of products or cease operation and customers may also cancel orders for such products as a result of such events.

More information in Section 5.2.12

Regulatory risk

The Group is required to comply with a range of laws and regulations, including in relation to environmental, occupational health and safety, quarantine, customs and tariff, taxation and employment laws. Non-compliance with such laws and regulations could have a material adverse effect on the business of the Group. The Company has received an assessment from the Fair Work Ombudsman which alleges that the Company has underpaid 14 former employees, in aggregate, approximately $12,800. The Company has a different view to the FWO on the award that was applicable to these former employees and is contesting the FWO assessment.

More information in section 5.2.13

1.4 Financial information and dividend policy.

What is Murray River Organics' pro forma historical and forecast financial performance?

	Pro forma historical			Pro forma forecast
$m	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Revenue	2.3	7.8	51.9	78.0
EBITDA	(3.2)	0.5	8.5	15.9
EBIT	(3.8)	(0.5)	6.4	11.9
NPAT	(3.1)	(1.2)	3.4	6.6

- The financial information presented above is intended as a summary only and should be read in conjunction with the more detailed discussion in Section 4 as well as the risk factors set out in Section 5.
- The reconciliation between the pro forma and adjusted statutory historical results and pro forma and statutory forecast results is set out in Section 4.
- *The FY2016 pro forma historical financial information presented in this prospectus is inclusive of the Acquisition Businesses. The FY2017 pro forma and statutory forecast financial information presented in this Prospectus is inclusive of both the Acquisition Businesses and the Acquisition Asset. Refer Sections 4.2.2 and 4.2.3 for an overview of the treatment of the Acquisition Businesses and the Acquisition Asset in the Financial Information respectively.*

More information in Sections 4.3, 4.4 and 4.6

What is Murray River Organics statutory historical and forecast financial performance?

	Statutory historical			Statutory forecast
$m	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Revenue	2.3	7.8	12.0	63.9
EBITDA	1.1	0.3	6.9	8.6
EBIT	0.5	(0.7)	5.0	4.6
NPAT	1.0	(1.4)	2.6	(0.0)

- The financial information presented above is intended as a summary only and should be read in conjunction with the more detailed discussion in Section 4 as well as the risk factors set out in Section 5.
- The FY2016 pro forma historical financial information presented in this prospectus is inclusive of the Acquisition Businesses. The FY2017 pro forma and statutory forecast financial information presented in this Prospectus is inclusive of both the Acquisition Businesses and the Acquisition Asset. Refer Sections 4.2.2 and 4.2.3 for an overview of the treatment of the Acquisition Businesses and the Acquisition Asset in the Financial Information respectively.

More information in Sections 4.3 and 4.4

What is the Company's dividend policy?

The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results and the financial position of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors that the Directors may consider relevant.

It is the Directors' current intention to target a dividend payout ratio in the range of 30-50% of annual NPAT. The level of payout ratio is expected to vary between periods depending on various factors as discussed above. Should value accretive strategic growth, acquisition or investment opportunities arise, it may result in a dividend payout in the future that is less than the above target.

The Directors currently anticipate that the first dividend to Shareholders will be determined in respect of the period from 1 July 2017 to 30 June 2018, and hence may become payable in FY2019.

The Company intends to frank dividends to the maximum extent possible, having regard to the level of the Company's available franking credits at the time of the future dividend payment. The extent to which a dividend can be franked will depend on the Company's and/or Group's franking account balance (which will be nil at Completion of the Offer) and its level of distributable profits. The Company's and/or Group's franking account balance will depend on the amount of Australian income tax paid by the Company and/or the Group. The ability of the Company to frank dividends may also be impacted by the 'deferred franking debit' associated with the Group's past R&D tax offset refunds (see Section 5.3.4).

To the extent that a dividend is unfranked or partially franked, the Directors intend to declare the unfranked portion to be conduit foreign income to the maximum extent possible, having regard to the level of the Company's available conduit foreign income at the time of the future unfranked dividend payment. The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on the Company's and/or Group's conduit foreign income balance (which will be nil at Completion of the Offer) and its level of distributable profits. The Company's and/or Group's conduit foreign income balance will depend, amongst other things, on the amount of foreign (non-Australian) income tax paid by the Company and/or Group.

No assurances can be given by any person, including the Directors, about the payment of dividends and the level of franking or conduit foreign income on such dividends. Please read the Forecast Financial Information as set out in Section 4 and the risk factors as set out in Section 5.

More information in Section 4.10

1.5 Directors, Key Management Personnel and Management Team.

Who are the Directors of the Company?

- Craig Farrow, Independent Non-Executive Director, Chairman
- Lisa Hennessy, Independent Non-Executive Director
- Donald Brumley, Independent Non-Executive Director
- Erling Sorensen, Non-Independent, Managing Director, Chief Executive Officer
- Jamie Nemtsas, Non-Independent Executive Director, Chief Operating Officer

More information in Section 6.1

Who are the Key Management Personnel of Murray River Organics?

- Erling Sorensen, Non-Independent, Managing Director, Chief Executive Officer
- Jamie Nemtsas, Non-Independent Executive Director, Chief Operating Officer
- Matthew O'Brien, Chief Financial Officer

More information in Section 6.2

Murray River Organics' Management Team include the following

- Bill Avery, Head of Agronomy
- Tim Wilson, Head of Food Technology & Food Safety
- James Tudehope, Value- Add Operations Manager
- Andrew Nemtsas, Dried Vine Fruit Operations Manager
- Carlos Gutierrez, Joint Global Sourcing Manager
- Cameron Gough, Joint Global Sourcing Manager
- Maarten de Leeuw, Sales Manager EMEA
- Jeff Pascoe, Sales Manager, North America
- Joe Gayton, Sales Manager, North Asia
- Adelyn Chee, Sales Manager

More information in Section 6.2

1.6 Significant interests of key people and stakeholders.

Who are the Existing Shareholders and what will be their interest in the Company at Completion of the Offer?

Existing Shareholder	Existing Shares (%)	Existing Shares to be sold under the Offer (million)	Consideration on sale of Existing Shares under the Offer ($ million)	Shares in the Company on Completion of the Offer (million)	Shares in the Company on Completion of the Offer (%)	Shares in the Company subject to voluntary escrow (million)
Jamie Nemtsas and associated entities	16.68%	3.85	5.00	7.45	8.55%	7.45
Erling Sorensen and associated entities	16.68%	3.85	5.00	7.45	8.55%	7.45
Other Existing Shareholders	66.64%	-	-	45.10	51.80%	27.87
New Investors*	-	-	-	27.08	31.10%	-
Total	**100%**	**7.70**	**10.00**	**87.08**	**100%**	**42.77**

** Which may include Existing Shareholders (if any) who subscribe for Shares under the Offer. This also includes 0.16m Shares to be issued to Non-Executive Directors (as described in Section 6.3.1.2).*

More information in Section 9.4

What significant benefits and interests are payable to Directors and other stakeholders connected with the Company?

Key people	Interest or benefit	Section
Craig Farrow	Director's fees Shares to be issued on Completion of the Offer	6.3.1.2
Lisa Hennessy	Director's fees Shares to be issued on Completion of the Offer	6.3.1.2
Donald Brumley	Director's fees Shares to be issued on Completion of the Offer	6.3.1.2
Jamie Nemtsas and associated entities	Remuneration Participation in incentive arrangements Sale of Shares Shares held in the Company	6.3.1.1.2 6.3.3 9.5 9.4
Erling Sorensen and associated entities	Remuneration Participation in incentive arrangements Sale of Shares Shares held in the Company	6.3.1.1.1 6.3.3 9.5 9.4

More information in Sections 6.3 and 9.5

Will any Shares be subject to restrictions on disposals following Completion of the Offer?

Yes. The Escrowed Shareholders have agreed to enter into voluntary escrow arrangements in relation to the Shares retained by them on Completion.

The proportion of Shares that will be subject to escrow (on Completion of the Offer) is expected to be approximately 49.18% of the total issued capital of the Company.

More information in Section 7.9

1.7 Overview of the Offer.

What is the Offer?

The Offer is an initial public offering of 26.9 million Shares in the Company at an Offer price (Offer Price) of $1.30 per Share. The Shares being offered will represent 31% of the total shares in the Company on issue following Listing.

The Offer is expected to raise $35 million, comprising $25 million from the issue of New Shares by the Company and $10 million from the sale of Existing Shares by SaleCo.

All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares. A summary of the rights attaching to the Shares is set out in Section 7.14.

More information in Sections 7.1 and 7.2

Who are the issuers of the Prospectus?

Murray River Organics Group Limited (ACN 614 651 473).

Murray River Organics SaleCo Limited (ACN 615 516 562).

More information in Section 7.1

What is SaleCo?

SaleCo is a special purpose vehicle established so that Existing Shareholders may elect to sell a portion of their Existing Shares in the Company as part of the Offer.

More information in Sections 7.1.6 and 9.5

What is the purpose of the Offer?

The purpose of the Offer is to:

- fund the acquisition of the Acquisition Asset;
- fund the consolidation of the Group's dried vine fruit and Cluster facilities in the Sunraysia region to Mourquong, NSW;
- raise capital for the conversion and development of the Group's vineyards;
- raise working capital to support the day-to-day operations of the Group;
- raise capital for other productivity and growth capital projects;
- fund the appointment of sales representatives in North America, China and Japan (and extending marketing activities in these regions);
- improve Murray River Organics' ongoing access to capital;
- achieve a Listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for the Shares; and
- provide an opportunity for Existing Shareholders to realise part of their investment in Murray River Organics.

More information in Sections 3.9 and 7.1

How will the proceeds of the Offer be used?

The Offer is expected to raise $35.0 million. The following table details the sources and uses of the proceeds from the Offer:

Sources of Funds	$ Million	%	Uses of Funds	$ Million	%
Cash proceeds received by the Company	$25.0	71.4%	Acquisition of the Acquisition Asset *(described in Section 3.2.3)*	$10.4	29.7%
			Consolidation of Sunraysia facilities *(described in Section 3.4.4)*	$6.0	17.1%
			Working capital	$2.8	8.0%
			Repayment of borrowings	$3.0	8.6%
			Payment for transaction costs associated with the Offer	$2.8	8.0%
Cash proceeds received by SaleCo from the sale of Existing Shares by SaleCo	$10.0	28.6%	Payment to Selling Shareholders	$10.0	28.6%
Total	**$35.0**	**100%**	**Total**	**$35.0**	**100%**

More information in Sections 3.9 and 7.1

How is the Offer structured / who is eligible to participate?

The Offer comprises:

- the Broker Firm Offer - an offer to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
- the Institutional Offer - an invitation to bid for Shares made to Institutional Investors in Australia and in certain other eligible jurisdictions.

What is the Offer Price?

The price payable under the Offer is $1.30 per Share.

More information in Section 7.2

Is the Offer underwritten?

Yes. PAC Partners and Morgans have fully underwritten the Offer.

More information in Section 9.6.1

Will the Shares be quoted?

Yes. The Company has applied to the ASX for admission to the Official List of the ASX and quotation of Shares on the ASX, which is expected to be under the code MRG.

Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time.

The ASX and its Officers take no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

More information in Section 7.2

What is the allocation policy?

The allocation of Shares between the Broker Firm Offer and the Institutional Offer has been determined by agreement between the Company and the Joint Lead Managers, having regard to the allocation policy outlined in Sections 7.3.5 and 7.4.2.

With respect to the Broker Firm Offer, it is a matter for the Brokers (and not the Company) how they allocate Shares among eligible retail clients. For further information on the Broker Firm Offer, see Section 7.3.

The allocation of Shares under the Institutional Offer has been determined by agreement between the Company and the Joint Lead Managers.

More information in Sections 7.3.5 and 7.4.2

Is there any brokerage, commission or stamp duty payable by Applicants?

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.

More information in Section 7.2

What are the tax implications of investing in the Shares?

An overview of certain Australian tax consequences of investing in the Shares is included in Section 9.9.

The tax consequences of any investment in the Shares will depend on an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.

More information in Section 9.9

When will I receive confirmation that my Application has been successful?

It is expected that initial holding statements will be dispatched by standard post on or around Monday, 19 December 2016.

More information in Section 7.2

What is the minimum Application size?

The minimum Application size for investors in the Broker Firm Offer is $2,000 worth of Shares then in multiples of $500.

The Joint Lead Managers and the Company reserve the right to reject any application made under the Broker Firm Offer or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications.

There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

More information in Section 7.2

How can I apply?

You may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus.

Retail investors who receive an allocation of Shares under the Broker Firm Offer should follow the instructions provided by their Broker.

To the extent permitted by law, an application by an Applicant under the Offer is irrevocable.

More information in Sections 7.3.2 and 7.4.1

When are the Shares expected to commence trading?

It is expected that the Shares will commence trading on the ASX on or about Friday, 16 December 2016 on a deferred settlement basis.

It is expected that the dispatch of holding statements will occur on or about Monday, 19 December 2016 and that Shares will commence trading on the ASX on a normal settlement basis on or about Tuesday, 20 December 2016.

It is the responsibility of each Applicant to confirm their holding before trading Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.

More information in Section 7.2

Can the Offer be withdrawn?

Yes. The Company and SaleCo reserve the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.

If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

More information in Section 7.10

Where can I find out more information about this Prospectus or the Offer?

All enquiries in relation to this Prospectus should be directed to the Murray River Organics Offer Information Line on1300 651 479 (toll free within Australia) or +61 3 9415 4285 (from outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday.

If you require assistance to complete the Application Form, have any questions in relation to the Offer or are uncertain as to whether obtaining Shares in the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent professional adviser before deciding whether to invest.

More information in Section 7.2

2.

Industry overview.

Frost & Sullivan Independent Market Report

The Directors

Murray River Organics Group Limited
32 Crompton Way
Dandenong South
VIC 3175

8 December 2016

Dear Directors,

This Independent Market Report (IMR or Report) on the organic, natural and healthy food and snack market has been prepared by Frost & Sullivan Australia Pty Limited (Frost & Sullivan) at the request of the Directors of Murray River Organics Group Limited (Murray River Organics) for inclusion in a replacement prospectus to be lodged with the Australian Securities and Investments Commission (ASIC) on or about 8 December 2016.

All currency in this report refers to Australian dollar (AU$) unless specified otherwise. The following exchange rate has been used:

AU$1 = US$0.77.

1 Summary & highlights.

Some of the main aspects of the organic, natural and healthy food and snack markets are summarised below:

- Population growth and the aging population trend, the prevalence of chronic disease and higher healthcare expenditure, urbanisation and higher disposable incomes, as well as higher consumer awareness of the impact of food on health and safety are driving demand for natural, healthy, certified organic and safe food.
- The global market for certified organic food and drink has grown from AU$50.2 billion in 2006 to AU$104.0 billion in 2014; at a compound annual growth rate (CAGR) of 9.5%.[1] This growth is significantly higher than the 3.6% growth for the total food and beverage market from 2014 to 2015.[2]
- Europe and North America represented the top-10 countries for per capita consumption of organic foods in 2014.[3]
- Within the global snack food market, which is forecast to reach AU$826.4 billion by 2020,[4] one of the fastest growing segments is that of healthy snack foods.[5]
- In 2015, global food service market sales totalled AU$4.59 trillion, while global specialty food ingredient market sales totalled AU$232.8 billion, thus presenting Murray River Organics with large target markets for growing sales through those channels.
- In its home market of Australia, Murray River Organics' addressable opportunity in terms of total dried fruit and nuts (conventional and organic) is estimated at AU$384.7 million in retail sales in 2016.[6]
- Proximity to Asia, and its reputation in that market as a source of safe and high quality products, puts Australia in a strong position to realise the opportunity of increased demand from the burgeoning Asian middle class (with Asia forecast to account for 66% of the global middle class population by 2030).[7]

1 The Global Market for Organic Food & Drink, Organic Monitor, 2016
2 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015
3 Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 201623 Ibid
4 Snack Foods - A Global Strategic Business Report, Global Industry Analysts, Inc., November 2015 http://www.strategyr.com/MarketResearch/Snack_Foods_Salted_Baked_Frozen_Snacks_Market_Trends.asp accessed 05 September 2016
5 The long-term global growth rate for organic food is 9,5% and the compound annual global growth rate of healthy snack food has outpaced the overall food and beverage market by 4,7% (Source: IRI's "InfoScan Reviews" (2016), Simmons National Consumer Study (fall 2015), Packaged Facts' National Consumer Survey (2016)).
6 Aztec, The Big Picture - Grocery - AU
7 OECD Development Center, http://www.oecdobserver.org/news/fullstory.php/aid/3681/An_emerging_middle_class.html, accessed 06 Sep 2016

2 Overview of Murray River Organics.

Murray River Organics is an Australian producer, marketer, packer and seller of certified organic, natural and better-for-you food products, currently selling into 26 countries. Murray River Organics' customers include industrial customers (such as cereal manufacturers, bakeries and confectionary manufacturers), retailers (such as supermarkets, organic food stores, mass-market and e-commerce retailers, and convenience stores) and food service channels (such as specialty and natural food distributors).

Murray River Organics is the largest vertically integrated certified organic dried vine fruit producer and marketer in Australia, controlling 4,447 acres of farmland in the Sunraysia region of Australia.

Murray River Organics supplies its customers with a broad range of certified organic, healthy and better-for-you food products, including table grapes, nuts, seeds, dried berries, chia seeds, prunes, dates, dried ginger, dried mango, quinoa, a range of coconut products and rice.

Frost & Sullivan considers there are a number of macro trends that are impacting the global food industry, which are relevant to Murray River Organics' business. These include:

- The increasing demand for foods perceived as healthy and natural, including certified organic foods,[8] sales of which are growing significantly ahead of overall food sales. This is driving greater demand for and availability of these foods at retailers globally;
- Increased consumer confidence in the reliability of certified organic foods, driven by consumers understanding of and trust in certain certification bodies and the growing international acceptance of national certifications;
- The strong growth in the snack food market,[9] driven by trends such as the convenience of snack food. Within the overall snack food market, demand for perceived healthy snacks is growing strongly; and
- Australia's strong position as a source of natural and certified organic food (Australia has the largest organic agricultural land area globally),[10] as well as recognition of Australia as a reliable source of natural and healthy food. Australia's access in particular to Asian markets, with free trade agreements recently signed with several key markets, enhances the opportunity for Australian suppliers to exploit export opportunities.

These factors are discussed in more detail in this Report.

8 The global market for certified organic food and drink has grown from AU$50.2 billion in 2006 to AU$104.0 billion in 2014; at a compound annual growth rate (CAGR) of 9.5%. (The Global Market for Organic Food & Drink, Organic Monitor, 2016)

9 The global snack food market is forecast to reach AU$826.4 billion by 2020. (Snack Foods - A Global Strategic Business Report, Global Industry Analysts, Inc., November 20 http://www.strategyr.com/MarketResearch/Snack_Foods_Salted_Baked_Frozen_Snacks_Market_Trends.asp accessed 05 September 2016)

10 12 million hectares out of a global total of 43.7 million hectares in 2014. (Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 2016)

3 Definitions.

The following definitions have been used in this Report.

Health and wellness foods

This term refers to a wide range of foods that support health and wellness. This includes organic foods, better-for-you foods, fortified/functional foods, foods specifically catering to food intolerance and naturally healthy foods.[11] Whilst Murray River Organics' historical focus has been primarily certified organic dried vine fruit, the total addressable opportunity for the Company with its current growth strategy, as suggested by Figure 1, is much broader.

Figure 1: Broad Segmentation of addressable market opportunity for Murray River Organics

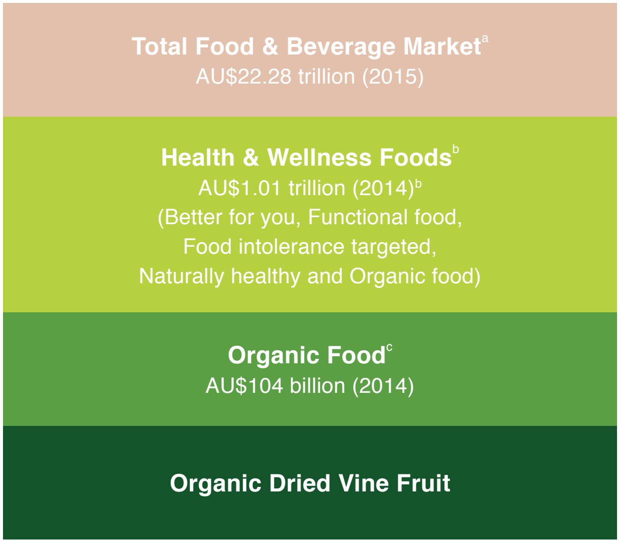


Figure 1 Source: Frost & Sullivan
a: 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015
b: Global Health and Wellness Sales to Reach US$774 Billion in 2014, Euromonitor International, Sep 29, 2014
c: The Global Market for Organic Food & Drink, Organic Monitor, 2016

Organic

"To be certified organic means to grow or manufacture a product free from synthetic pesticides, herbicides, hormones and antibiotics. Livestock must be free range and pasture-fed, seed must be non-genetically modified (GM), and the production process must be water efficient and biodiversity friendly. Producers, processors, manufacturers and retailers of food, drink, fibre, skincare and cosmetics can be certified organic."[12]

The benefits of organic farming are broadly two-fold:

- Organic farming helps to safeguard the environment and conserve biodiversity by protecting beneficial pests and animals (unlike conventional farming, which uses pesticides and insecticides that compromise soil fertility and destroy beneficial pests). Organic farming contributes less to global warming than conventional farming by retaining or trapping carbon inside the soil rather than letting it out in the form of greenhouse gases, thereby preserving soil fertility and protecting the environment.
- From a human health point of view, organic farming is also considered safer and healthier than conventional farming due to the reduced use of pesticides and herbicides that usually adhere to the produce. Pesticides have been linked to a range of harmful effects, ranging from headaches to serious health problems, such as compromised immunity and reproduction, disruption of the nervous system and cancer.[13]

Natural food

The term natural food lacks a formal regulatory definition, however it is generally taken (e.g. by the US Food & Drug Administration (FDA)) as comprising food that does not contain added colour, artificial flavours, or synthetic substances.[14]

Snack food

"A small portion of food or drink or a light meal, especially one eaten between regular meals."[15]

11 Segmentation from Global Health and Wellness Food Market 2015-2019, Technavio http://www.technavio.com/report/global-food-health-and-wellness-market
12 What is organic?, Australian Organic http://austorganic.com/certified-organic-frequently-asked-questions/, accessed 31 Aug 2016
13 Pesticide residues in food?, World Health Organization, http://www.who.int/features/qa/87/en/
14 http://www.fda.gov/AboutFDA/Transparency/Basics/ucm214868.htm, accessed 06 Sep 2016
15 Dictionary.com http://www.dictionary.com/browse/snack, accessed 31 Aug 2016

4 The global food and beverage market.

4.1 Key food consumption trends

There are several factors that are driving growth in food consumption and changes to patterns of food consumption, as described below.

Population growth drives food consumption

Total global population is projected to rise from 7.35 billion in 2015 to 9.72 billion in 2050.[16] To feed this population, overall food production will need to increase by around 70% between 2005 and 2050.[17]

Food security

795 million people (or over one in nine people globally) still remain undernourished.[18] The Global Food Security Index 2016,[19] which rates countries based on food availability, affordability, quality and safety, found that economic development, rising personal incomes, political stability, infrastructure investment and high nutritional standards are key to ensuring food security.

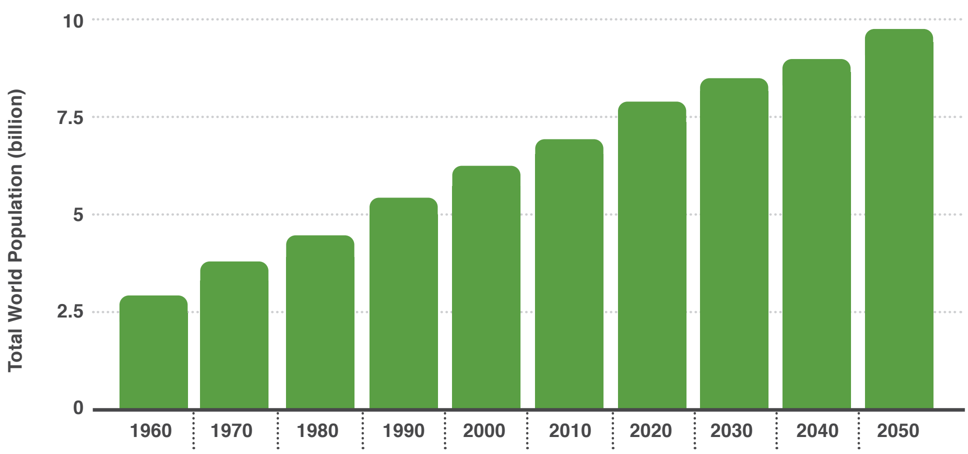
Less arable land and lower agricultural productivity prompts search for smarter and more sustainable production approaches

Erosion or pollution has resulted in the loss of close to 33% of the world's arable land over the last 40 years.[20] In addition, global total factor productivity (TFP)[21] is growing at a slower rate than what it should, to meet food demand by 2050.[22] This has made it imperative that smart and sustainable agricultural practices are deployed to ensure rising food demand is met in an efficient manner, in the context of environmental constraints. Sustainability, in the context of food and beverage, comprises environmental sustainability, in terms of issues such as climate change, biodiversity, water and soil quality, as well as security of supply, affordability and quality.

Increased wealth levels spur food & beverage markets

GDP per capita across the globe has risen from AU$585 in 1960 to AU$12,995 in 2015.[23] In Australia, this figure has risen from AU$2,349 to AU$73,226 over the same period.[24] This provides increased spending power for food items by households.

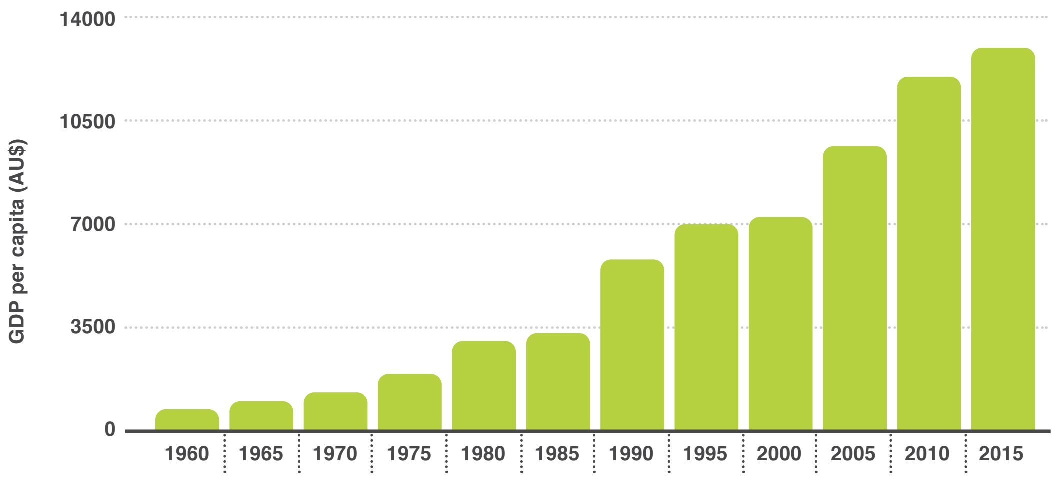
Figure 2: Total Population, World, 1960 to 2050



Source: World Bank, Health Nutrition and Population Statistics: Population estimates and projections, http://databank.worldbank.org/, accessed 29 Aug 2016

16 World Bank, Health Nutrition and Population Statistics: Population estimates and projections, http://databank.worldbank.org/, accessed 29 Aug 2016
17 Global agriculture towards 2050, FAO, http://www.fao.org/fileadmin/templates/wsfs/docs/Issues_papers/HLEF2050_Global_Agriculture.pdf/, accessed 30 Aug 2016
18 State of Food Insecurity in the World, FAO 2015
19 The Global Food Security Index 2016, The Economist Intelligence Unit Limited 2016
20 Soil loss: an unfolding global disaster – Grantham Centre briefing note, Grantham Centre for Sustainable Futures, Dec 2, 2015, http://grantham.sheffield.ac.uk/soil-loss-an-unfolding-global-disaster/, accessed 11 Oct 2016
21 TFP is the ratio of agricultural outputs (gross crop and livestock output) to inputs (land, labour, fertiliser, feed, machinery and livestock).
22 2015 Global Agricultural Productivity Report, Global Harvest Initiative (GHI), October 2015
23 World Bank, World Development Indicators, http://databank.worldbank.org/, accessed 29 Aug 2016
24 Ibid

Figure 3: GDP per capita, World, 1960 to 2015



Source: World Bank, World Development Indicators, http://databank.worldbank.org/, accessed 29 Aug 2016

Increased awareness of food safety

Despite considerable progress in the right direction, challenges persist worldwide in implementing truly effective food safety systems. 600 million (or close to one in ten people globally) fall ill as a result of foodborne hazards each year.[25] Of these, 420,000 people die.[26] Almost 20% of the Australian population has an allergic disease.[27]

Free-from foods

Global demand will increase for free-from foods or food and beverage products that are free of undesired qualities that impact the health and wellbeing of consumers. Foods that are gluten free, genetically modified organism (GMO) free, sugar free, fat free and organic are examples of free-from foods that exhibit above-average demand growth worldwide.[28]

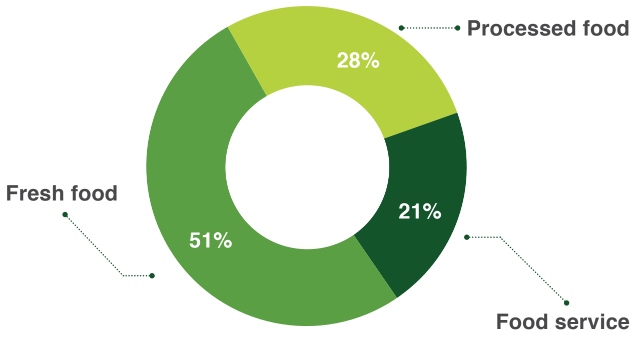
Private label

The sustained consolidation trend in the retail sector, the growth of discount store formats and improved consumer perception of the quality of private label products in the developed world is helping to drive growth in the private label category of the food & beverage market. As a result, the private label share of total global packaged food sales was 13% in 2014.[29]

4.2 Food and Beverage Market Size and Segments

The total global expenditure on all food products by final consumers, whether fresh, processed, or through foodservice channels, was estimated at AU$22.28 trillion in 2015, registering a 3.6% growth over the previous year.[30] Fresh food accounted for just over half the total expenditure.

Figure 4: Total food and beverage consumer expenditure by primary channels, World, 2015



Source: 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015

25 WHO estimates of the global burden of foodborne diseases: foodborne disease burden epidemiology reference group 2007-2015, World Health Organization 2015

26 Ibid

27 Allergy and Immune Diseases in Australia (AIDA) Report 2013, Australasian Society of Clinical Immunology and Allergy (ASCIA), http://www.allergy.org.au/ascia-reports/allergy-and-immune-diseases-in-austrlia-2013,accessed 26 Oct 201630 The Global Terrain of Private Label, Euromonitor, Agne Reklaite, May 11, 2015, http://blog.euromonitor.com/2015/05/the-global-terrain-of-private-label.html, accessed 26 Sep 2016

28 For example, the global gluten-free packaged food market is estimated to grow at a compound annual growth rate of 6% between 2015 and 2019. (Global Gluten-free Packaged Food Market 2015-2019, Technavio, http://www.technavio.com/report/global-food-gluten-free-packaged-food-market, accessed 26 Oct 2016)

29 The Global Terrain of Private Label, Euromonitor, Agne Reklaite, May 11, 2015, http://blog.euromonitor.com/2015/05/the-global-terrain-of-private-la bel.html, accessed 26 Sep 2016

30 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015

5 Drivers of health food demand.

The following are some of the key factors driving demand for health and welness globally:

Aging population trend underpins demand for health foods

The population aged 65 and over accounted for 4.9% of the total global population in 1960.[31] This figure has risen to 8.3% by 2015. In Australia, this aging trend has been more marked; with the population aged 65 and over rising from 8.6% of total population to 15.0% over the same period.[32] This aging trend is driving demand for healthy food, which is seen as a means to enjoying a higher quality life for longer.

Rising healthcare expenditure

Globally, healthcare expenditure per capita has risen from AU$600 in 1995 to AU$1,379 in 2014.[33] In Australia this has grown from AU$2,069 to AU$7,840 over the same period.[34] In fact, as the United States example in Figure 6 shows, the expenditure on health now dwarfs that on food – the reverse of what this ratio used to be in the past.

This increasing healthcare burden is prompting governments and communities to seek ways to proactively reduce future healthcare spend through healthy food choices.

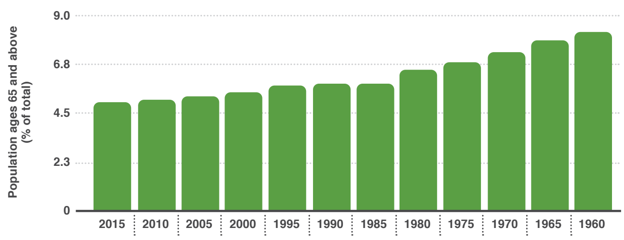
Increased understanding of the link between nutrition and health

In a 2015 survey of 1,500 respondents in the United States, the single most mentioned action taken to improve health was change to diet.[35] This underlines the importance given to nutrition as a means of improving health.

Increasing preference for natural

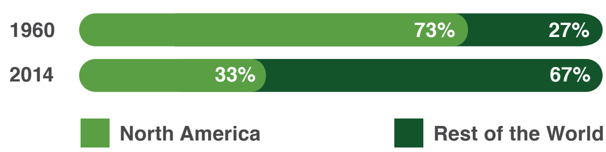
Natural food is defined as food that "does not contain added colour, artificial flavours, or synthetic substances."[36] 'Natural' and 'organic' are not interchangeable terms. Over 70% of consumers in France, Germany, Italy and Spain believe that the health-promoting benefits of natural foods are preferable to the added benefits of functional foods.[37] In Australia, a recent survey revealed that over three in five adults said they were more likely to buy food or drinks described as 'natural'.[38] In response to this trend, food and beverage manufacturers are increasingly adding natural ingredients into everyday foods as a means of driving competitive differentiation. This trend has also helped drive the 'free-from' food segment.

Figure 5: Population aged 65 and above (% of total), World, 1960 to 2015



Source: World Bank, World Development Indicators, http://databank.worldbank.org/, accessed 29 Aug 2016

Figure 6: Expenditure on food vs health: United States, 1960 and 2014



Source: Healthy Food vs. Healthcare Spending and Trends in Medical-Culinary Educational Alliances, Menus of Change, June 14, 2016 http://www.menusofchange.org/news-insights/issue-briefs/healthy-food-vs-healthcare-spending-and-trends-in-medical-culinary-educati accessed 30 Aug 2016

31 World Bank, World Development Indicators, http://databank.worldbank.org/, accessed 29 Aug 2016
32 Ibid
33 World Bank, World Development Indicators, http://databank.worldbank.org/, accessed 29 Aug 2016
34 Ibid
35 Creating a Culture of Health— A 2015 Survey of US Consumers, Frost & Sullivan, January 2016
36 What is the meaning of 'natural' on the label of food?, U.S. Food and Drug Administration, http://www.fda.gov/AboutFDA/Transparency/Basics/ucm214868.htm, accessed 31 Aug 2016
37 Super growth for "Super" foods: New product development shoots up 202% globally over the past five years, May 5th, 2016 Mintel GNPD (Global New Products Database), http://www.mintel.com/press-centre/foodand-drink/super-growth-for-super-foods-new-product-development-shoots-up-202-globally-over-the-past-five-years, accessed 30 Aug 2016
38 Half of 'natural' foods unhealthy: report 9th Aug 2016 LiveLighter, https://livelighter.com.au/news/Half-of-natural-foods-unhealthy-report, accessed 31 Aug 2016

6 Organic food market.

6.1 Organic farming

Organic farming is a rapidly growing global trend, with Australia leading the world in adoption of organic farming systems.

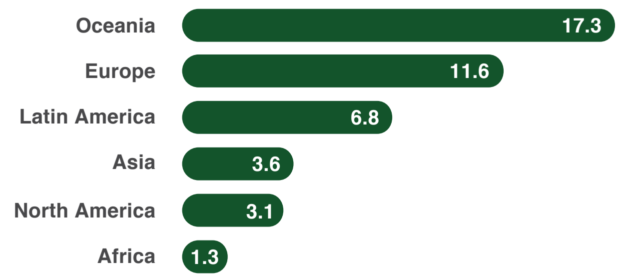
According to the 2016 edition of 'The World of Organic Agriculture',[39] in 2014, 43.7 million hectares of agricultural land were managed organically by around 2.3 million farmers across 172 countries.

Oceania accounts for 40% of global organic agricultural land (with Australia at 12 million hectares).[40] Australia therefore has more organic agricultural land than Europe as a whole.

The top-10 countries with the largest areas of organic agricultural land are Australia, Argentina, the United States, China, Spain, Italy, Uruguay, France, Germany and Canada (in that order). These top-10 countries in terms of organic agricultural land managed account for over 70% of the global total.

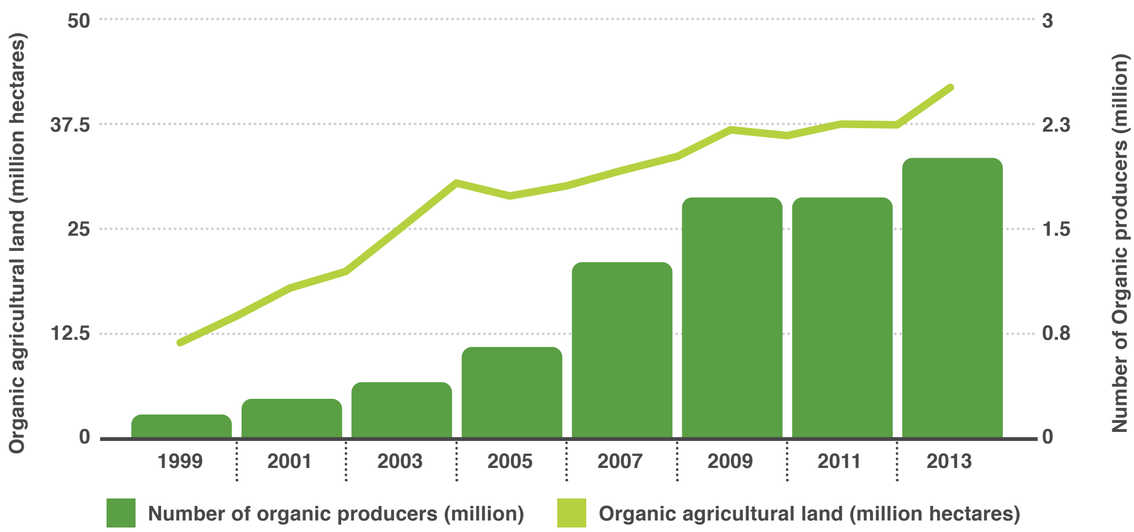
Total global organic agricultural land has grown from 11.0 million hectares in 1999 to 43.7 million hectares[41] in 2014; at a compound annual growth rate (CAGR) of 9.6%. Over this same period, the number of organic producers has risen from 0.2 million to 2.3 million. In 2014, land dedicated to organic farming accounted for 1% of total agricultural area globally.[42]

Figure 7: Distribution of organic agricultural land, by region, 2014



Source: Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February 2016

Figure 8: Growth of organic agricultural land and the number of organic producers, World, 1999-2014



Source: Research Institute of Organic Agriculture (FiBL), IFOAM, SOEL Surveys 1999-2016

39 The World of Organic Agriculture 2016, the Research Institute of Organic Agriculture (FiBL) and IFOAM – Organics International

40 Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 201615 State of Food Insecurity in the World, FAO 2015

41 This excludes 37.6 million hectares of non-agricultural organic areas (mainly wild collection)

42 FAO Statistical Pocketbook 2015, Pg 481

6.2 Drivers of organic food demand

The following are some of the key factors driving demand for organic foods globally:

Food safety concerns

Conventional food production is characterised by the high use of fertilisers and pesticides. This has been the legacy of decades of fertiliser and pesticide subsidies, inadequate regulation and the success of intensive agriculture in meeting the rising demand for food. Conventional food processing can also involve the use of additives, processing aids and fortifying agents (for example, preservatives, artificial colourants, artificial sweeteners, flavouring, etc.). Organic food provides consumers with the option to reduce their overall exposure to pesticide residues, as well as additives, processing aids and fortifying agents.

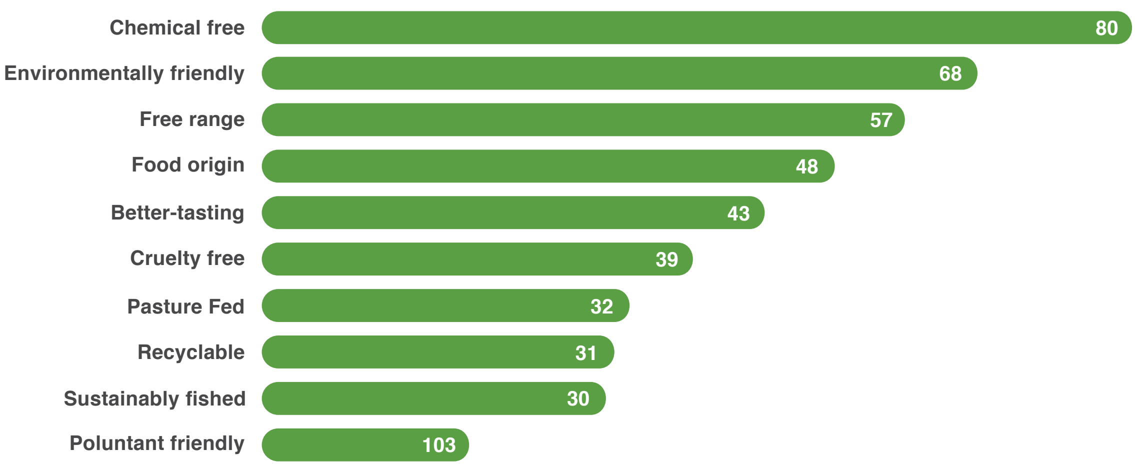
A 2014 survey[43] of Australian consumers shows that 'chemical free' or 'additive free' was the most mentioned benefit of organic products.

In a 2015 study, 38% of Chinese consumers mentioned "organic/green food" amongst their top three criteria used to identify safe food.[44]

Sustainability

A number of studies show that organic farming systems consistently have greater soil carbon levels, better soil quality, less soil erosion, more plant diversity, greater faunal diversity (insects, soil fauna and microbes, birds) and more habitat and landscape diversity compared to conventional systems.[45] There is also no risk of synthetic pesticide pollution of ground and surface waters, as well as higher energy efficiency when compared to conventional farming.[46] Apart from this environmental sustainability perspective, organic farming is also attractive from an economic sustainability perspective. A 40-year meta-analysis of the financial performance of organic and conventional agriculture found that factoring in price premiums (higher prices for organic foods than conventional food) resulted in organic agriculture being 22% to 35% more profitable than conventional agriculture.[47]

Figure 9: Perceived benefits of organic products: consumers, Australia, 2014



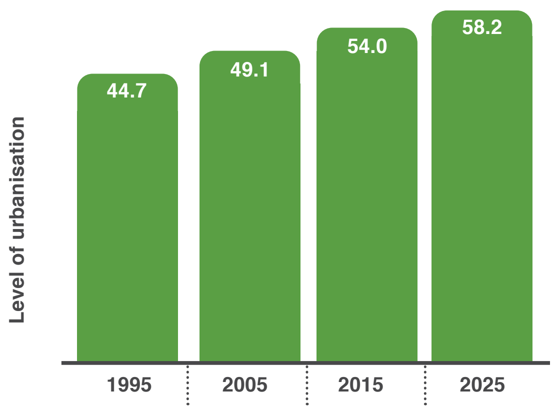
Source: Australian Organic Market Report, Australian Organic Ltd, Nov 2014

43 Australian Organic Market Report, Australian Organic Ltd, Nov 2014
44 For Chinese Consumers, Indiscriminate Spending Is Over: McKinsey, Megha Bahree, Forbes, March 18, 2016, quoting McKinsey 2015,http://www.forbes.com/sites/meghabahree/2016/03/18/for-chinese-consumers-indiscriminate-spending-is-over-mckinsey/#bb9461d5a5fa, accessed 26 Sep 2016
45 Organic agriculture in the twenty-first century, John P. Reganold and Jonathan M. Wachter, Feb 2016, Nature Plants, 2016 Macmillan Publishers Limited.
46 Ibid
47 Crowder, D. W. & Reganold, J. P. Financial competitiveness of organic agriculture on a global scale. Proc. Natl Acad. Sci. USA 112, 7611–7616 (2015)

Increased urbanisation

Given the premium that organic food commands over conventional foods, the main addressable market is typically in urban regions, where household income levels are higher than in rural regions. As Figure 10 indicates, the level of urbanisation globally is increasing steadily and will reach 58.2% by 2025.[48] This trend is expected to increase the consumer base that is willing to spend more for higher quality and safe food; thus driving demand for organic foods.

Figure 10: Level of urbanisation, World, 1995, 2005, 2015 and 2025



Source: United Nations, Department of Economic and Social Affairs, Population Division (2014). World Urbanization Prospects: The 2014 Revision.

A 2014 survey of Australian consumers shows that 'chemical free' or 'additive free' was the most mentioned benefit of organic products.

Increasing certification

In 2015, there were 87 countries across the globe with organic regulations and a further 18 in the process of drafting relevant regulations.[49] Apart from this, several importing countries have agreed on bilateral recognition (accepting another country's standards to allow sale in their own market) and there is now increased recognition of some organic certification bodies across multiple countries. In the United States alone, over the period 2002 to 2015, there has been a 300% increase in the number of organic certificates available.[50] In Australia, Australian Certified Organic (ACO) is the largest organic certifying body, recognised as being compliant with other organic standards, such as those for Europe and Taiwan (AQIS), Japan (JAS), US (USDA NOP), international (IFOAM), Canada (COR), Korea, China, etc.[51] The China Organic Product Certification (developed in 2005) - the result of a range of organic regulations introduced in the early 2000s - is the relevant certification for organic products imported into China.

Improved accessibility of organic food through mainstream channels

Organic food has become more readily available to consumers, due to its increased availability in mainstream distribution channels, such as the large retail chains (both supermarkets and hypermarkets), the rise of specialist or boutique natural food / health food stores and the growth of direct-to-consumer eCommerce sales models for organic foods. Confirming the mainstream distribution trend for organic foods is the fact that they are available in nearly 3 out of 4 grocery stores in the United States.[52] In fact, the market leading retailer of organic food in the United States is not a specialist organic food chain, but Costco.[53] Increasing retailer interest in this market is expected to result in more choice for the health-and-safety-conscious consumer. In addition, the growth of Community Supported Agriculture (CSA) models - where consumers source their produce directly from farmers through a membership scheme – is helping make organic foods more accessible to consumers. In response to this trend, organic food producers have focused on improving product quality, consistency and presentation.

48 United Nations, Department of Economic and Social Affairs, Population Division (2014). World Urbanization Prospects: The 2014 Revision

49 Carolin Moller and Beate Huber, Research Institute of Organic Agriculture (FiBL), October 2015

50 U.S. Department of Agriculture, Organic Integrity Database, 2016; quoted in Organic: A bright spot for our farms, our foods and our future, Organic Trade Association, 2016

51 Australian Certified Organic, http://aco.net.au/, accessed 31 Aug 2016

52 United States Organic Foods Market Forecast & Opportunities, 2020, TechSci Research, 2015, http://www.prnewswire.com/news-releases/us-organic-foods-market-poised-to-surpass-usd-45-billion-in-2015-says-techsci-research-498598271.html, accessed 6 Oct 2016

53 Costco is Leading Organic Food Sales in 2015, https://www.thebalance.com/organic-food-companies-are-getting-rich-selling-at-costco-1325943, accessed 6 Oct 2016

6.3 Organic food and drink market

The global market for certified organic food and drink has grown from AU$50.2 billion in 2006 to AU$104.0 billion in 2014; at a CAGR of 9.5%.[54] This growth is significantly higher than the 3.6% annual growth for the total food and beverage market from 2014 to 2015.[55]

Whilst Australia is the largest country in terms of organic agricultural land area, it is not amongst the largest consumers of organic food, indicating a significant export opportunity for Australian organic producers. The single largest market for organic food retail sales is the United States, accounting for 43% of the global retail sales for organic foods. It is followed by Germany, France and China.[56]

In the United States, organic is present in over 75% of all food categories on supermarket shelves.[57] In 2015, 13.5% of new food products launched in the United States food retail market made organic claims (as opposed to 10.7% in 2014).[58]

Whilst North America and Europe dominate the global market for organic food retail, over time, emerging markets in Asia have helped lift rest-of-the-world sales as a proportion of global sales from 4% in 2011 to 12% in 2014.[59] In 2014, China alone accounted for 6% of global sales.[60]

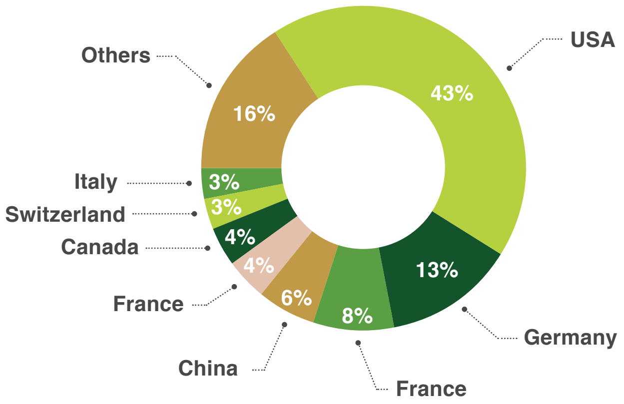
In terms of per capita consumption of organic foods, Switzerland ranks the first globally.[61]

Figure 11: Market for certified organic food and drink, World, 2006-14, 2015E and 2019E

Source: The Global Market for Organic Food & Drink, Organic Monitor, 2016 and McKinsey Analysis

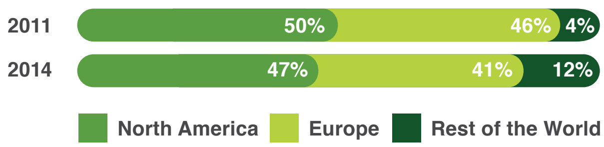
54 The Global Market for organic Food & Drink, Organic Monitor, 2016
55 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015
56 Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 2016
57 Nielsen, 2016; quoted in Organic: A bright spot for our farms, our foods and our future, Organic Trade Association, 2016
58 Mintel, as quoted in Food Navigator 17th Mar 2016 http://www.foodnavigator-usa.com/Markets/Mintel-GNPD-label-claims-trends-Non-GMO-vegan-all-natural
59 Source: The Global Market for Organic Food & Drink, Organic Monitor
60 Ibid
61 Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 2016

Figure 12: Distribution of organic food retail sales value, by country, 2014



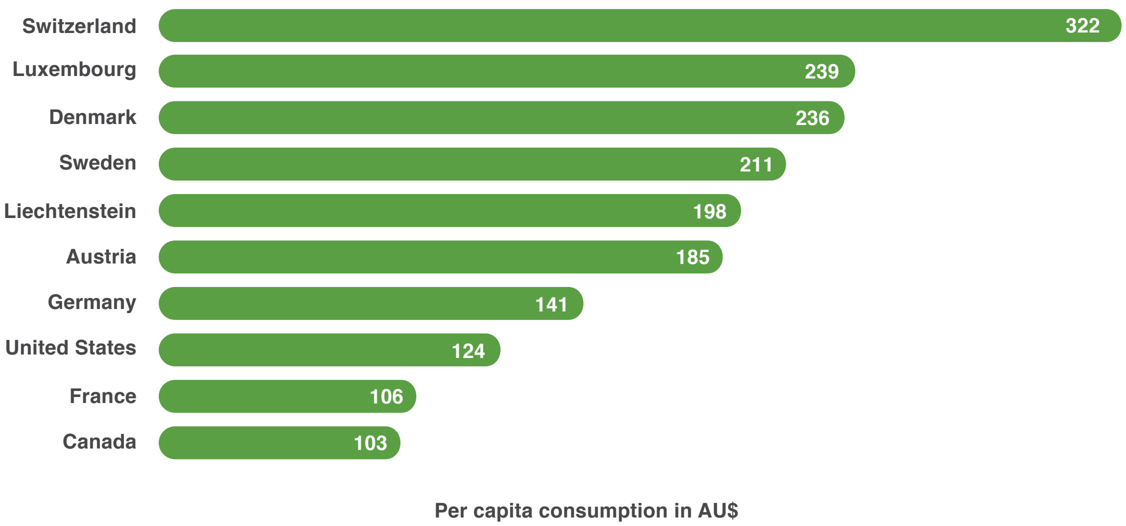
Source: Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 2016

Figure 13: Distribution of organic food retail sales value, by region, 2011 and 2014



Source: The Global Market for Organic Food & Drink, Organic Monitor

Figure 14: Per capita consumption of organic foods, top-10 countries, 2014



Source: Research Institute of Organic Agriculture (FiBL), Frick, Switzerland, February, 2016

7 Snack food market.

With snack food being a key end-market for organic raisins, the following section outlines key trends in snack food consumption that impact the opportunity for Murray River Organics:

7.1 Key trends impacting the snack food market

The global snack food market is forecast to reach AU$826.4 billion by 2020.[62]

The number of eating occasions in the day is on the rise, and the expectations of consumers of their snacks differ based on the time of day and the activity (for example, a replacement for a meal, after work, after physical exercise, at social gatherings, etc.). 94% of consumers in the United States snack at least once a day, with 50% of adults snacking two to three times per day.[63]

In addition, the growing on-the-go snacking trend is driving demand for single serve, portable snack packages (also referred to as 'grab-and-go' snacks).

Finally, the healthy snack trend is spurring demand for fresh items as snacks (for example, fruit, yoghurts, nuts, etc.).

In response to these trends, the snack food industry is increasing the number of new product launches in this category. For example, in the United States, new product launches in the snack food category increased from 2,017 in 2010 to 2,415 in 2015.[64]

7.2 Trends driving the demand for healthy snacking

Within the snack food market, one of the fastest growing segments is that of healthy snack foods. These are typically cereal or granola bars, snack nuts and seeds, dried fruit snacks, trail mix (snacks consumed on hikes) and other sweet/salty snacks and meat snacks. Key drivers of market growth in this segment include increasing health consciousness amongst consumers, increasing gym and fitness participation and higher disposable incomes. The sustained growth in gym and fitness participation is substantiated by the fact that the health club industry has grown from 180,000 clubs and 144.7 million members globally in 2014, to 187,000 clubs and 151 million members in 2015.[65]

Apart from improved snack food choices for themselves, increasing health consciousness is also prompting parents to make more informed choices about the snacks that go into their children's lunch boxes. A 2016 study of purchase habits amongst parents in the United States indicates that 58% of them believe they are packing healthy snacks for their children's school day.[66]

Another important meal that is increasingly the focus of attention of safety-conscious consumers is breakfast. The EXPPERT series (EXposition aux Pesticides PERTurbateurs endocriniens) report 7 analysis of 15 packets of non-organic and five packets of organic cereal or muesli with fruit (or similar additions) showed that 100% of samples from the 15 non-organic products contained pesticide residues (including traces of suspected endocrine disrupting chemicals), whilst none of the five organic packets contained pesticide residues.[67]

Responding to all of these drivers, the snack food industry has introduced a more diverse range of healthy snack food products, available through a wider range of channels (health food stores, supermarkets, convenience stores, gyms, pharmacies, etc.) and has invested in innovative branding and promotion to help reduce consumer resistance to higher priced products. Close to 40% of global snack launches in the period June 2014 to June 2015 were positioned on some form of health claim.[68]

For 2016-17, the Australian healthy snack food market is estimated to be AU$1.2 billion.[69] In the United States, 33% of consumers indicated that they were snacking more on healthier food in 2015 than they did in the previous year.[70]

62 Snack Foods - A Global Strategic Business Report, Global Industry Analysts, Inc., November 2015 http://www.strategyr.com/MarketResearch/Snack_Foods_Salted_Baked_Frozen_Snacks_Market_Trends.asp accessed 05 September 2016

63 Snacking Motivations and Attitudes US 2015, Mintel, July 2015, http://www.mintel.com/press-centre/food-and-drink/a-snacking-nation-94-of-ameri cans-snack-daily, accessed 15 Nov 2016

64 Mintel Global Products Database (GNPD) 2016, http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/united-states-and-mexico/market-intelligence/sector-trend-analysis-snack-foods-in-the-united-states/?id=1475072818087, accessed 15 Nov 2016

65 International Health, Racquet & Sportsclub Association (IHRSA) Global Report 2015 and 2016. http://download.ihrsa.org/pubs/2016_IHRSA_Global_Report_Preview.pdf, accessed 25 Sep 2016. http://www.ihrsa.org/news/2015/6/3/ihrsa-releases-2015-global-report.html, accessed 25 Sep 2016

66 Nielsen, Back to School for Students, and Back to the Grocery Aisles for Parents, 15 Aug 2016. http://www.nielsen.com/us/en/insights/news/2016/back-to-school-and-back-to-the-grocery-aisles.html, accessed 25 Sep 2016

67 EXPPERT Survey 7: Exposure to endocrine-disrupting pesticides. What are the exposures in daily life? 7th in series of Générations Futures reports on endocrine disrupting pesticides, October 2016, http://www.generations-futures.fr/2011generations/wp-content/uploads/2016/10/PR-Exppert-7-Oct-2016-English_HEAL.pdf, accessed 14 Nov 2016

68 Healthy Snacks & Bars: Fresh Opportunities for Growth, Innova Market Insights, Nutraceuticals World, January 5, 2016, http://www.nutraceuticalsworld.com/issues/2016-01-01/view_features/healthy-snacks-bars-fresh-opportunities-for-growth, accessed 25 Sep 2016

69 Health Snack Food Production in Australia August 2016, IBISWorld http://www.ibisworld.com.au/industry/health-snack-food-production.html

70 A Snacking Nation: 94% of Americans Snack Daily, Mintel, July 9, 2015, http://www.mintel.com/press-centre/food-and-drink/a-snacking-nation-94-of-americans-snack-dail, accessed 25 Sep 2016

8 Industrial / ingredient market for health food.

In 2015, the global specialty food ingredient market generated sales revenues of AU$232.8 billion, growing at 4.5% over the previous year.[71] Health ingredients[72] accounted for 48.3% of this market, followed by sensory ingredients[73] at 38.8%, processing aids[74] at 6.6%, textural ingredients[75] at 4.4% and temporal ingredients[76] at 2.0%.[77]

Key trends in the ingredient market for health food include:

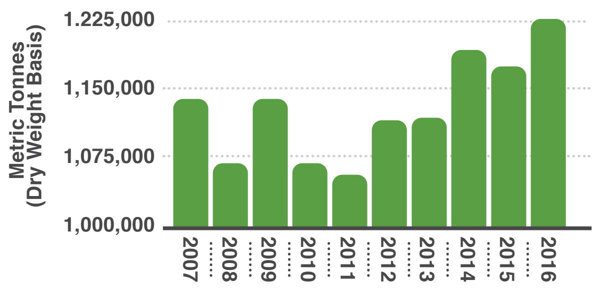
- Increased focus on natural and organic specialty ingredients
- Sustained consumer interest in fortified food and beverages
- Tighter legislation on ingredient claims and labelling
- Continued search for novel specialty ingredients, especially natural ingredients

Demand growth for enhanced health and wellness foods will continue to be strongest where there is coincidental growth in age-related, non-communicable diseases, thus supporting the growth of the health ingredients market. Consumers will continue to have a much broader selection of healthy foods to choose from without compromising on their tastes and preferences. This trend will be supported by food and beverage manufacturers increasingly adding natural ingredients into everyday foods as a means to drive competitive differentiation.

9 Dried vine fruit market.

Dried vine fruit is a popular food ingredient and snacking product, not only on account of their unique sweetness, flavour and texture, but also because of their extremely long shelf life and versatility of use. Global consumption of dried vine fruit is estimated to rise from 1.18 million tonnes in 2015/16 to 1.23 million tonnes in 2016/17[78] and has been relatively stable over the past three years.

Figure 15: Total dried vine fruit consumption, World, 2007/08 to 2016/17



Source: United States Department of Agriculture (USDA) Foreign Agricultural Service, Production, Supply and Distribution Online, accessed 29 Aug 2016

Dried vine fruit supply is impacted by the following:

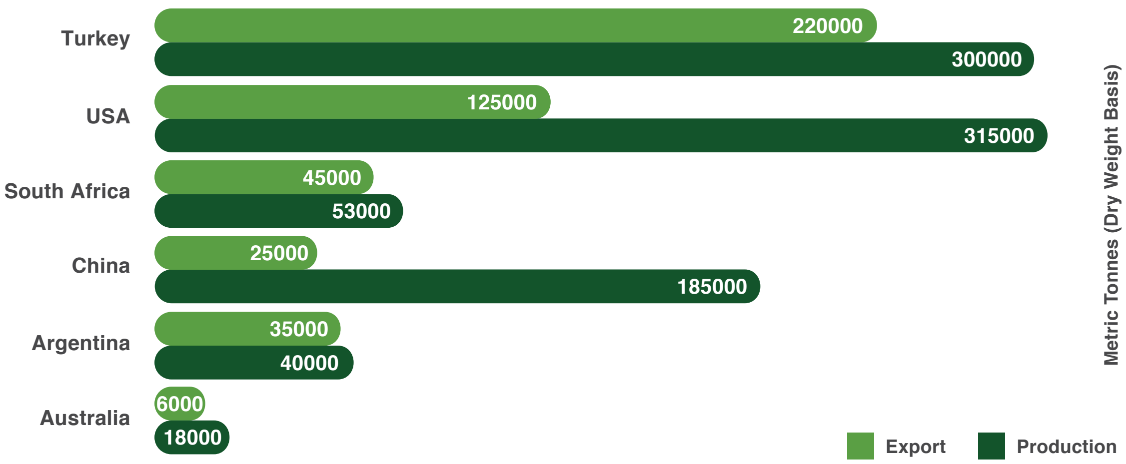
- Weather conditions
- Yield rates
- Farm-gate prices achieved
- Level of domestic consumption
- Diversion of wine grapes
- Production costs
- Ending stock
- Competition

Globally, the United States Turkey and China are the largest producers of dried vine fruit.

In Australia, around 80% of the country's 600 dried vine fruit growers are located in the Sunraysia region.[79] However, given the high barriers to entry for certified organic dried vine fruit (e.g. certification time and effort, as well as the need for organic viticulture and farming expertise), there are no certified organic dried vine fruit producers of scale in Australia, apart from Murray River Organics.

71 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015
72 Ingredients added to food matrices and formulations for the explicit purpose of enhancing the nutritional and health profile of the finished food product. Includes vitamins and minerals and functional health ingredients such as probiotics, antioxidants, omega-3s, fibre, etc.
73 Flavours, colours, sweeteners, salts and fragrances used to enhance the consumer's sensory response to foods
74 Aids that enable the transformation of ingredients into a finished food formulation/product
75 For example, emulsifiers, modified starches and gelling agents that improve the textural properties of food and beverage
76 Preservatives such as antioxidants or antimicrobials that are added to food formulations for the purpose of extending the life of the food product
77 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015
78 United States Department of Agriculture (USDA) Foreign Agricultural Service, Production, Supply and Distribution Online, accessed 11 Oct 2016
79 Sunraysia Rural Counselling Service Inc. 2014-2015 Annual Report

Figure 16: Dried vine fruit production and export volumes: by major country, 2016/17



Source: United States Department of Agriculture (USDA) Foreign Agricultural Service, Production, Supply and Distribution Online, accessed 11 Oct 2016

10 Food service market.

In the 'Global Ingredient and Out-of-home Dining Trends Survey', 48% of global respondents indicated that they eat at restaurants or other out-of-home dining establishments weekly or more often.[80] Increasing disposable incomes, changing demographics, growing food tourism and the trend toward viewing food consumption as a social experience are driving demand for food service from the consumer.

Millennials (or the 'Gen-Y') who make up over 25% of the world's population (born between 1980 and 2000) are also known as the 'foodie generation' since they enjoy dining out more frequently than any other generation and spend more than any other generation.

A growing trend in the food service sector is the increasing importance of snacking as a driver for consumer visits to quick service restaurants (QSR). For example, a 2016 study showed that snacking accounts for over a quarter of the total QSR industry in the UK.[81]

Demand for food service from the enterprise level customer is driven by increased expenditure on healthcare and education (driving demand for outsourced catering in hospitals, aged care institutions, schools and universities), business confidence (driving expenditure for corporate catering), government expenditure (driving demand for government department contracts) and sports and leisure spending (driving demand for catering at stadiums and cultural event venues).

The global food service market grew from AU$4.41 trillion in 2014 to AU$4.59 trillion in 2015.[82]

80 What's in our food and on our mind - Nielsen, Global Ingredient and Out-of-home Dining Trends Report August 2016 The Nielsen Company, http://www.nielsen.com/content/dam/nielsenglobal/vn/docs/Reports/2016/ Global%20Ingredient%20and%20Out-of-Home%20Dining%20 Trends%20Report%20FINAL.pdf

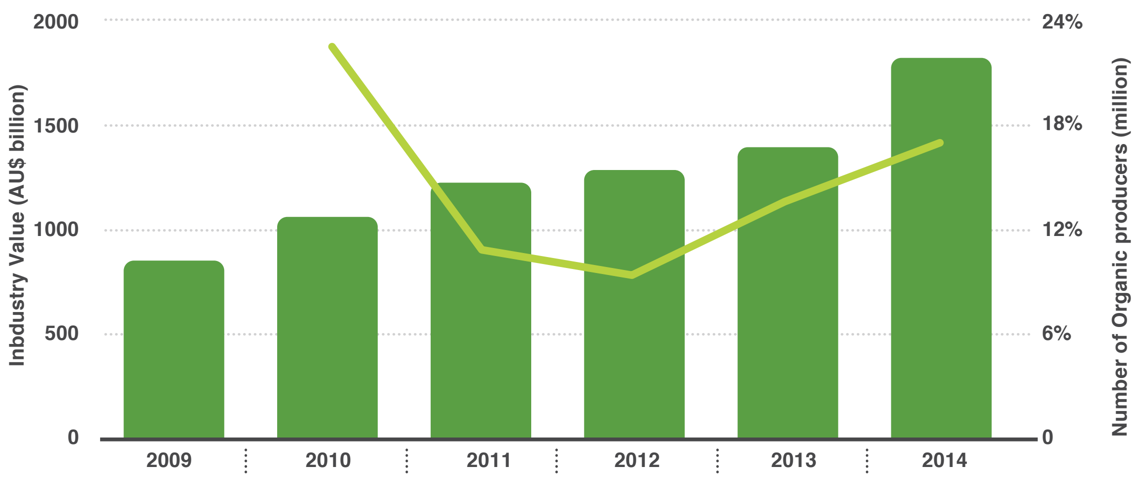
81 Snacking accounts for 'more than a quarter' of QSR industry, NPD Group, November 10, 2016, http://www.foodbev.com/news/snacking-accounts-for-more-than-a-quarter-of-qsr-industry/, accessed 14 Nov 2016

82 2015 Outlook of the Global Food and Beverage Market, Frost & Sullivan, May 2015

11 Australia's place in the global market.

The total retail sales and export revenues for the Australian certified organic industry has been estimated at AU$1.72 billion in 2014.[83] This has been achieved with a CAGR of 15.4% between 2009 and 2014.[84]

Figure 17: Organic industry value: Australia, 2009-14



Source: Australian Organic Market Report, Australian Organic Ltd, Nov 2014

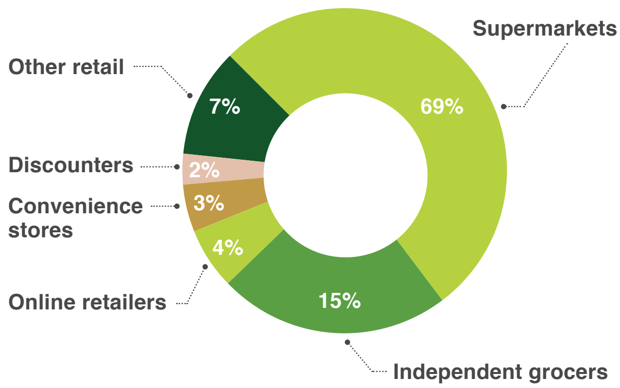
The Australian organic farming sector is a highly fragmented industry, and this has made it challenging to supply volume and quality consistency. To retain competitiveness, the Australian industry is seeing consolidation in terms of farms, increased use of technology on farm, vertical integration to address supply chain challenges and a stronger export-orientation (particularly into Asia).

The main channel to customers remains the major supermarkets such as Coles, Woolworths, Aldi, IGA and Costco (who continue to expand the range of organic products stocked; both branded, as well as private label).

In terms of total dried fruit and nuts (conventional and organic), Australian grocery sales value has grown from AU$368.5 million in 2014 to AU$384.7 million in 2016.[85] This presents Murray River Organics with a large and growing domestic market for its products.

In terms of exports, Australian total food and fibre exports totalled AU$41.6 billion in 2014, with Asia accounting for eight of the country's top 10 destination markets (or 56% of exports).[86] The five largest export destination markets were China, Japan, Indonesia, the United States and Korea. Proximity to Asia and

Figure 18: Organic retail sales: by channel, Australia, 2014



Source: Australian Organic Market Report, Australian Organic Ltd, Nov 2014

83 Australian Organic Market Report, Australian Organic Ltd, Nov 2014
84 Ibid
85 Aztec, The Big Picture - Grocery - AU
86 Why Australia Benchmark Report 2016, Australian Trade Commission (Austrade), January 2016

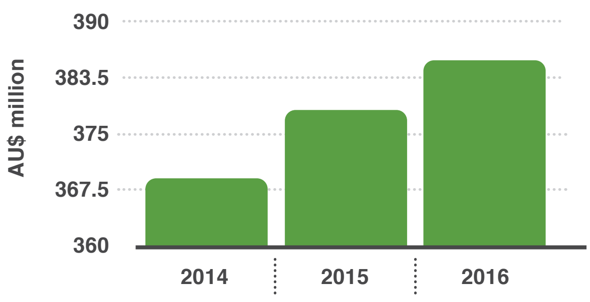
its reputation in that market as a source of safe and high quality products, puts Australia in a strong position to realise the opportunity of increased demand from the burgeoning middle class (with Asia forecast to account for 66% of the global middle class population by 2030).[87]

Australia's recently confirmed Free Trade Agreements (FTAs) - with Korea (12 December 2014), Japan (15 January 2015), China (20 December 2015) and the ASEAN-Australia-New Zealand agreement (1 October 2015) have helped open up large and growing markets to Australian food exports.[88]

In August 2016, the Australian dollar was around 20% lower against the US dollar than its peak in mid-2014.[89]
This depreciation has helped to stimulate exports.

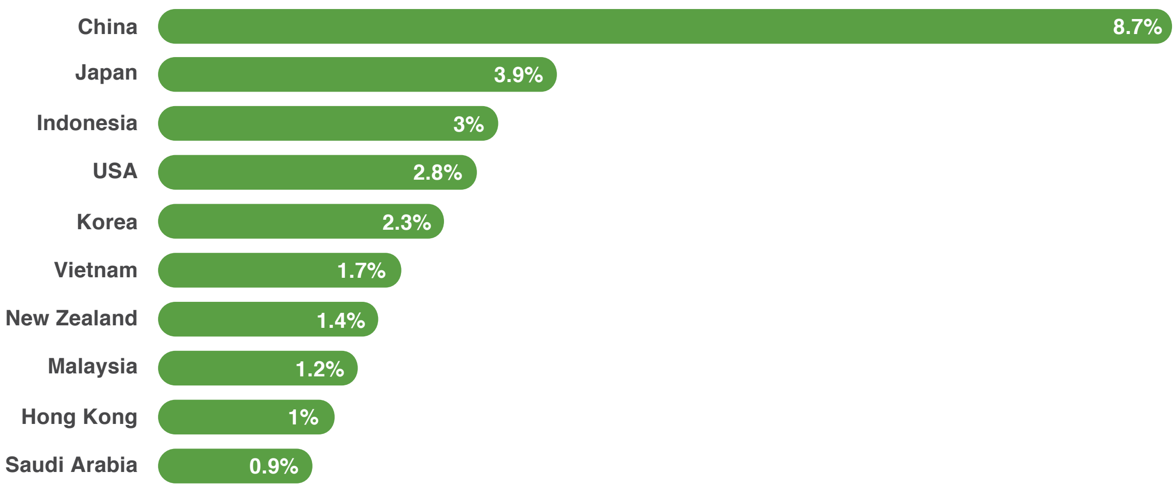
Of total food and fibre exports from Australia, organic food exports were AU$308 million in 2014.[90]

Figure 19: Total domestic dried fruit and nuts: grocery sales value, Australia, 2014-16



Source: Aztec, The Big Picture - Grocery - AU

Figure 20: Top 10 destinations for Australian food and fibre, 2014



Source: Why Australia Benchmark Report 2016, Australian Trade Commission (Austrade), January 2016

87 OECD Development Center, http://www.oecdobserver.org/news/fullstory.php/aid/3681/An_emerging_middle_class.html, accessed 06 Sep 2016
88 https://www.business.gov.au/info/run/free-trade-agreements, accessed 06 Sep 2016
89 Statement on Monetary Policy – August 2016, Reserve Bank of Australia (RBA)
90 Australian Organic Market Report, Australian Organic Ltd, Nov 2014

12 Conclusion.

Growing disposable income levels, increased urbanisation, aging population trends, the prevalence of chronic disease, the promotion of healthy eating and lifestyles, food safety concerns and environmental sustainability influences on consumption decisions are combining to drive demand for healthy, natural and in particular, organic foods. The rapid uptake of organic certification and the higher penetration of organic foods into mainstream retail channels are also helping consumers take informed decisions and access organic foods more easily. This provides Murray River Organics with a growing addressable market opportunity.

In 2014, the global market for certified organic food and drink totalled AU$104.0 billion; having grown fivefold since 1999. In Australia, the certified organic industry is expected to sustain its 15% CAGR moving forward.[91]

Australia has the largest area of organic agricultural land in the world. Also, with provenance of food becoming increasingly important to global markets, Murray River Organics' base in Australia leverages the clean and safe image that Australian produce enjoys in global markets.

Within the global snack food market, which is forecast to reach AU$826.4 billion by 2020,[92] one of the fastest growing segments is that of healthy snack foods.[93] This, along with the overall rise in demand for certified organic, healthy and better-for-you foods, presents Murray River Organics with a growing addressable opportunity for its broader range of certified organic, healthy and better-for-you food products, including table grapes, nuts, seeds, dried berries, chia seeds, prunes, dates, dried ginger, dried mango, quinoa, a range of coconut products and rice.

In conclusion, based on the strong global growth in natural and certified organic food consumption over the recent past, Frost & Sullivan anticipates that there is likely to be global demand for certified organic, natural and better-for-you food products.

13 Disclosure.

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Murray River Organics and no interest in the outcome of the Offer. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the Offer. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the Offer.

Yours Sincerely

Mark Dougan
Managing Director
Frost & Sullivan (Australia) Pty Ltd

91 The World of Organic Agriculture 2016, the Research Institute of Organic Agriculture (FiBL) and IFOAM – Organics International

92 Snack Foods - A Global Strategic Business Report, Global Industry Analysts, Inc., November 2015 http://www.strategyr.com/MarketResearch/Snack_Foods_Salted_Baked_Frozen_Snacks_Market_Trends.asp accessed 05 September 2016

93 The long-term global growth rate for organic food is 9,5% and the compound annual global growth rate of healthy snack food has outpaced the overall food and beverage market by 4,7% (Source: IRI's "InfoScan Reviews" (2016), Simmons National Consumer Study (fall 2015), Packaged Facts' National Consumer Survey (2016)).

3.

Company overview.

3.1 Overview and history of Murray River Organics.

Murray River Organics is an Australian producer, marketer, manufacturer and seller of certified organic, natural and better-for-you food products. Its mission is to anticipate and exceed consumer expectations globally in healthy food by providing quality, innovation, value and convenience.

Murray River Organics services the organic, natural and healthy food and snack market. Murray River Organics' strategy focuses on using various degrees of vertical integration of its product lines through integrated farming, processing, packing, product innovation and marketing operations.

Murray River Organics was founded in 2010 with the acquisition of a 72 acre certified organic dried vine fruit vineyard in Merbein, Victoria, and has grown to now controlling 4,447 acres of certified organic farmland.

Murray River Organics owns a certified organic processing facility in Mourquong, NSW, strategically located relative to its vineyards. In addition, Murray River Organics is currently completing the establishment of a new organically certified packaging, value-add and pick-pack facility in Dandenong, Victoria, which is designed to service the industrial, retail and foodservice markets globally.

Murray River Organics' operations make it the largest vertically integrated dried vine fruit producer and marketer in Australia, and the largest vertically integrated certified organic dried vine fruit producer in the world.

Murray River Organics recently completed two significant acquisitions - the businesses of Food Source International and Australian Organic Holdings (including its brands Pacific Organics and Nutritious Foods). These are both established businesses with strong supplier and customer relationships. Additionally, Murray River Organics holds an option to acquire the Fifth Street vineyard in the Sunraysia region of Australia, which Murray River Organics intends to exercise using the proceeds of the Offer. This 279 acre vineyard is planted with 179 acres of table grapes and has an additional 80 acres suitable for expansion.

These acquisitions provide Murray River Organics with a broader range of healthy products with which to service its existing global customer base, and also strengthens its relationships with Australian domestic retailers. Coupled with its capacity in certified organic dried vine fruit, Murray River Organics aims to be a leader in certified organic, natural and better-for-you food product categories (such as dried vine fruit, table grapes, nuts, seeds, dried berries, chia seeds, prunes, dried ginger, dried mango, quinoa, coconut products and rice).

Murray River Organics intends to continue to grow both organically, as well as through the acquisition of complementary certified organic, natural and better-for-you primary production assets, brands, food product companies and product lines, whilst also seeking to broaden the distribution of key products and brands across all sales channels and geographies.

Murray River Organics Company Timeline

The exhibit below outlines some of the key milestones in the Murray River Organics growth story.

NOV 2016	Awarded Farmer of the Year by Australian Certified Organic
NOV 2016	Sales Representation in North America, China and Japan
NOV 2016	Acquired Australian Organic Holdings
OCT 2016	Won Exporter of the Year award by Hong Kong and Australian Business Association
OCT 2016	Relocated corporate office and commenced the establishment of a 4,129 sqm packaging facility in Dandenong, Victoria
SEP 2016	Acquired Food Source International
JAN 2016	Sales Representation in Europe
DEC 2015	Gained control of dried vine fruit producing vineyard, Advinco, renamed Colignan
NOV 2015	Australian Certified Organic Annual Award 2015 Winner in 'Export Market Leadership' and 'Best Certified Organic Product — Food' categories
OCT 2015	Became a certified B-Corporation
OCT 2015	Won Business Development Award by Hong Kong and Australian Business Association
MAY 2015	Achieved Chinese National Organic Product Certification
MAY 2014	Established dried vine fruit processing facility at Mourquong, NSW
DEC 2013	Achieved USDA Organic Certification
OCT 2013	Government of Victoria Exporter of the Year Agribusiness Award
APR 2013	Achieved South Korean Organic Standard Accreditation
APR 2013	Achieved Japanese Agricultural Standard (JAS) certification
2012	Retail brands 'Gobble' and 'Premium Australian Clusters' launched
2011	First owned dried vine fruit processing facility in Merbein, Victoria
2010	Achieved Australian Certified Organic Standard certification
2010	Murray River Organics founded, with a 72-acre vineyard in the Sunraysia region, Victoria

3.2 Acquisitions.

In the second half of 2016, Murray River Organics acquired the businesses of Food Source International and Australian Organic Holdings (including its brands Pacific Organics and Nutritious Foods).

Murray River Organics also has an option to acquire the Fifth Street vineyard, which it intends to exercise using the proceeds of the Offer (see Section 9.6.4).

3.2.1 Food Source International

Food Source International is a supplier to the Australian retail sector of organic, healthy and better-for-you foods.

Food Source International was a well-known customer of Murray River Organics. Its key products are in the natural, healthy and snacking categories, and include various nuts, dried fruits and grains. Its key customer relationship is with a major Australian supermarket, to whom Food Source International and its predecessor has supplied products since 2011. Prior to the acquisition, none of the products sold by Food Source International were distributed widely or internationally.

Food Source International's business model has been to procure high quality products from third party suppliers (see Section 3.4.3), which are then packed to suit its customers' requirements utilising third-party packing services, predominantly located in Australia. These packing requirements are in the process of being transferred to Murray River Organics' organically certified packaging facility in Dandenong, Victoria.

The acquisition of Food Source International is expected to provide Murray River Organics with increased exposure to the Australian retail market, and to broaden the range of products it is able to offer to its existing global customers. The acquisition, including the transfer of its key personnel (such as Carlos Gutierrez - see Section 6.2), enables Murray River Organics to continue the service and innovation model developed by Food Source International whilst deriving benefits from insourcing the packing requirements to its own organically certified packaging facility in Dandenong, Victoria.

3.2.2 Australian Organic Holdings

Australian Organic Holdings (including its brands Pacific Organics and Nutritious Foods) is a supplier of high quality organic food products to the Australian wholesale and industrial markets, as well as to the retail sector.

Australian Organic Holdings was also an existing customer of Murray River Organics. Its key products are certified organic food products ranging from grains and seeds through a variety of snacking products. Its key customer relationships include a major Australian supermarket (to whom Australian Organic Holdings has supplied products since 2011), independent supermarkets and a number of wholesale businesses. Prior to the acquisition, none of the products sold by Australian Organic Holdings were distributed internationally.

The acquisition of Australian Organic Holdings is expected to assist Murray River Organics to increase its presence in the domestic wholesale and industrial sectors whilst expanding its domestic retail exposure. The transfer of key personnel from Australian Organic Holdings to Murray River Organics (including Cameron Gough - see Section 6.2) is expected to facilitate the integration of the Australian Organic Holdings business into the Group. It is also anticipated to broaden Murray River Organics' certified organic food product portfolio and open up pick-and-pack service offerings to customers in Australia and globally.

Australian Organic Holdings' business model has been to procure high quality products from third party suppliers (see Section 3.4.3), which are then packed to suit its customers' requirements.

Australian Organic Holdings' packaging arrangements are undertaken from leased warehouses and facilities in Sydney, NSW. It is Murray River Organics' intention to progressively transfer Australian Organic Holdings' packing requirements to Murray River Organics' organically certified packaging facility in Dandenong, Victoria.

3.2.3 Fifth Street vineyard

Murray River Organics has an option to acquire the Fifth Street vineyard, which it intends to exercise using the proceeds of the Offer.

The Fifth Street vineyard is located in the Sunraysia region of Australia, in close proximity to Murray River Organics' other vineyard assets. This 279 acre vineyard is planted with 179 acres of table grape varieties and has an additional 80 acres suitable for expansion, which Murray River Organics intends to plant out in 2017. The planted acreage, at an average age of 7.75 years, is a mature vineyard producing at full capacity.

The acquisition includes a fully equipped pack-out facility of 4,818 sqm with chill and cool rooms installed. The facility is fitted for 610 pallets and accredited for export dispatches.

Table grapes from Australia are in high demand by Asian customers, with exports in 2016 up by 32% from prior year to a record total of 108,594 tonnes. Exports to China and Hong Kong increased by 513%, to Japan by 406% and to Indonesia by 34%.[94]

Relevant personnel at Murray River Organics have experience (and operating history) in managing large scale table grape vineyards, which share many similarities with a vineyard planted with dried vine fruit. A vineyard planted with table grapes also lends itself favourably to the production of Murray River Organics' Cluster products, and Murray River Organics anticipates that the produce grown at the Fifth Street vineyard will be sold as both table grapes and Clusters. Murray River Organics intends to operate the Fifth Street vineyard under the same vineyard management structure that it currently has in place for its other operations, utilising existing farm equipment.

Murray River Organics will explore conversion of the Fifth Street vineyard to becoming certified organic at the earliest opportunity.

A summary of the Acquisition Asset Call Option Deeds for the Fifth Street vineyard is set out in Section 9.6.4.

94 Australian Horticultural Exporters' Association (http://www.ahea.com.au/latest-news/au-table-grape-exports-break-records-prices-spike), Australian Table Grape Association.

3.3 Products and brands.

Murray River Organics' business was initially focused on its range of organic dried vine fruit. However, the strategic acquisitions of Food Source International and Australian Organic Holdings in 2016 have intentionally led to a broadening of its product range to now include a wider group of adjacent certified organic, natural and healthy food lines.

Murray River Organics' current core products (on a standalone basis, excluding the Acquisition Businesses and the Acquisition Asset) include:

- certified organic dried vine fruit;
- dried vine fruit; and
- certified organic table grapes.

The Acquisition Businesses' current core products include:

- certified organic nuts;
- certified organic coconut products;
- certified organic seeds;
- certified organic ancient grains and rice;
- certified organic spreads;
- nuts;
- dried fruits;
- seeds; and
- other food and snacking products.

The Acquisition Asset's current core products include table grapes.

It is Murray River Organics' belief that its commitment to producing and supplying innovative certified organic and natural products will benefit its customers, consumers, employees and investors, whilst (at the same time) supporting and promoting a way of healthier living.

The focus of Murray River Organics is to service the organic and healthy snack food markets, where the long-term growth rate for organic food is 9.5% and the compound annual global growth rate of healthy snack food has outpaced the overall food and beverage market by 4.7%.[95]

Murray River Organics' product range is targeted at the rising consumer demand globally for natural, healthy and organic foods, and is an important part of the Group's strategy.

Through convenient packaging, Murray River Organics provides natural, organic, better-for-you foods in snack size portions that cater to busy people who want healthy food that's fuss free.

3.4 Business model & operations.

3.4.1 Vertical integration

Murray River Organics employs various degrees of vertical integration of its product lines through integrated farming or supply arrangements, processing, packing and marketing operations.

Murray River Organics farming operations comprise vineyards for the production of dried vine fruit and Clusters (see Section 3.4.2). Murray River Organics supplements its farming operations with the use of third party suppliers (see Section 3.4.3). Murray River Organics believes that this diversified approach to supply mitigates the risks associated with supply limitations that may otherwise arise if Murray River Organics were to solely rely on its own farming operations or third party supply arrangements. Products grown or sourced by Murray River Organics are then processed and packaged by Murray River Organics (see Section 3.4.4) to service its customers in the industrial, retail and food service markets (see Section 3.6).

Murray River Organics believes that having "end-to-end" control and oversight of the supply chain (from farming to processing / packaging to sales) enables Murray River Organics to ensure consistency in the quality of its products (which is particularly important in the context of certified organic products), and to mitigate the risks associated with supply limitations and reliance on third party arrangements, whilst managing costs.

In particular, the benefits Murray River Organics seek to derive from this vertically integrated model include:

- reduced costs through economies of scale;
- improved control over inputs, processes and quality, thereby reducing uncertainty;
- improved efficiencies through optimal resource and staff allocation; and
- greater competitive advantage through added expertise across the supply chain, thus raising barriers to entry for potential competitors.

3.4.2 Farming

Murray River Organics owns or controls 4,447 acres of organic certified farmland, and has an option to acquire an additional 279 acres of farmland at the Fifth Street vineyard (see Section 9.6.4), in the Sunraysia region of Australia.

From the Group's farming operations, 2,069 acres are planted with dried vine fruit, 215 acres are planted with Clusters, 179 acres are planted with table grapes and 149 acres are planted with citrus.

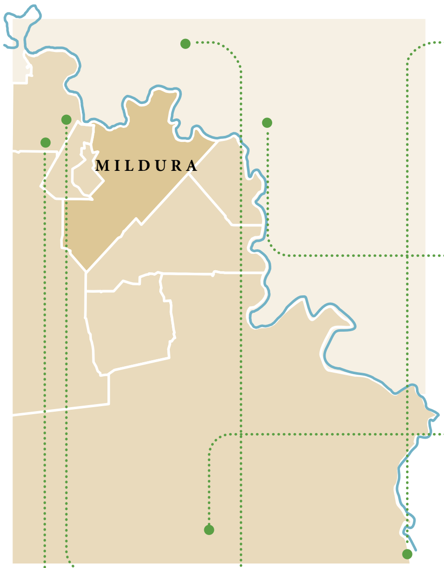
In FY2018, an additional 468 acres are expected to be planted with dried vine fruit, 80 acres are expected to be planted with table grapes and 12 acres with citrus across five groups of farming operations (Colignan, Yatpool, Gol Gol, Merbein and Fifth Street).

All of the products sold by Murray River Organics (other than pursuant to the Acquisition Businesses) are farmed and grown by Murray River Organics. For information in relation to the products of the Acquisition Businesses, refer to Sections 3.3 and 3.4.3.

The details of each of the farming operations are described on the following page.

95 Source: IRI's "InfoScan Reviews" (2016), Simmons National Consumer Study (fall 2015), Packaged Facts' National Consumer Survey (2016)

Murray River Organics operations



Colignan

- Total 2,681 acres;
- 551 acres certified organic dried vine fruit on swing-arm trellis;
- 215 acres of certified organic cluster on swing-arm trellis;
- 476 acres of certified organic dried vine fruit, converted from wine, on swing-arm trellis;
- 468 acres being planted out to certified organic dried vine fruit on swing-arm trellis;
- 75 acres of citrus; and
- 25 year finance lease with Murray River Organics' option to extend for two additional periods of 10 years each.

Gol Gol

- Total 345 acres;
- 165 acres certified organic dried vine fruit on swing-arm trellis;
- 25 acres certified organic dried vine fruit being planted out, on swing-arm trellis;
- 73 acres of citrus;
- 12 acres of citrus expected to be planted in 2018; and
- Owned, freehold title, by Murray River Organics.

Yatpool

- Total 945 acres;
- 548 acres certified organic dried vine fruit on swing-arm trellis;
- 260 acres certified organic dried vine fruit expected to be planted in 2019, on swing-arm trellis; and
- Owned, freehold title, by Murray River Organics.

Merbein

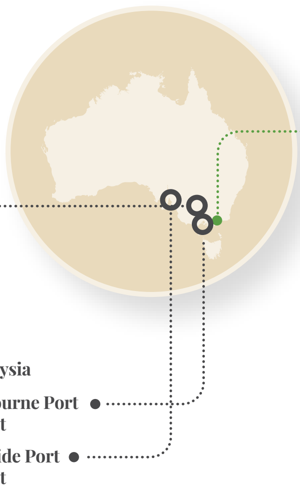
- Total 476 acres;
- 329 acres certified organic dried vine fruit on swing-arm trellis; and
- Owned, freehold title, by Murray River Organics.

Fifth Street

- Total 279 acres;
- 179 acres of mature table grape on fresh fruit trellis;
- 80 acres being planted with table grapes on fresh fruit trellis;
- 4,818 sqm pack-out facility with chill and coolroom rooms installed. Fitted for 610 pallet spaces; and
- After the option to acquire has been exercised, the property will be owned, freehold title, by Murray River Organics.

Mourquong Processing Facility

- Certified organic;
- ~9.5 acres;
- Dried vine fruit storage, de-hydration, sorting, processing, packing and dispatch;
- Coolroom, freezer, more than 1,200 pallet spaces; and
- SQF certified.



Dandenong Packaging Facility

- Certified organic;
- SQF certified;
- 4,219 sqm facility;
- Coolroom, freezer, more than 2,500 pallet spaces;
- Multiple differentiated packaging and value-add capabilities; and
- Dispatch.

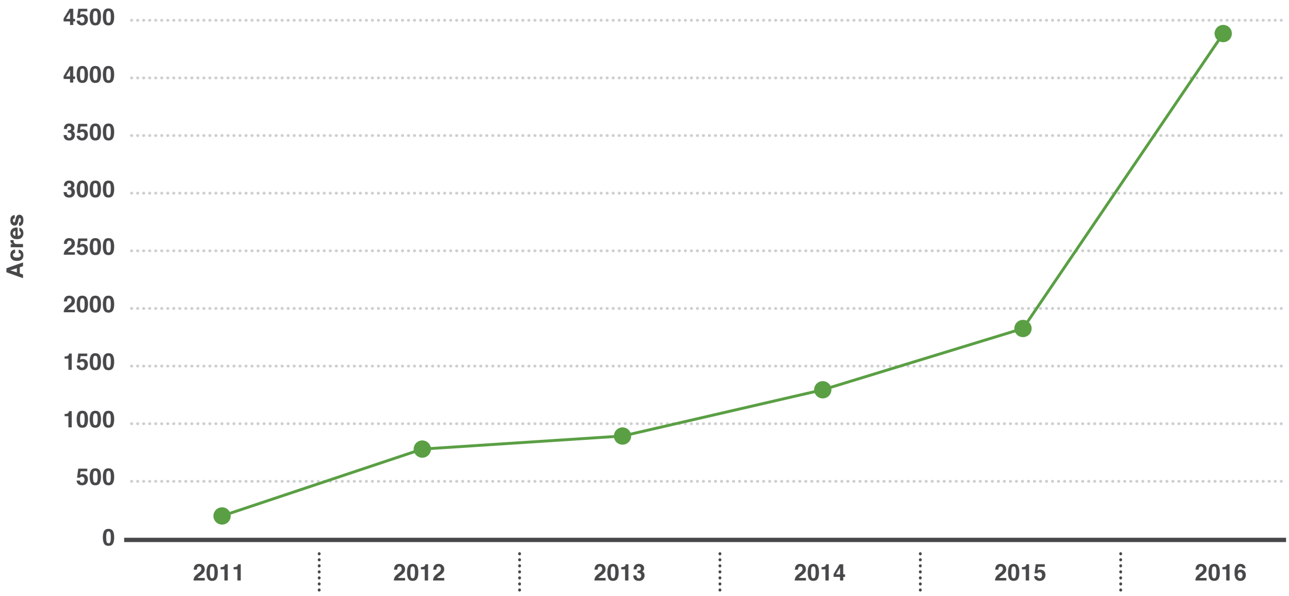
Dandenong — Head Office

Murray River Organics utilises a swing-arm trellis system for its dried vine fruit vineyards, which facilitates optimal growing and drying conditions for improved yield of high quality fruit, whilst minimising labour cost. For the Fifth Street vineyard, Murray River Organics utilises a fresh fruit trellis system which lends itself favourably to a flexible operational and sales strategy, as fruit produced on this trellis system can be sold as both table grapes and Clusters.

Murray River Organics has cost effectively increased its production of certified organic dried vine fruit by converting existing wine vineyards to dried fruit vineyards. Murray River Organics has developed its own conversion process, which involves utilising the existing infrastructure of the vineyard (posts, wires, root stock, irrigation), cutting off the vines, removing the canopy and regrafting its chosen dried fruit variety onto the vine before training it to a new swing-arm trellis system. Other areas where Murray River Organics has fine-tuned its approach over the years include floor/weed management, pest control, canopy management and soil nourishment. These methods help ensure consistency of yield and quality, whilst managing costs.

The total organically certified acreage, owned and controlled by the Group, has risen from 72 acres in 2010 to 4,447 acres in 2016. Murray River Organics intends to exercise its option to acquire the Fifth Street vineyard, which would increase the Group's owned or controlled acreage to 4,726 acres.

Owned and controlled farmland



Source: Murray River Organics

The table below sets out the planted acreage owned or controlled by Murray River Organics (including Fifth Street vineyard), a breakdown of the composition of that acreage (loose dried vine fruit, Clusters / table grapes and citrus), and details on the maturity profile of those plantings. As shown in the table, in FY2018, an additional 493 acres is expected to be planted with dried vine fruit, 80 acres with table grapes and 12 acres with citrus.

Owned and controlled planted acreage

	Acres	Mature plantings	Year of new planting	Year of conversion		
Type of planted acreage (planted and planned to be planted)			**FY18**	**FY17**	**FY16**	**FY15**
Loose dried vine fruit	**2,561**	1,122	493	570	298	78
Clusters / Table Grapes	**474**	394	80			
Citrus	**161**	149	12			

Total acres	**4,726**
Planted and planned to be planted	**3,196**
Vacant Plantable	**290**
Vacant Unplantable	**1,240**

As of November 2016 (including Fifth Street vineyard)

The diagram below also indicates, based on Murray River Organics' experience, the time to maturity and yields that may reasonably be expected to be achieved for the different types of planted acreage.

Based on Murray River Organics' experience, it believes the following yields can reasonably be expected to be achieved at maturity:

Loose tonnage from conversion
Year3/Mature = yields approximately 2.75 tonnes of dried vine fruit per acre

Loose tonnage from planting
Year4/Mature = yields approximately 2.75 tonnes of dried vine fruit per acre

Clusters tonnage
Year3/Mature = yields approximately 2 tonnes of dried vine fruit per acre

Table grape tonnage (from planting)
Year4/Mature = yields approximately 9.75 tonnes per acre

Citrus tonnage
Year6/Mature = yields approximately 13 tonnes per acre

Murray River Organics intends to continue to build scale in its dried vine fruit operations through the conversion and expansion of existing assets to certified organic dried vine fruit vineyards. Including the Fifth Street vineyard acreage, and from expansion and conversion work underway, this is expected to result in Murray River Organics having 3,196 acres planted by FY2018.

As part of its normal business operations, Murray River Organics continues to manage risks. These risks in relation to farming operations include hail, drought and other climatic conditions (see Section 5.2.1). Murray River Organics will continue to monitor the economic value and cost of managing these risks as part of its ongoing and normal operations.

3.4.3 Supply arrangements

Murray River Organics uses third party suppliers for raw materials and finished goods consumed in its farming, harvesting, processing and packaging activities.

For farming, raw materials include fish hyrdosate, humic acid, liquid gypsum and kelp. For harvesting, raw materials include potash and organic vegetable oil. For packaging, raw materials include organic high oleic sunflower oil and the products listed in Section 3.3, and finished goods include cartons, liners, doy bags and form fill.

All of the products currently sold by the Acquisition Businesses are obtained from third party suppliers, being the products described in Section 3.3. For further information, refer to the sales by product chart on page 57.

Refer to Section 5.2.8 for a description of the risks associated with loss or deterioration of supply arrangements.

Murray River Organics has established a broad and global network of suppliers for its business, which includes large multinational organisations, privately owned international businesses and family owned operations.

3.4.4 Processing and packaging

Sunraysia Facilities

Murray River Organics' processing facility is located centrally to its vineyards in Mourquong, NSW. At the processing facility, dried vine fruit is sorted, stored and prepared for processing. The processing involves the fruit passing through magnets, several visual inspection points, two functional laser sorters and metal detectors, before being packed into cartons with sealed plastic liners with modified atmosphere treatment. The facility has the capacity to process approx. 15,000 tonnes of dried vine fruit in bulk and approx. 1,000 tonnes of Clusters per year. This site is equipped with solar panels, servicing the operations with low cost renewable energy.

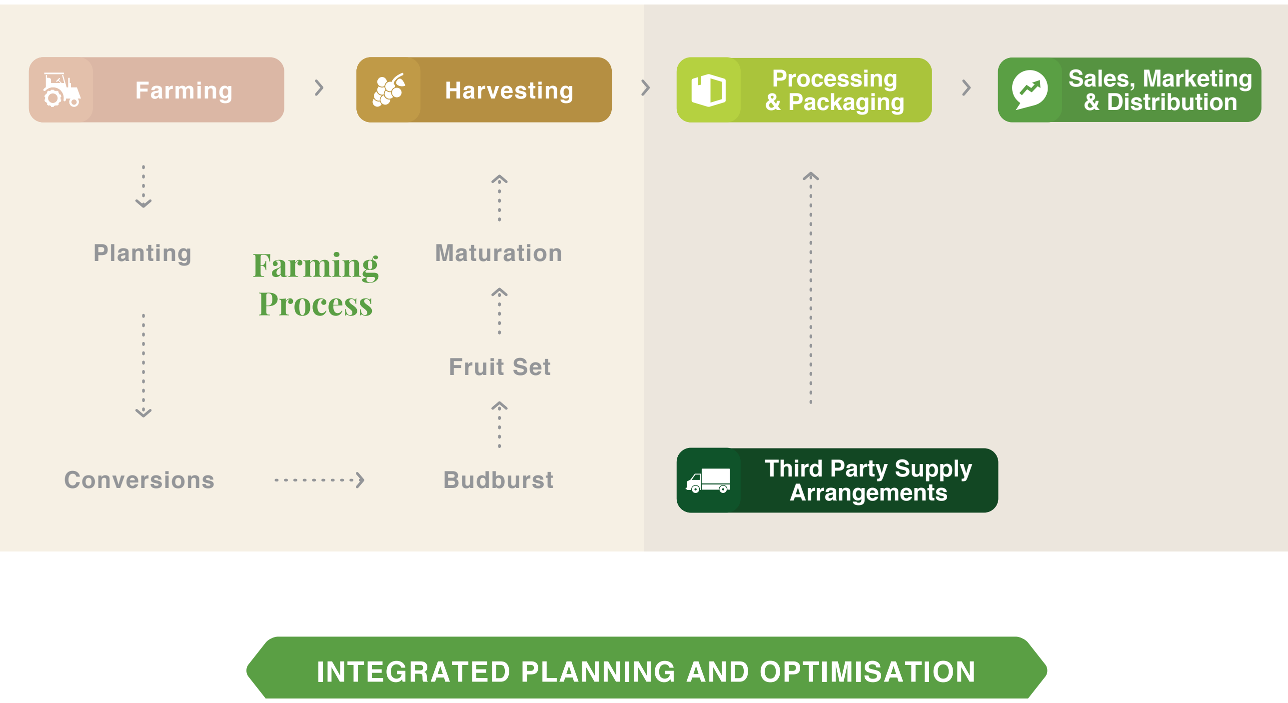
Murray River Organics has a warehouse for raw material storage and dehydration at Mildura, Victoria. This is a 4 acre property, comprising loading bays, a 1,200 sqm packing shed and a 1,200 sqm cool room. Murray River Organics also has a separate freezer and coolroom facility in Mildura, comprising two cool rooms / freezers (with a 500 pallet capacity).

Consolidation of Sunraysia Facilities

Murray River Organics is seeking to consolidate its Sunraysia processing facilities related to its dried vine fruit and its Clusters at the Mourquong facility, NSW. Part of the proceeds of the Offer will be used for the consolidation (see Sections 7.1.2 and 7.1.3).

Consolidation of the sites will allow for dried vine fruit, after having been harvested at a vineyard, to be processed and stored at a single location. The consolidation of the Group's facilities in the Sunraysia region from four sites to one is expected to deliver operational synergies. To facilitate the proposed consolidation, Murray River Organics intends to acquire an 8.5 acre property adjacent to its Mourquong processing facility.

Vertical integration business model



Benefits that are expected to arise from the consolidation include:

- consolidation of dehydration, storage/sterilisation, and processing from four sites to one site;
- reduce number of bin movements by an estimated 70%;
- improved management, through more efficient handling, of wet fruit;
- significant annual savings in operational expenses; and
- increase in processing speed from processing pre-riddled fruit.

Dandenong Facility

In October 2016, Murray River Organics commenced the establishment of a new organically certified consumer goods packaging, value-add and pick-pack facility in Dandenong, Victoria.

The facility is expected to be completed (and operational) in Q4 2016. This 4,219 sqm facility will be fitted with more than 2,500 pallet spaces and have multiple differentiated packaging and value-add capabilities, designed to service the industrial, retail and foodservice markets globally.

The corporate office of Murray River Organics has also been relocated to this same location.

Other Packaging Operations

The Acquisition Businesses currently utilise third party packing services or undertake packaging arrangements from Murray River Organics' leased warehouses and facilities in Sydney, NSW. These processes are intended to be transferred to Murray River Organics' organically certified packaging facility in Dandenong, Victoria as soon as possible.

Fifth Street Facility

On exercising the option to acquire the Fifth Street vineyard, Murray River Organics will take possession of a fully equipped 4,818 sqm table grape pack-out facility with chill and cool rooms installed. The facility is fitted for 610 pallets and accredited for export dispatches, and will be utilised as a dedicated table grape processing and storage facility.

Refer to Section 5.2.17 for details regarding risks associated with interruption in or disruption to operations at one or more of the facilities.

3.5 People.

As at 23 November 2016, the Group employed over 107 full time, part time and casual employees.

Murray River Organics has a highly experienced Management Team led by its Managing Director, Erling Sorensen, supported by its Chief Operating Officer, Jamie Nemtsas and Chief Financial Officer, Matthew O'Brien.

Refer to Section 6.2 for further details regarding Murray River Organics' Key Management Personnel and Management Team, and Section 5.2.20 for further details regarding risks associated with loss of key personnel.

3.6 Markets & customers.

3.6.1 Channels to market

Murray River Organics' customers can be broadly segmented into the following market channels:

- Industrial Market - Murray River Organics generates revenue from the industrial market by selling its products to food processors, who use dried vine fruit in their products (e.g. bakery products, cereal products, confectionery, etc.).
- Retail Market - Murray River Organics generates revenue from the retail market by selling its products to retailers stocking Murray River Organics' branded goods (Cluster and Gobble) and to retailers who sell Murray River Organics products under their own private label brands.
- Food Service Market - Murray River Organics generates revenue from the food service market by selling its products to speciality and natural food distributors.

Murray River Organics has historically been focussed on servicing the industrial market. The acquisition of Food Source International and Australian Organic Holdings has increased the Group's exposure to the retail market (and therefore diversified its channels to market). In FY2017, it is anticipated that the retail market will represent approximately 60% of sales for Murray River Organics. In addition, the Group's sales in FY2017 is expected to be derived from approximately 30% of dried vine fruit.

3.6.2 International and domestic markets

Murray River Organics operates in the organic, natural and healthy food and snack market. Murray River Organics services customers in both the domestic and international markets.

Murray River Organics has historically been focused on exports to Europe and other international markets, and has developed key relationships with food processors in these markets. With the acquisition of Food Source International and Australian Organic Holdings, a significant proportion of the Group's revenue is expected to be generated from the domestic market. In FY2017, it is anticipated that the Australian and New Zealand markets will represent approximately 67% of total sales for Murray River Organics (with approximately 14% of sales from Asia, 13% of sales from Europe, and 6% of sales from the United States).

Murray River Organics has diversified its end customer base from three countries in 2013 to 26 in 2016. This strategy minimises exposure to potential fluctuations in demand based on country-specific market conditions. In addition to consolidating its presence in the Australian and New Zealand markets, Murray River Organics' near-term focus is to grow its sales in the United States, Europe, North Asia (Japan, South Korea and Taiwan) and China.

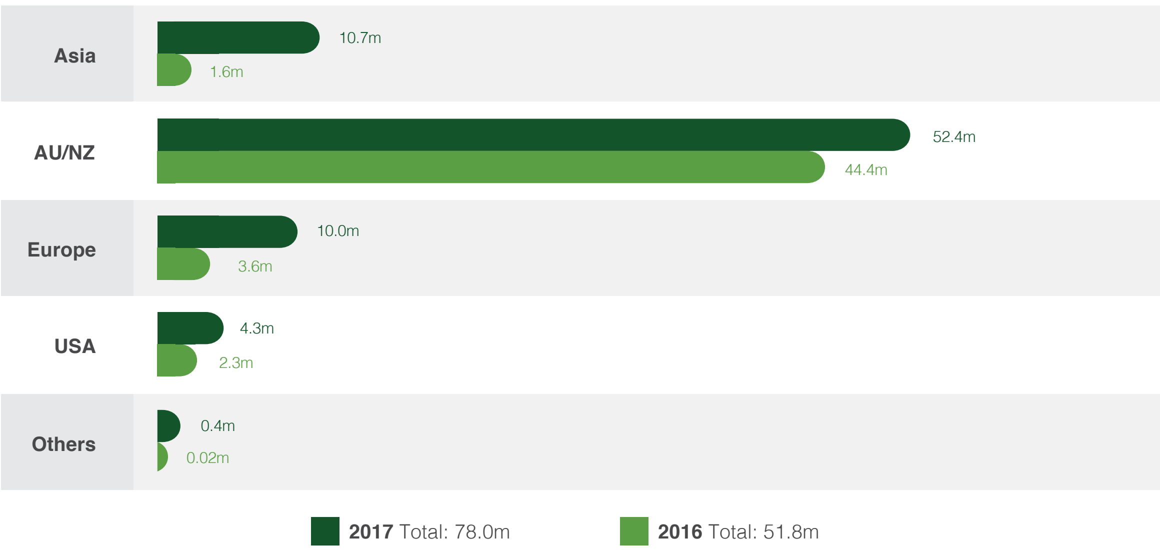
Sales by product ($)

FY2017				
Product	**Murray River Organics (standalone basis, excluding the Acquisition Businesses and Acquisition Asset)**	**Acquisition Businesses**	**Acquisition Asset**	**Total - FY2017**
Dried vine fruit	$23.4	-	-	$23.4
Others*	$1.0	$47.5	$6.1	$54.6
FY2016				
Product	**MRG**	**Acquisition Businesses**	**Acquisition Asset**	**Total - FY2016**
Dried vine fruit	$10.5	-	-	$10.5
Others*	$0.7	$40.7	-	$41.4

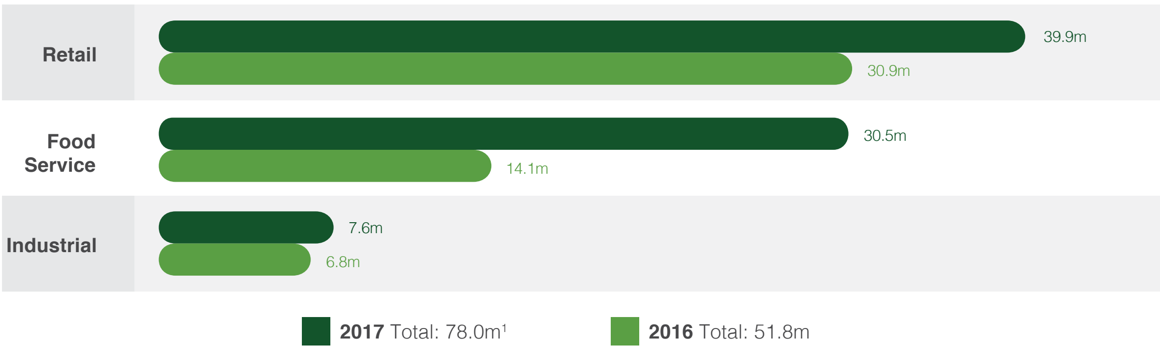
All amounts in the amount table above are expressed in $ million.

* Refer to Section 3.3 for a list for the current core products of the group.

Sales by region ($)



Sales by channel ($)



3.6.3 Customers

Murray River Organics' customers include industrial customers (such as cereal manufacturers, bakeries and confectionary manufacturers), retail customers (such as supermarkets, organic food stores, mass-market, e-commerce retailers and convenience stores) and food service channels (such as speciality and natural food distributors).

Murray River Organics has a broad customer base, with its key customers being two major Australian supermarkets. Through the Acquisition Businesses, these major Australian supermarkets have each been customers since 2011. In FY2017, approximately 61% of the Group's sales is expected to be derived from major Australian supermarkets.

The contractual trading terms in place between Murray River Organics and each of the two major Australian supermarkets are not dissimilar to that of any other supplier of products to major Australian supermarkets.

Murray River Organics supplies products to its customers on the following basis:

- uncontracted arrangements - where Murray River Organics supplies products to its customers on an uncontracted basis, either using Murray River Organics' or the customer's standard terms and conditions of sale. These arrangements can be terminated or varied by the customer on short notice and without penalty. In many instances, customers are under no obligation to continue purchasing Murray River Organics' products or to purchase a particular volume of products (Refer Section 5.2.3); and
- short term customer contracts - where supply periods are typically for one season or one year (which may depend on the product's seasonality). A significant proportion of these customer contracts do not have fixed or minimum volume requirements, and do not oblige customers to continue purchasing Murray River Organics' products (Refer Section 5.2.4).

While new customer acquisition is to remain a key focus of the Group's sales team, to drive sales growth, customer retention is equally important. Management is confident in its customer retention strategy, which aims to bring continued stability to future revenues.

3.6.4 Marketing

Murray River Organics' sales and marketing team is coordinated from Melbourne, Victoria.

In addition, Murray River Organics engaged a sales representative in Europe in January 2016 to enable Murray River Organics to better service the large European and Scandinavian markets.

With effect from November 2016, sales representatives have been engaged in North America, China and Japan. The appointment of these sales representatives (and extending marketing activities in these regions) will be funded using the proceeds of the Offer (see Sections 7.1.2 and 7.1.3).

Utilising its sales representatives and its Melbourne based sales, marketing and distribution staff, Murray River Organics now sells its products into 26 countries where it services industrial customers, retail customers and food service channels.

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1 The basis of preparation of the FY2017 forecast sales information set out on this page is provided in Section 4.2.5 Preparation of Forecast Financial Information and Section 4.8.2 Specific assumptions.

3.7 Cost drivers.

The key costs incurred by Murray River Organics in operating its business include:

- cost of raw materials and finished goods that are consumed in the Group's farming, harvesting and packing activities;
- third party supply costs for raw materials and other inventory related costs;
- salaries and wages;
- other operating expenses; and
- finance costs.

For further information, refer to Section 4.

3.8 Water rights.

Murray River Organics believes that it has sufficient rights/access to water for the purposes of its business operations.

Murray River Organics has entered into two water lease arrangements, pursuant to which it leases water entitlements (representing in aggregate approximately 6,446 megalitres of water over the term of the leases) from third parties. The leases are due to expire on 30 June 2020, with one lease containing an option to extend the term for a further 5 years. For further information, refer to Section 9.6.3.

Murray River Organics also buys water in the spot market. In FY2016, spot water purchases accounted for less than 10% of its annual water usage.

Murray River Organics does not currently own any permanent water rights. However, Murray River Organics may consider acquiring permanent water rights in the future, depending on its circumstances and the costs associated with doing so (at the relevant time), so as to have a diversified portfolio of water rights that are owned, leased and bought in the spot market.

Refer to Section 5.2.2 for a description of the risks associated with Murray River Organics' access to water.

3.9 Strategy.

Murray River Organics is seeking to grow:

- organically through ongoing development and expansion of its existing producing assets and vineyards;
- through the disciplined value-enhancing acquisition of complementary productive assets as well as of businesses, products and brands;
- by implementing a uniform marketing, sales and distribution strategy across the business;
- by growing its range of healthy snacking products and continuing to innovate within its category; and
- by continuing to build its global customer base of industrial, retail and food service customers.

In particular, Murray River Organics is focussed on:

- organic, healthy, natural, better-for-you food consumption growth trends globally;
- products that have multiple uses and a long shelf life;
- driving efficiencies from various degrees of vertical integration of its product lines through integrated farming, processing, packing, product innovation and marketing operations;
- provide innovative and convenience packaging;
- implementing environmentally sound business practices and manufacturing processes; and
- leveraging the 'clean' and 'safe' image of Australian produce globally.

In accordance with its strategy, Murray River Organics is well progressed in integrating the recently acquired businesses of Food Source International and Australian Organic Holdings (and their personnel, assets and brands) under the Group's Management Team, and implementing its uniform operational, marketing, sales and distribution strategies.

Consistent with the Group's strategy (as described above), the proceeds of the Offer (see Sections 7.1.2 and 7.1.3) will be applied towards:

- vineyard acquisition and development, including:
  - Murray River Organics exercising its option to acquire the Fifth Street vineyard (see Section 9.6.4);
  - a wine acreage conversion project, involving the conversion of 476 acres of wine grape varieties to dried fruit varieties at the Colignan vineyard; and
  - a greenfield vineyard development project involving the planting of 469 acres of vacant arable land to dried fruit varieties at the Colignan vineyard.
- other productivity and growth capital projects, including:
  - consolidation of Group's dried vine fruit and Cluster facilities in the Sunraysia region to the Mourquong facility, NSW (see Section 3.4.4); and
  - the assembly assembly and fit out of the Company's packaging facility in Dandenong, Victoria.

3.10 Competition.

Whilst there are currently an estimated approximately 600 dried vine fruit growers located in the Sunraysia region of Australia, Murray River Organics is currently the largest vertically integrated dried vine fruit producer and marketer in Australia.

Whilst Murray River Organics' benefits of scale and access may change over time (as the competitive landscape changes), the vertically integrated aspect of Murray River Organics operations are subject to high barriers of entry including:

- importance of climatic conditions - because dried vine fruit can only be grown in areas that are hot and dry with access to water;
- significant capital outlay required;
- organic certification requirements;
- limited number of large dried fruit vineyards in Australia;
- limited number of certified organic dried vineyards in Australia;
- requirement for strong agronomy capabilities and large-scale organic viticulture and farming expertise; and
- establishment of markets for products produced.

Murray River Organics believes it has benefitted from the global consumer shift towards natural, healthy and organic foods, and believes its understanding of the market, coupled with established key relationships with global customers, a diversified customer base, supported by its sales representatives in Europe, the USA, China, Japan and its office in Australia represents a competitive advantage for the Company.

3.11 Organic certification.

Murray River Organics holds its organic certification through Australian Certified Organic (**ACO**). ACO is Australia's largest certifier for organic and biodynamic produce, with over 1,500 operators within its certification. The ACO logo (also called the 'bud' logo) is known internationally as a mark backed by stringent certification requirements. ACO certification (involving comprehensive annual audits of vineyards, processing facilities and all associated documentation) also provides organic compliance outside Australia, as it is recognised by similar certification bodies in other countries and regions (including Europe, Taiwan, Japan, US, South Korea and Canada). In addition Murray River Organics is certified to sell its organic products in China under the Chinese National Organic Products Certification Program, governed and issued by the national authority Certification and Accreditation Administration of the People's Republic of China (**CNCA**).

Murray River Organics believes its compliance with the ACO certification will strengthen its brand value over the long term. In addition, the increased number of bilateral agreements amongst countries (accepting one country's organic standard as acceptable in the other) or organic equivalency arrangements (two differing organic standards treated as the same across jurisdictions as long as they achieve the same result) will increase the number of new geographical markets that Murray River Organics can sell to.

Refer to Section 5.2.5 for a description of the risks associated with a loss of organic certifications by Murray River Organics.

3.12 Food safety, processing and labeling.

Murray River Organics is required to comply with a range of specific food safety, processing and labelling obligations under applicable laws and regulations. For further details, refer to Section 9.7 and Section 5.2.12.

3.13 Environment and sustainability.

Murray River Organics recognises the importance of, and implements, best practice environmental procedures. Integral to Murray River Organics' business is the importance of environmental and agricultural sustainability. Murray River Organics believes that productive, competitive and efficient procedures are critical to maximising the Group's profitability. Murray River Organics' environmental and sustainability practices include water efficiency, energy conservation and soil health.

Murray River Organics owns, leases and operates farming operations and other facilities in New South Wales and Victoria. Accordingly, Murray River Organics is subject to various federal, state and local environmental laws and regulations. Among other things, these laws may impose liability on present and former property owners and operators for costs and damages related to soil and water contamination from hazardous or toxic substances.

4. Financial information.

4.1 Introduction.

This financial information contained in this Section 4 includes:

a) Statutory Historical Financial Information of the Company, being the:

- » Statutory historical statements of profit or loss and other comprehensive income for FY2014, FY2015, FY2016;
- » Statutory historical cash flows from operating activities for FY2014, FY2015, FY2016; and
- » Statutory historical consolidated statement of financial position as at 30 June 2016.

b) Pro Forma Historical Financial Information of the Company, being the:

- » Pro forma historical statements of profit or loss and other comprehensive income for FY2014, FY2015, FY2016;
- » Pro forma historical summarised statements of cash flow before taxation and financing activities for FY2014, FY2015, FY2016; and
- » Pro forma historical consolidated statement of financial position as at 30 June 2016.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information collectively form the "Historical Financial Information".

c) Statutory Forecast Financial Information of the Company, being the:

- » Statutory forecast consolidated statement of profit or loss and other comprehensive income for FY2017; and
- » Statutory forecast summarised statement of cash flows for FY2017.

d) Pro Forma Forecast Financial Information of the Company, being the:

- » Pro forma forecast consolidated statement of profit or loss and other comprehensive income for FY2017; and
- » Pro forma forecast summarised statement of cash flows for FY2017.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information collectively form the "Forecast Financial Information".

The Historical Financial Information and Forecast Financial Information for the Company collectively form the "Financial Information".

The Financial Information of the Company reflects the twelve month historical periods ended 30 June 2014, 30 June 2015 and 30 June 2016 and the twelve month forecast period ending 30 June 2017.

Section 4 also summarises:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- the financial metrics of Murray River Organics (see Section 4.3);
- a summary of Murray River Organics indebtedness at 30 June 2016 and immediately after the Offer (see Section 4.6.3);
- information regarding liquidity and capital resources (see Section 4.6.2);
- information regarding Murray River Organics' lease commitments (see Section 4.6.5);
- management discussion and analysis of the Pro Forma Historical Financial Information (see Section 4.7);
- the Directors' general and specific assumptions underlying the Forecast Financial Information (see Sections 4.8.1 and 4.8.2);
- management discussion and analysis of the Pro Forma Forecast Financial Information (see Section 4.8);
- an analysis in respect of the key sensitivities in respect to the Pro Forma Forecast Financial Information (see Section 4.9);
- a summary of the Company's proposed dividend policy (see Section 4.10); and
- the significant accounting policies of Murray River Organics (see Section 4.11 and Appendix A).

All amounts disclosed are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million. Tables have not been amended to correct immaterial summation variances that may arise from this rounding convention.

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagement involving Fundraising and/or Prospective Financial Information by Deloitte Corporate Finance Pty Limited whose Investigating Accountant's Report on the Financial Information is contained in Section 8. Investors should note the scope and limitations of the Investigating Accountant's Report.

4.2 Basis of preparation and presentation of the financial information.

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Murray River Organics, together with forecast financial performance and cash flows for FY2017.

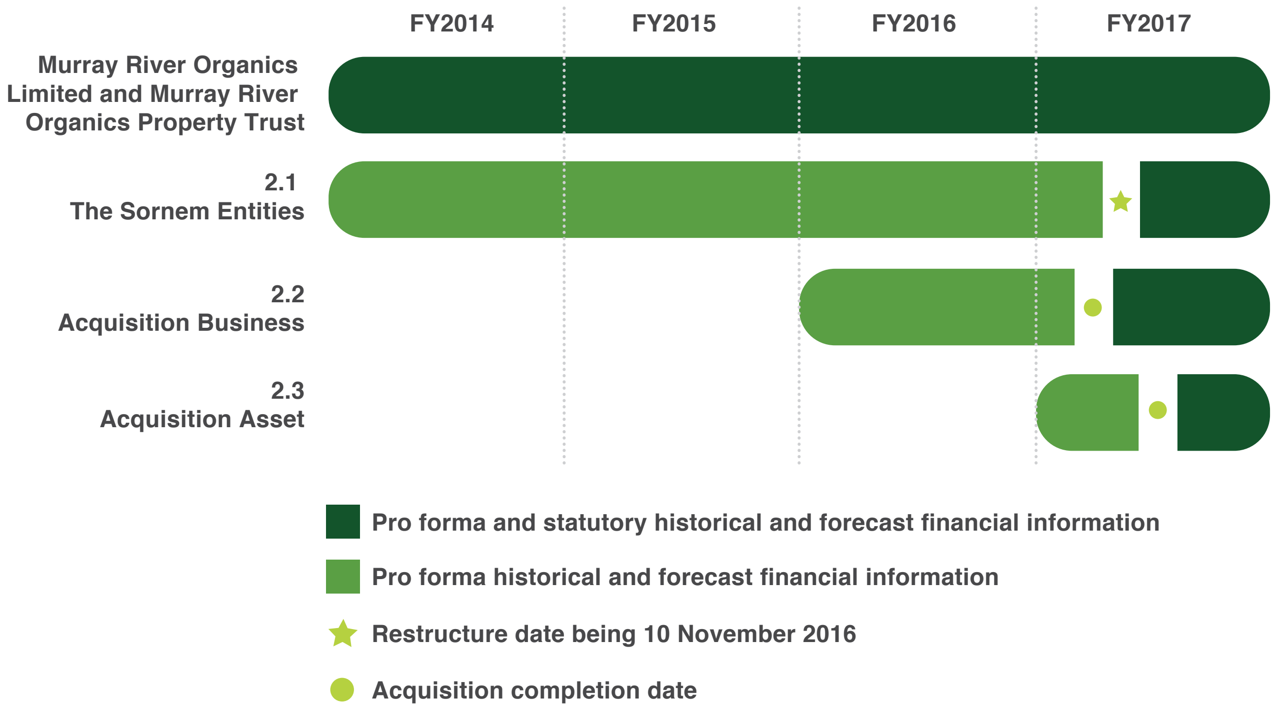
The Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the AASB. Compliance with these standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards as adopted by the International Accounting Standards Board.

The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Murray River Organics' significant accounting policies have been consistently applied throughout the periods presented, unless specifically stated, and are set out in Appendix A unless otherwise stated.

Treatment of specific events in the Financial Information

The treatment of specific events in the statutory and pro forma Historical and Forecast Financial Information has been illustrated below:



4.2.1 Treatment of the Restructure, acquisition by the Company of MROL and recognition of the Sornem Entities in the Pro Forma Historical and Forecast Financial Information

As summarised in Section 9.4 of this Prospectus, a Restructure was undertaken by the existing securityholders to simplify the existing corporate structure of the Group and on 10 November 2016 the existing securityholders of MROL approved the acquisition by the Company of 100% of the issued units in MROPT and 100% of the issued voting shares of MROL.

As part of the Restructure, and in addition to MROL and MROPT, Sornem Group Pty Ltd, Sornem Capital Pty Ltd and MRO Property 2 (formerly Sornem Asset Management Advisors Pty Ltd) (collectively, the Sornem Entities) became wholly owned by the Company.

The accounting treatment for recognising the Restructure and new corporate structure of Murray River Organics is on the basis that the transaction is a form of capital reconstruction and group reorganisation. The consolidated financial statements of the Company and its controlled entities are considered to be an continuation of the consolidated structure of MROL and MROPT.

On this basis:

- the assets and liabilities recognised and measured in the consolidated financial statements of the Company shall be at the carrying amounts of MROL and MROPT rather than at fair value;
- the retained earnings and other equity balances recognised in the consolidated financial statements of the Company shall be the existing retained earnings and other equity balances of MROL, MROPT and the Sornem Entities; and
- the amount recognised as issued equity in the consolidated financial statements of the Company shall reflect the impacts of the Restructure. A corresponding restructure equity reserve will align total equity with the net position of the assets and liabilities of the Company.

The pro forma historical statement of profit or loss and other comprehensive income and pro forma historical summarised statement of cash flows for FY2014, FY2015 and FY2016 include the historical audited results of the Sornem Entities.

The pro forma historical statement of financial position includes the Sornem Entities as if the Restructure had been completed prior to or as at 30 June 2016. The pro forma historical statement of financial position recognises the aggregate balances of the Sornem Entities and other associated implications to the financial position of Murray River Organics relating to the Restructure.

The Directors have assumed that no significant transactions will be recorded in relation to the Sornem Entities in the pro forma and statutory forecast statement of profit or loss and other comprehensive income and pro forma and statutory forecast summarised statement of cash flows.

4.2.2 Treatment of the Acquisition Businesses in the Pro Forma Historical and Forecast Financial Information

The Company completed the acquisitions of the assets and operations of the Acquisition Businesses (being the Food Source International Partnership and Australian Organic Holdings) on 14 September 2016 and 23 November 2016 respectively.

An overview of the Acquisition Businesses is provided in Section 3 of this Prospectus (refer Section 3.2).

The pro forma historical statement of profit or loss and other comprehensive income and pro forma historical summarised statement of cash flows for FY2016 include the historical results of the Acquisition Businesses, adjusted to reflect the intended operating structure under ownership of the Company.

Food Source International Pty Limited as nominee and agent for the Food Source International Partnership was formed on 23 June 2015 when the assets and operations of the business were transferred from a legacy group structure. On this basis, the FY2016 audited special purpose financial statements of the Food Source International Partnership did not include comparative financial information. Australian Organic Holdings has existed in its current legal structure since 1 October 2013. The FY2016 audited special purpose financial statements of Australian Organic Holdings included a comparative statement of financial position only. In order to present the Acquisition Businesses on a consistent basis in the Pro Forma Historical Financial Information, the FY2014 and FY2015 pro forma historical statement of profit or loss and other comprehensive income and pro forma historical summary statement of cash flows have not been adjusted to include either of the Acquisition Businesses.

The pro forma historical statement of financial position includes the indicative recognition of the Acquisition Businesses in accordance with AASB 3 Business Combinations as if the acquisitions had been completed prior to or as at 30 June 2016.

The pro forma forecast statement of profit or loss and other comprehensive income and pro forma forecast summarised statement of cash flows:

- include the actual results of the Food Source International Partnership in the pre-acquisition period from 1 July 2016 to 14 September 2016, adjusted to reflect the intended operating structure under ownership of the Company; and
- include the actual results of Australian Organic Holdings in the pre-acquisition period from 1 July 2016 to 31 August 2016, adjusted to reflect the intended operating structure under ownership of the Company.

4.2.3 Treatment of the Acquisition Asset in the Pro Forma Forecast Financial Information

Murray River Organics intends to complete the asset acquisition of the Acquisition Asset (being the Fifth Street vineyard) subsequent to the date of the Offer. The Company signed an option deed in relation to the Acquisition Asset with the vendor on 21 November 2016. The Acquisition Asset is assumed to be acquired in December 2016 after Completion of the Offer.

An overview of the Fifth Street vineyard is provided in Section of this Prospectus (refer Section 3.2.3).

The pro forma historical statement of financial position includes the preliminary recognition of the Acquisition Asset in accordance with AASB 116 Property, Plant & Equipment and

The pro forma historical statement of financial position includes the preliminary recognition of the Acquisition Asset in accordance with AASB 116 Property, Plant & Equipment and AASB 141 Agriculture as if the asset acquisitions had been completed prior to or as at 30 June 2016.

The pro forma forecast statement of profit or loss and other comprehensive income and pro forma forecast summary statement of cash flows recognise the full period results of Acquisition Asset as if the Acquisition Asset had been completed prior to or as at 1 July 2016.

Consistent with this, the pro forma forecast statement of profit or loss and other comprehensive income recognises the fair value of unharvested agricultural produce and vineyard operating costs forecast from 1 July 2016 to acquisition date in December 2016. This differs from the treatment of the Acquisition Asset in the Statutory Forecast Financial Information, which assumes the fair value of unharvested agricultural produce as a component of the acquisition price, and hence, recognises it on the opening balance sheet as at acquisition date.

The Pro forma Forecast Financial Information assumptions for the Acquisition Asset were developed by the Company based on its commercial and agronomy due diligence (in relation to yield and revenue assumptions) and operating costs of comparable vineyards in the Company's existing vineyard portfolio.

4.2.4 Preparation of Historical Financial Information

The Statutory Historical Financial Information has been derived from:

- the aggregated special purpose financial statements of Murray River Organics Pty Ltd and MROPT for FY2014 and FY2015 which have been audited by Deloitte Touche Tohmatsu; and
- the consolidated general purpose financial statements of MROL (formerly Murray River Organics Pty Ltd) for FY2016 which have been audited by Deloitte Touche Tohmatsu.

As outlined in Appendix A, the units in MROPT were stapled to the shares of MROL effective 18 December 2015. The stapled securities were on a one-to-one basis so that one MROPT unit and one MROL share formed a single stapled security. This stapling required MROL (as the parent entity) to prepare consolidated financial statements in FY2016 as opposed to the aggregated financial statements that were prepared in FY2014 and FY2015.

As outlined in Section 4.2.1, from the date of the Restructure MROL and MROPT became wholly owned by the Company.

Deloitte Touche Tohmatsu was appointed auditor of Murray River Organics Pty Ltd and MROPT on 15 June 2015. Deloitte Touche Tohmatsu issued a qualified audit opinion in relation to non-attendance at physical inventory counts as at 30 June 2013 and 30 June 2014. As opening inventories form part of the determination of the financial performance and cash flows, the audit opinions were qualified for the FY2014 and FY2015 statements of profit or loss and other comprehensive income and net cash flows from operating activities in the statements of cash flows.

The Pro Forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus and has been derived from:

- the audited aggregated special purpose financial statements of Murray River Organics Pty Ltd and MROPT for FY2014 and FY2015;
- the audited consolidated general purpose statutory financial statements of MROL for FY2016;
- the aggregated special purpose statutory financial statements of the Sornem Entities for FY2014, FY2015 and FY2016 which have been audited by Deloitte Touche Tohmatsu;
- the special purpose financial statements of the Food Source International Partnership for FY2016 which have been audited by Deloitte Touche Tohmatsu; and
- the special purpose financial statements of Australian Organic Holdings for FY2016 which have been audited by Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu was appointed auditor of the Food Source International Partnership on 1 August 2016. Deloitte Touche Tohmatsu issued an unmodified audit opinion in relation to the year ended 30 June 2016 on the understanding that no comparative figures were presented in the financial statements.

Deloitte Touche Tohmatsu was appointed auditor of Australian Organic Holdings on 21 October 2016. Deloitte Touche Tohmatsu issued a qualified audit opinion in relation to the non-attendance of the physical inventories count as at 30 June 2015. As opening inventories form part of the determination of the financial performance and cash flows, the audit opinion qualified the 'raw materials and finished goods consumed' and 'change in finished goods and work in progress' reported in the statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statement of cash flows for the year ended 30 June 2016.

Deloitte Touche Tohmatsu was appointed auditor of the Sornem Aggregated Group, comprising Sornem Group Pty Ltd, Sornem Capital Pty Ltd and Sornem Asset Management Advisors Pty Ltd on 28 September 2016. Deloitte Touche Tohmatsu issued an unmodified audit opinion for the years ended 30 June 2014, 30 June 2015 and 30 June 2016.

In preparing the Pro Forma Historical Financial Information, several adjustments were made to the Statutory Historical Financial Information including:

- the recognition of the Restructure as if the Restructure had been completed prior to or as at 1 July 2013;
- the recognition of the Acquisition Businesses as if the acquisitions had been completed as at 1 July 2015;
- the recognition of the Acquisition Asset as if the acquisition had been completed as at 30 June 2016;
- the impact of the operating and capital structures expected to be in place following Completion of the Offer as if they were in place as at 1 July 2013; and
- to exclude other non-recurring items as set out in Section 4.3.

Refer to Table 3, Table 5 and Table 7 for reconciliations between:

- the statutory and pro forma revenue, EBITDA and NPAT for FY2014, FY2015 and FY2016;
- the statutory and pro forma net cash flows before financing and taxation for FY2014, FY2015, FY2016; and

- the statutory historical consolidated statement of financial position and the pro forma historical consolidated statement of financial position as at 30 June 2016.

4.2.5 Preparation of Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis and has been prepared solely for the inclusion in this Prospectus.

The Forecast Financial Information has been prepared by the Directors with due care and attention, having regard to an assessment of present economic and operating conditions and based on numerous assumptions, including the Directors' best estimate general and specific assumptions regarding future events and actions set out in Section 4.8. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors should note that past results do not guarantee future performance.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the Company's actual financial performance or financial position.

Investors are advised to review the Forecast Financial Information in conjunction with the Directors' best estimate general and specific assumptions set out in Sections 4.8.1 and 4.8.2, the sensitivity analysis set out in Section 4.9, risk factors as set out in Section 5 and other information set out in this Prospectus.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Company, the Directors and management, and are not reliably predictable. Accordingly, none of the Directors, management or any other person can provide investors with any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Statutory Forecast Financial Information has been prepared on a basis consistent with how the Company's statutory financial statements are expected to be prepared for future financial periods. The Statutory Forecast Financial Information for FY2017 is the best estimate of the financial performance that the Directors expect to report in the Company's general purpose statutory consolidated financial report for FY2017.

The Statutory Forecast Financial Information assumes Completion of the Offer will occur on Friday, 16 December 2016, hence it reflects only a part-year effect of the Company's intended operating and capital structures following Completion of the Offer.

The Pro Forma Forecast Financial Information differs from the Statutory Forecast Financial Information as it reflects:

- the full period recognition of the Restructure as if the Restructure had been completed prior to or as at 1 July 2016;
- the full period recognition of the Acquisition Businesses as if the acquisitions had been completed prior to or as at 1 July 2016;
- the full period recognition of the Acquisition Asset as if the acquisition had been completed as at 1 July 2016;
- the impact of the operating and capital structures expected to be in place following Completion of the Offer as if they were in place as at 1 July 2016; and
- to exclude other non-recurring items as set out in Section 4.3.

The Forecast Financial Information has been prepared inclusive of the unaudited actual results of the Company and the Acquisition Businesses for the first two months (July and August) of FY2017.

Refer to Table 3 and Table 6 for reconciliations between:

- the statutory and pro forma revenue, EBITDA and NPAT for FY2017; and
- the statutory and pro forma net cash flows for FY2017.

The basis of preparation and presentation of the Pro Forma Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation of the Pro Forma Historical Financial Information unless otherwise stated.

The Directors have no intention of updating or revising the Forecast Financial Information or other forward-looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or other factors affect the information contained in this Prospectus, except where required by law.

- the impact of the operating and capital structures expected to be in place following Completion of the Offer as if they were in place as at 1 July 2016; and
- to exclude other non-recurring items as set out in Section 4.3.

The Forecast Financial Information has been prepared inclusive of the unaudited actual results of the Company and the Acquisition Businesses for the first two months (July and August) of FY2017.

Refer to Table 3 and Table 6 for reconciliations between:

- the statutory and pro forma revenue, EBITDA and NPAT for FY2017; and
- the statutory and pro forma net cash flows for FY2017.

The basis of preparation and presentation of the Pro Forma Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation of the Pro Forma Historical Financial Information unless otherwise stated.

The Directors have no intention of updating or revising the Forecast Financial Information or other forward-looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or other factors affect the information contained in this Prospectus, except where required by law.

4.2.6 Treatment of the fair value of agricultural produce in the Financial Information

Murray River Organics produce dried vine fruit, fresh table grapes and citrus. In accordance with AASB 141 Agriculture, the fair value of agricultural produce recognised in the statement of profit or loss and other comprehensive income represents the current financial year yield harvested from Murray River Organics' vineyards recognised at fair value less costs to sell net of the directly attributable costs of the vineyards and the unharvested agricultural produce recognised at recognised at fair value less costs to sell and cost to harvest net of the directly attributable costs at period end. Citrus is typically the only unharvested agricultural produce at 30 June of each period. The fair value of unharvested agricultural produce is recognised with reference to the stage of the growing cycle at period end.

The fair value of unharvested agricultural produce at period end is recognised in the statement of financial position as Biological assets, transferring to Inventories at the point of harvest recognised at fair value less cost to sell. At the point of sale, the value of the produce sold is recognised in the Raw materials, financial goods consumed and change in finished goods and work in progress line of the statement of profit or loss and other comprehensive income.

4.2.7 Explanation of certain non-IFRS financial measures

The Company uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as "non-IFRS financial measures". Non-IFRS financial measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and not act as a substitute for those measures.

Because non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that the Company calculates them may be different to the way that other companies calculate similarly-titled measures.

The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

EBITDA

- EBITDA represents earnings before interest, tax, depreciation and amortisation.

EBITDA margin %

- EBITDA margin % represents EBITDA divided by revenue, expressed as a percentage.

EBIT

- EBIT represents earnings before interest and tax.

EBITDA and EBIT exclude from earnings the non-cash charges of depreciation and amortisation and on this basis the Directors and management consider EBITDA and EBIT to be useful financial measures to understand the future cash generation potential of the Company. EBITDA and EBIT should not be considered as an alternative or substitute to cash flows from operations within the same financial period and investors should not consider the EBITDA and EBIT financial measures in isolation.

The Company recognises the fair value of agricultural produce, in earnings measured as fair value less costs to sell, grown from the Company's bearer plants (vines and citrus trees) in accordance with AASB 141 Agriculture. EBITDA and EBIT financial measures do not recognise the timing differential between the fair value of agricultural produce recognised in earnings and the payment received from customers for the sale of agricultural produce recognised in cash flows from operations.

EBITDA and EBIT financial measures are not intended to reflect the following:

- the available cash or capital expenditure requirements of the Company;
- changes in the working capital requirements of the Company; and
- the cash requirements necessary to service interest payments in respect of the Company's borrowings and finance leases.

Other businesses in the Company's industry may calculate these measures differently to that of the Company limiting their usefulness as a comparative measure.

Working capital

Working capital represents receivables, inventories, biological assets, other assets, payables and accruals, and current provisions.

Capital expenditure

Capital expenditure represents investment in the Company's property, plant and equipment. Capital expenditure is defined below into the categories of Maintenance; Vineyard acquisition and development; and Other productivity and growth.

Maintenance

Maintenance capital expenditure is expenditure that is undertaken to sustain the current operations, revenues and earnings of the Company. Maintenance capital expenditure typically includes expenditure on replacement equipment, occupational health and safety improvements and quality requirements.

Vineyard acquisition and development

Vineyard acquisition and development capital expenditure is expenditure that is undertaken to acquire vineyard properties and associated equipment, to plant new or convert vines at existing properties and to enhance the development from immature to mature vines.

Other productivity and growth

Other productivity and growth capital expenditure is expenditure undertaken to enhance and/or expand the Company's operating capability and capacity in the interest of increasing the revenues and earnings of the Company (other than vineyard acquisition and development capital expenditure).

Net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure

Net cash flow from operations before vineyard acquisition and development and other productivity and growth capital expenditure represents net cash flows inclusive of maintenance capital expenditure. The financial measure excludes capital expenditure anticipated to increase the revenues and earnings of the Company in relation to vineyard and other productivity or growth capital projects and initiatives.

4.3 Pro forma historical and forecast and statutory forecast statements of profit or loss and other comprehensive income.

Table 1a sets out a summary of the Company's pro forma historical statements of profit or loss and other comprehensive income for FY2014, FY2015 and FY2016, pro forma forecast statement of profit or loss and other comprehensive income and statutory forecast statement of profit or loss and other comprehensive income for FY2017.

Table 1a

		Pro forma historical			Pro forma forecast	Statutory forecast
$m	Notes	FY2014	FY2015	FY2016	FY2017	FY2017
Revenue		2.3	7.8	51.9	78.0	63.9
Other income	1	1.1	2.3	0.9	0.1	0.1
Fair value of agricultural produce	2	3.2	2.7	6.4	15.8	13.3
Raw materials, finished goods consumed and change in finished goods and work in progress	3	(5.7)	(5.8)	(38.2)	(63.8)	(53.3)
Employee benefits expense	4	(2.0)	(3.1)	(5.4)	(6.9)	(6.9)
Other operating expenses	5	(2.0)	(3.5)	(7.1)	(7.2)	(8.4)
EBITDA		**(3.2)**	**0.5**	**8.5**	**15.9**	**8.6**
Depreciation		(0.5)	(1.0)	(2.1)	(4.0)	(4.0)
EBIT		**(3.8)**	**(0.5)**	**6.4**	**11.9**	**4.6**
Finance Costs	6	(0.0)	(0.5)	(1.6)	(2.2)	(2.1)
Profit / (loss) before tax		**(3.8)**	**(1.1)**	**4.8**	**9.7**	**2.5**
Tax	7	0.7	(0.1)	(1.4)	(3.1)	(2.6)
Profit / (loss) after tax		**(3.1)**	**(1.2)**	**3.4**	**6.6**	**(0.0)**
Other comprehensive income						
Gain / (loss) on revaluation of assets	8	-	5.6	(0.3)	-	-
Total comprehensive income / (loss) for the year		**(3.1)**	**4.4**	**3.1**	**6.6**	**(0.0)**

The FY2016 pro forma historical financial information presented in this prospectus is inclusive of the Acquisition Businesses. The FY2017 pro forma and statutory forecast financial information presented in this Prospectus is inclusive of both the Acquisition Businesses and the Acquisition Asset. Refer Sections 4.2.2 and 4.2.3 for an overview of the treatment of the Acquisition Businesses and the Acquisition Asset in the Financial Information respectively.

Notes.

1. Other income comprised R&D tax offset refunds from the ATO in FY2014 and FY2015 of $1.1m and $1.3m respectively and insurance proceeds from property damage incurred as a result of hail damage in FY2015 ($0.7m) and inventory lost from a fire at the Mourquong processing facility in FY2016 ($0.5m).

2. The fair value of agricultural produce represents the yield harvested from the Group's vineyards recognised at fair value less costs to sell net of the directly attributable costs of the vineyards and the unharvested agricultural produce recognised at fair value less costs to sell and cost to harvest net of the directly attributable costs at period end. The Group recognises vine and citrus tree assets as bearer plants in accordance with AASB 116 Property plant and equipment. Unharvested agricultural produce is recognised by the Group in accordance with AASB 141 Agriculture initally as Biological assets during the growing cycle, transferring to Inventories at fair value less costs to sell upon harvest. In FY2014, the fair value of agricultural produce was not separately disclosed in the statutory statement of profit or loss and other comprehensive income. Management has prepared the disclosure on a pro forma basis for comparability with the other historical periods.

3. Raw materials and finished goods consumed reflects the fair value of finished goods sold, including the cost of raw materials and consumables used in farming, harvesting and packing activities. In regards to agricultural produce grown by Murray River Organics (dried vine fruit, fresh table grapes and citrus) this reflects the fair value less costs to sell of Inventories as sold.

4. Employee benefits expense includes salaries and wages of permanent and casual employees engaged by the Group not directly associated with the vineyards or packaging of produce. In FY2017, the pro forma expense assumes the full year contribution of the Acquisition Businesses and excludes additional costs of the LTI Plan that are reflected in the statutory expense. Refer Note 10 of Table 3.

5. Other operating expenses include occupancy, freight, repairs and maintenance, marketing, information technology, professional expenses and other general administrative costs.

6. Finance costs primarily relate to external borrowings, finance lease costs and related party loans. A component of the total finance lease costs in the FY2016 and FY2017 period relating to the development of bearer plants at the Colignan vineyard (FY16: $0.3m; FY17: $1.2m) have been capitalised. Pro forma finance costs for FY2017 reflects full year finance costs of a trade finance facility of the Acquisition Businesses.

7. The pro forma effective income tax expense rate has been calculated with reference to the Australian statutory corporate tax rate of 30% and the income tax effect of the pro forma adjustments recognised in each of the financial years. In FY2014 and FY2015, the pro forma effective income tax expense rate was approximately 18.0% and -13% respectively. In these periods, the variance from the Australian statutory corporate tax rate of 30% reflects the net impact of non-assessable R&D tax refunds and non-deductible R&D expenditure. In FY2016, the pro forma effective income tax expense rate was approximately 30.0% (in line with the Australian statutory corporate tax rate). In FY2017, the pro forma effective income tax expense rate is forecast to be approximately 32.0% reflecting the Australian statutory corporate tax expense rate of 30% adjusted for the accounting expense associated with the forecast pro forma FY2017 LTI Plan being non-deductible for Australian income tax purposes. In FY2017, the statutory forecast income tax expense differs substantially to the pro forma effective income tax expense rate of approximately 100% due to the forecast FY2017 statutory results including a number of forecast non-deductible accounting expenses and reflecting the expected income tax impact of the transaction costs associated with the Offer and Restructure.

8. On a pro forma basis, the gains and losses recorded by the Group on revaluation of property, plant & equipment assets in FY2015 and FY2016 has been disclosed on a tax-effected basis, consistent with the recognition of a deferred tax liability presented in the pro forma statement of financial position at 30 June 2016 (refer Table 7).

Table 1b sets out a summary of the Company's statutory historical statements of profit or loss and other comprehensive income for FY2014, FY2015 and FY2016.

Table 1b

	Statutory Historical		
$m	FY2014	FY2015	FY2016
Revenue	2.3	7.8	12.0
Other income	5.1	2.3	1.9
Fair value of agricultural produce	-	2.7	6.4
Change in finished goods and work in progress	-	0.3	1.8
Raw materials and finished goods consumed	(2.6)	(6.0)	(7.7)
Employee benefits expense	(2.0)	(3.1)	(4.0)
Repairs & maintenance	(0.1)	(0.5)	(0.3)
Motor vehicle expense	(0.1)	(0.2)	(0.1)
Utility expense	(0.4)	(0.8)	(0.9)
Administration and other expense	(0.9)	(1.6)	(1.8)
Loan forgiveness expense	-	(0.5)	-
Loss on revaluation of assets	-	-	(0.2)
Selling expenses	(0.1)	(0.1)	(0.1)
EBITDA	**1.1**	**0.3**	**6.9**
Depreciation expense	(0.5)	(1.0)	(2.0)
EBIT	**0.5**	**(0.7)**	**5.0**
Finance costs	(0.0)	(0.5)	(1.4)
Profit / (loss) before tax	**0.5**	**(1.2)**	**3.6**
Income tax (expense) / benefit	0.5	(0.1)	(1.0)
Profit / (loss) for the year	**1.0**	**(1.4)**	**2.6**
Other comprehensive income: Gain / (loss) on revaluation of assets	-	8.0	(0.4)
Total comprehensive income for the year	**1.0**	**6.6**	**2.2**

The FY2016 pro forma historical financial information presented in this prospectus is inclusive of the Acquisition Businesses. The FY2017 pro forma and statutory forecast financial information presented in this Prospectus is inclusive of both the Acquisition Businesses and the Acquisition Asset. Refer Sections 4.2.2 and 4.2.3 for an overview of the treatment of the Acquisition Businesses and the Acquisition Asset in the Financial Information respectively.

Table 2 sets out the Company's pro forma historical financial metrics for FY2014, FY2015 and FY2016, and the pro forma forecast financial metrics for FY2017.

Table 2

		Pro forma historical			Pro forma forecast
	Notes	FY2014	FY2015	FY2016	FY2017
Sales growth %		-	243%	564%	50%
EBITDA growth %	1	-	(114%)	1,754%	87%
EBITDA margin	1	(141%)	6%	16%	20%
Net cash flows from operations before financing and taxation conversion %	1	-	(1,773%)	(214%)	(169%)

Notes.

1. EBITDA and Net cash flow conversion are non-IFRS measures. See Section 4.2.7 for definitions.

The pro forma historical and forecast statements of profit or loss and other comprehensive income included in this Prospectus have been derived by applying certain pro forma adjustments to the statutory historical and forecast statements of profit or loss. The pro forma adjustments are set out in Table 3 below:

Table 3

		Historical			Forecast
$m	Notes	FY2014	FY2015	FY2016	FY2017
Statutory revenue		**2.3**	**7.8**	**12.0**	**63.9**
Acquisition Businesses	1	-	-	40.7	14.3
Inter-group sales	2	-	-	(0.8)	(0.2)
Pro forma revenue		**2.3**	**7.8**	**51.9**	**78.0**
Statutory EBITDA		**1.1**	**0.3**	**6.9**	**8.6**
Pro forma adjustments					
Acquisition Businesses	1	-	-	3.0	1.8
Acquisition Asset	3	-	-	-	2.5
Loan forgiveness	4	(4.0)	0.5	-	-
Asset impairment	5	-	-	0.2	-
Insurance proceeds	6	-	-	(1.0)	-
Water rights	7	-	-	(0.1)	-
Stamp duty	8	-	-	-	1.0
Listed company costs	9	(0.3)	(0.3)	(0.5)	(0.1)
Executive management remuneration	10	-	-	-	0.7
Transaction costs	11	-	-	-	1.4
Pro forma EBITDA		**(3.2)**	**0.5**	**8.5**	**15.9**
Statutory NPAT		**1.0**	**(1.4)**	**2.6**	**(0.0)**
Pro forma adjustments					
Acquisition Businesses	1	-	-	2.6	1.7
Acquisition Asset	3	-	-	-	2.5
Loan forgiveness	4	(4.0)	0.5	-	-
Asset impairment	5	-	-	0.2	-
Insurance proceeds	6	-	-	(1.0)	-
Water rights	7	-	-	(0.1)	-
Stamp duty	8	-	-	-	1.0
Listed company costs	9	(0.3)	(0.3)	(0.5)	(0.1)
Executive management remuneration	10	-	-	-	0.7
Transaction costs	11	-	-	-	1.4
Impact of effective tax rate	12	0.2	(0.0)	(0.4)	(0.5)
Pro forma NPAT		**(3.1)**	**(1.2)**	**3.4**	**6.6**

Notes.

1. Adjustment to reflect the revenue, EBITDA and NPAT contributions of the Acquisition Businesses, as if the transactions had occurred on 1 July 2015:
- acquisition of Food Source International Partnership in September 2016; and
- acquisition of Australian Organic Holdings in November 2016.
Contributions of the Acquisition Asset have been reflected in the statutory revenue, EBITDA and NPAT for FY2017.
2. Adjustment to remove the pre-acquisition revenue impact of sales from the Group to the Food Source International Partnership.
3. Adjustment to reflect the EBITDA and NPAT contributions of the Acquisition Asset as if it had been acquired on 1 July 2016. This adjustment represents the fair value of agricultural produce ($2.9m), which on a statutory basis is anticipated to be recognised on the opening acquisition balance sheet and not in the statutory forecast statement of profit or loss. The pro forma forecast statement of profit or loss includes the full year operating costs of the Acquisition Asset ($0.4m). Refer Section 4.2.3 Treatment of the Aquisition Asset in the Pro Forma Forecast Financial Information for detail of the basis of the preparation of the Pro Forma Forecast Financial Information.
4. Adjustment to remove the gains and losses associated with related-party loan forgiveness recorded by the Group in the Historical Period.
5. Adjustment to remove a one-off impairment loss recognised in FY2016, predominantly in relation to damage incurred by a fire at the Muorquong processing facility.
6. Adjustment to remove revenue received in relation to an insurance claim for damaged property, plant and equipment at the Mourquong processing facility. Insurance proceeds of $0.5m relating to damaged inventory have been retained in pro forma earnings.
7. Adjustment to remove the profit on sale of water rights as any gain or loss on the sale and leaseback of water rights after vineyard acquisition is not considered to be a core component of the Group's business model and strategy.
8. Adjustment for estimated stamp duty liability arising as a result of restructuring activities performed by the Group prior to the Offer. The Group is in the process of seeking relief from this liability, which has been reflected in the FY2017 statutory forecast. Regardless of the outcome of the State Revenue Office decision on relief, this amount is considered non-recurring and has been excluded from the FY2017 pro forma forecast.
9. Adjustment for estimated incremental annual costs to be incurred as a listed public company. These incremental costs include Director's and executive remuneration, audit and taxation compliance costs, incremental employee remuneration, listing fees, share registry fees, directors' and officers' liability insurance premiums.
10. The FY2017 statutory forecast reflects the introduction of a LTI Plan as summarised in Section 6.3.3.2, inclusive of the intended issuance of performance rights to Erling Sorensen and Jamie Nemtsas representing a one-time retention incentive and issuance of performance rights to non-executive directors in relation to the successful listing of the Group on the Australian Securities Exchange. These components have been excluded from the FY2017 pro forma forecast to be representative of the LTI Plan performance rights cost in the ordinary course of business (FY2017 pro forma forecast expense: $0.5m).
11. Adjustment to reflect the transaction costs forecast to be expensed in FY2017 represents;
- the portion of Offer transaction costs (including advisors, Joint Lead Managers, accounting and legal fees) attributable to the sell-down of Existing Shares by Existing Shareholders;
- advisor fees relating to the Acquisition Businesses; and
- advisor fees associated with the Restructure.
12. Adjustment to reflect the net income tax expense effect of the pro forma adjustments based on the Australian statutory corporate tax rate of 30%.

Set out in Appendix B to this Prospectus are reconciliations of the pro forma revenue, EBITDA and NPAT contributions of the Acquisition Businesses to the respective statutory revenue, EBITDA and NPAT for FY2016 and of the pro forma EBITDA and NPAT contributions of the Sornem Entities to the Statutory EBITDA and NPAT for FY2014, FY2015 and FY2016.

4.4 Pro forma historical and forecast and statutory forecast statements of cash flows.

Table 4 sets out the Company's pro forma historical statements of cash flow for FY2014, FY2015 and FY2016 and the pro forma and statutory forecast statement of cash flows for FY2017.

Table 4

		Pro forma historical			Pro forma forecast	Statutory forecast
$m	Notes	FY2014	FY2015	FY2016	FY2017	FY2017
EBITDA		**(3.2)**	**0.5**	**8.5**	**15.9**	**8.6**
Add back non-cash costs recorded in EBITDA	1	-	-	(0.2)	0.5	1.2
Change in working capital	2	(0.2)	(2.5)	(13.2)	(8.9)	(13.2)
Maintenance capital expenditure	3	(0.8)	(0.8)	(1.8)	(2.6)	(2.6)
Net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure		**(4.2)**	**(2.8)**	**(6.8)**	**5.0**	**(6.0)**
Vineyard acquisition and development capital expenditure	3	(2.6)	(5.2)	(5.2)	(20.4)	(20.4)
Net cash flows from operations before other productivity and growth capital expenditure		**(6.9)**	**(7.9)**	**(12.0)**	**(15.5)**	**(26.4)**
Other productivity and growth capital expenditure	3	(0.8)	(0.2)	(6.2)	(11.5)	(11.5)
Net cash flows from operations before financing and taxation		**(7.7)**	**(8.1)**	**(18.2)**	**(26.9)**	**(37.9)**
Financing costs	4	(0.0)	0.3)	(1.6)	(1.9)	(1.8)
Tax	5	-	-	-	-	-
Net proceeds from trade finance facility	4	-	-	-	3.5	5.1
Proceeds from Colignan property less or	6	-	-	-	5.7	5.7
Net principal payments for equipment loans		-	-	-	(1.9)	(1.9)
Sales of water rights		-	-	-	-	0.4
Proceeds from private capital raising		-	-	-	-	20.1
Private capital raising transaction costs (capitalised)		-	-	-	-	(0.4)
Payment for Acquisition Businesses	7	-	-	-	-	(10.9)
Proceeds from issue of news shares under the Offer		-	-	-	-	25.0
Transaction costs (capitalised)		-	-	-	-	(1.2)
Net cash flow		**(7.7)**	**(8.5)**	**(19.8)**	**(21.5)**	**2.3**

The FY2016 pro forma historical financial information presented in this prospectus is inclusive of the Acquisition Businesses. The FY2017 pro forma and statutory forecast financial information presented in this Prospectus is inclusive of both the Acquisition Businesses and the Acquisition Asset. Refer Sections 4.2.2 and 4.2.3 for an overview of the treatment of the Acquisition Businesses and the Acquisition Asset in the Financial Information respectively.

Notes.

1. Non-cash adjustments to the FY2016 and FY2017 EBITDA relate to a gain on the disposal of property and non-cash cost of the LTI Plan (see Section 6.3.3.2).
2. FY2016 pro forma change in working capital of the Acquisition Businesses has been calculated with reference to unaudited opening balance sheet information as at 1 July 2015. FY2016 year end balances were sourced from the 30 June 2016 audited financial statements of the Food Source International Partnership and Australian Organic Holdings. FY2017 forecast statutory change in working capital reflects the incremental investment in work capital of the Acquisition Businesses, as only inventory was acquired from the respective vendors by the Group at the completion dates of each acquisition.
3. Capital expenditure category descriptions - see Section 4.2.7. In FY2017 the vineyard acquisition and development capital expenditure of $20.4m includes the acquisition of the Acquisition Asset ($10.4m).
4. FY2017 pro forma finance costs reflect the full year impact of trade finance facilities associated with the Acquisition Businesses. The pro forma net proceeds from the trade finance facility excludes the initial funding of acquiring inventories of the Acquisition Businesses at the respective transaction completion dates.
5. FY2017 statutory and pro forma income tax payments of $nil reflect the Group's carried forward tax losses / deductions as at 30 June 2016 and forecast statutory and pro forma taxable income for FY2017.
6. Under the terms of the Group's existing finance lease with Arrow Primary Infrastructure Fund for the Colignan property, the lessor has committed to provide capital for an existing wine acreage project. In addition, the Group anticipates sourcing funding from Arrow Funds Management for a greenfield conversion project at the Colignan property. The net inflow for the Arrow Primary Infrastructure Fund contribution is forecast to be $5.7m in FY2017. See Section 4.6.5.
7. Cash payments for the Acquisition Businesses (Food Source International Partnership: $2.9m; Australian Organic Holdings: $8.0m).

The pro forma historical statements of cash flows included in this Prospectus have been derived by applying certain pro forma adjustments to the net cash used in operating activities as disclosed in the statutory historical statements of cash flows.
The pro forma adjustments are set out in Table 5 below:

Table 5

			Pro forma historical	
$m	Notes	FY2014	FY2015	FY2016
Statutory net cash flows used in operating activities		**(3.2)**	**(2.0)**	**(3.7)**
Add back: net interest paid		0.0	0.3	1.4
Add back: cash receipt of related party receivable	1	-	-	1.3
Less: maintenance capital expenditure		(0.8)	(0.8)	(1.8)
Statutory net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure		**(3.9)**	**(2.5)**	**(2.9)**
Acquisition Businessess - EBITDA		-	-	3.0
Acquisition Businessess - change in working capital		-	-	(5.4)
Insurance proceeds		-	-	(1.0)
Listed company costs		(0.3)	(0.3)	(0.5)
Pro forma net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure		**(4.2)**	**(2.8)**	**(6.8)**

Notes.

1. In FY2016, the cash receipt of a related party receivable (from Sornem Group, as head company of the income tax consolidated group) in relation to an R&D tax offset refund ($1.3m) was recorded as a financing activity in the statutory accounts of Murray River Organics. In the FY2016 pro forma net cash flows from operations, this receivable has been reflected as a change in working capital, consistent with the treatment of the R&D tax offset refund in FY2015.

Set out in Appendix B to this Prospectus is a reconciliation of the statutory historical net cash flows used in operating activities to the Statutory net movement in cash and cash equivalents of Murray River Organics for FY2014, FY2015 and FY2016.

The pro forma forecast statement of cash flows included in this Prospectus has been derived by applying certain pro forma adjustments to the statutory forecast statement of cash flows. The pro forma adjustments are set out in Table 6 below:

Table 6

$m	Notes	Forecast FY2017
Statutory net cash flows		**2.3**
Acquisition Businessess - EBITDA	1	1.8
Acquisition Asset - EBITDA	2	2.5
Acquisition Businesses - change in working capital	3	5.3
Listed company costs		(0.1)
Financing costs		(0.1)
Water rights		(0.4)
Proceeds from private capital raising		(20.1)
Private capital raising transaction costs (capitalised)		0.4
Payment for Acquisition Businesses		10.9
Proceeds from trade finance facility	4	(1.6)
Proceeds from issue of new shares under the Offer		(25.0)
Transaction costs in relation to the Offer	5	2.6
Pro forma net cash flows		**(21.5)**

Notes.

1. The FY2017 pro forma net cash flows assume a full year of earnings and operating cash flow contributions from the Acquisition Businesses, acquired in September 2016 and November 2016 respectively. The adjustment recognises the FY2017 earnings and operating cash flows of the Acquisition Businesses prior to their acquisition by the Group.

2. The FY2017 pro forma cash flows assumes contribution of the Acquisition Asset as if it had been acquired on 1 July 2016. This adjustment represents the fair value of agricultural produce ($2.9m), which is assumed to be harvested and sold in FY2017 and includes the full year operating cost of the Acquisition Asset ($0.4m).

3. The FY2017 statutory net cash flows reflects the anticipated investment in working capital subsequent to the acquisition of the businesses of the Food Source International Partnership and Australian Organic Holdings on the basis that only inventory has transferred to the Group from the respective vendors at the respective transaction completion dates. The FY2017 pro forma net cash flows includes the 30 June 2016 working capital balances of the Acquisition Businesses to derive the FY2017 pro forma change in working capital as if the Acquisition Businesses were acquired prior to or at 30 June 2016. This information was sourced from the FY2016 audited financial statements of the Food Source International Partnership and Australian Organic Holdings.

4. FY2017 pro forma proceeds from the trade finance facility excludes initial funding of acquiring inventories of the Acquisition Businesses.

5. Transaction costs include non-recurring costs incurred in relation to the Offer (inclusive of Joint Lead Manager, accounting and legal fees) inclusive of fees assumed to be capitalised to Issued capital or expensed in the FY2017 statutory statement of profit or loss, Acquisition Business transaction advisor fees and the Restructure advisor fees expensed to the FY2017 statement of profit or loss.

4.5 Operating segments.

In accordance with AASB 8 Operating Segments, the Company has one reportable segment being the production of food and food products within Australia.

4.6 Pro forma historical consolidated statement of financial position as at 30 June 2016.

4.6.1 Pro forma adjustments to the statutory historical consolidated statement of financial position

Table 7 sets out the pro forma adjustments that have been made to the statutory historical consolidated statement of financial position in order to prepare the pro forma historical consolidated statement of financial position.

These adjustments reflect the following events and transactions:

- the pre-Offer private capital raising completed in August 2016;
- recognition of the Restructure;
- recognition of the Acquisition Businesses; and
- the proceeds of the Offer, recognition of the Acquisition Asset and the impact of the operating and capital structures that will be in place following Completion of the Offer,as if these events had occurred or were in place as at 30 June 2016.

The pro forma historical consolidated statement of financial position is provided for illustrative purposes only. It is not intended to be representative of the Company's view on its future financial position.

In particular cash and cash equivalents in the pro forma historical consolidated statement of financial position has been adjusted to reflect the events noted above as if they took place as at 30 June 2016, and has not been adjusted for various anticipated cash requirements of Murray River Organics between 30 June 2016 and Completion of the Offer.

The resulting cash and cash equivalents balance is not reflective of management's estimated cash position as at Completion, which is $10.5 million. Refer to Table 8 for the estimated financial indebtedness of Murray River Organics as at Completion of the Offer.

Table 7

$m	Notes	Statutory	Impacts of the pre-IPO capital raising (1)	Impacts of the Restructure (2)	Impacts of the Offer (3)	Pro forma
Current Assets						
Cash and cash equivalents	4	2.2	8.8	-	11.8	22.8
Trade and other receivables	5	4.2	-	1.6	-	5.8
Inventories	6	10.9	6.5	-	-	17.4
Biological assets	7	0.6	-	-	2.9	3.5
Assets held for sale		0.4	-	-	-	0.4
Other current assets	8	1.0	-	-	0.2	1.2
Total current assets		**19.5**	**15.3**	**1.6**	**14.9**	**51.3**
Non-current assets						
Property, plant and equipment	9	48.5	0.3	-	7.5	56.3
Intangible assets	10	-	11.4	-	-	11.4
Deferred tax assets	11	-	-	-	0.3	0.3
Total non-current assets		**48.5**	**11.7**	**-**	**7.8**	**68.0**
Total assets		**67.9**	**27.0**	**1.6**	**22.7**	**119.3**
Current liabilities						
Trade and other payables	12	4.3	0.5	1.0	-	5.7
Borrowings	13	1.9	3.7	-	-	5.6
Finance lease liability	14	1.6	-	-	-	1.6
Current tax liablities		-	-	1.6	(0.1)	1.5
Provisions		0.2	0.0	-	-	0.2
Deferred consideration liability	15	-	3.1	-	-	3.1
Total current liabilities		**8.0**	**7.3**	**2.5**	**(0.1)**	**17.8**
Borrowings	13	13.3	-	-	-	13.3
Deferred tax liability	16	0.9	-	2.3	-	3.2
Finance lease liability	14	15.8	-	-	-	15.8
Provisions		0.0	-	-	-	0.0
Total non-current liabilities		**30.1**	**-**	**2.3**	**-**	**32.4**
Total liabilities		**38.1**	**7.3**	**4.8**	**(0.1)**	**50.1**
Net assets		**29.9**	**19.7**	**(3.2)**	**22.8**	**69.2**
Equity						
Issued capital	17	20.4	19.7	19.4	24.1	83.6
Reserves	18	7.6	-	(20.1)	-	(12.4)
Retained earnings / (losses)	19	1.8	-	(2.5)	(1.3)	(2.0)
Total equity		**29.9**	**19.7**	**(3.2)**	**22.8**	**69.2**

Notes.

1. Impacts of the pre-IPO capital raising: reflects the net capital raising completed by MROL in August 2016. MROL raised $19.7m (net of costs) to fund the purchase of the Acquisition Businesses (Food Source International Partnership: $2.9m; Australian Organic Holdings: $8.0m) inclusive of purchased inventory (net of inventory funded from a trade finance facility - refer Note 13). The net cash impact was $8.8m. The pre-IPO capital raise was also performed to fund development of the Dandenong packaging and warehousing facility. Capital expenditure in relation to this project has not been reflected in the pro forma balance sheet adjustments.
2. Impacts of the Restructure: reflects the impact of the proposed legal entity Restructure to be undertaken by the Group prior to the Offer. The adjustments to the pro forma balance sheet comprise the inclusion of the Sornem Entities and other implications of the Restructure.
3. Impact of the Offer: includes the envisaged primary raising of the Offer ($25.0m), the acquisition of the Acquisition Asset (Fifth Street vineyard: $10.4m) and recognition of the associated transaction costs ($2.8m). The net cash impact is $11.8m.
4. Cash and cash equivalents adjustments reflect the net cash remaining on hand after the net proceeds of the pre-IPO capital raise inclusive of payment for the Acquisition Businesses ($8.8m) and the net proceeds of the Offer inclusive of payment for the Acquisition Asset ($11.8m).
5. Trade and other receivables adjustment has been made to recognise a receivable from the Founders relating to the indemnification of legacy income tax obligations of the Sornem Entities that became wholly owned subsidiaries of the Group as part of the Restructure. Refer to Section 9.3.

6. Inventories include agricultural produce grown by Murray River Organics which are transferred from Biological assets to Inventories at the point of harvest at fair value less cost to sell in accordance with AASB 141 Agriculture. Adjustment to inventories reflects the initial recognition at fair value of inventory acquired from the respective vendors of the Acquisition Businesses as at completion date (Food Source International Partnership: $2.9m; Australian Organic Holdings: $3.7m).
7. Biological assets represent unharvested agricultural produce recognised by the stage of the growing cycle at balance date and fair value of the agricultural produce less costs to harvest and cost to sell. Upon harvest, agriculture produce harvested is transferred into Inventories at its fair value less cost to sell in accordance with AASB 141 Agriculture. Adjustment to recognise the fair value of unharvested agricultural produce on the bearer plants acquired with the Acquisition Asset. This estimate assumes the forecast fair value in December 2016 of 179 acres of table grapes less cost to harvest and costs to sell.
8. Other current assets have been adjusted to reflect the forecast GST and input tax credits in respect of transaction costs incurred in relation to the Offer and Restructure.
9. The adjustment to Property, plant and equipment reflect assets to be acquired from the Acquisition Businesses ($0.3m) and the proposed acquisition of the Acquisition Asset ($7.5m), reflecting indicative purchase price accounting allocation to each asset class. The acquisition of the Acquisition Asset includes land, bearer plants, buildings and plant & equipment.
10. Adjustments reflect the intangibles of the Acquisition Businesses. Allocation to Intangibles has been determined as part of a preliminary Purchase Price Accounting assessment performed in November 2016 by the Group which is assumed to reflect indefinite life intangibles.
11. A deferred tax asset adjustment of $0.3m has been recognised to reflect the estimated deferred tax impact of transaction costs incurred in relation to the Offer and Restructure.
12. Trade and other payables adjustments reflect the initial recognition of the fair value of the open forward currency contracts assumed from the Acquisition Businesses as at the date of transaction completion and stamp duty relating to the restructuring activities undertaken by the Group prior to the Offer.
13. Adjustment reflects a trade finance facility funding 60% of the purchased inventory of the Acquisition Businesses.
14. The finance lease liability relates to the Colignan vineyard property. The lease with Arrow Primary Infrastructure Fund provides the Group the right to harvest vine fruit and citrus from the trees owned by the lessor for the term of the lease (25 years). The term of the lease is consistent with the useful life of the bearer plants. A corresponding finance lease asset is recognised within Property, plant & equipment.
15. Deferred consideration liability has been recognised to reflect the estimated deferred consideration payable to the vendors of the Acquisition Businesses under the conditions of the respective Business Sale Agreements. The liability recognises the consideration assuming the maximum earn-out performance is achieved in relation the FY2017 trading performance of the respective businesses (Food Source International Partnership: $0.9m; Australian Organic Holdings: $2.2m). The deferred consideration is payable after completion of the FY2017 financial year.
16. An additional $2.3m of deferred tax liability has been recognised on a pro forma basis to reflect the deferred tax impacts of restructuring undertaken by the Group prior to the Offer; specifically the deferred tax impacts of recognising fair value adjustments in the MROPT.
17. Issued capital of $83.6m on a pro forma basis reflects the effects of the private capital raise ($19.7m) impacts of the Restructure ($19.4m) and the Offer ($24.1m) net of capitalised transaction costs directly associated with the capital raisings. The impacts of the Restructure reflects the recognition of the issues capital held by the Founders via the Sornem Entities at the value of the Offer Price with a corresponding amount recognised in Reserves.
18. Adjustments to equity reserves reflect the impacts of the Restructure ($19.4m) (refer note 17), the initial tax-effected recognition of the asset revaluation reserve of the property, plant & equipment held by MROPT ($2.3m) consistent with the deferred tax liability adjustment (refer Note 15) and to recognise indemnification of certain tax liabilities resulting from activities undertaken by the Sornem Entities prior to the Offer.
19. Adjustments to Retained earnings of $3.8m to recognise the impact of the Restructure undertaken by the Group prior to the Offer ($2.5m) inclusive of the retained earnings of the Sornem Entities ($1.6m) and recognition of a stamp duty liability ($1.0m) associated with the Restructure. An adjustment ($1.3m) recognises transaction costs associated with the Offer.

4.6.2 Liquidity and capital resources

In FY2014 and FY2015 Murray River Organics' primary sources of funding were contributions from the Founders and the Group's banking facilities. In FY2016, MROL undertook a private capital raising at an offer price of $1.00 per security (on a post-Restructure basis), followed subsequently by a second private capital raising in late FY2016 and early FY2017 at an offer price of $1.20 per security (on a post-Restructure basis). The first private capital raising recorded proceeds of $15.2 million and the second private capital raising recorded proceeds of $20.1 million.

Funds from the first private capital raise were largely used to acquire the plant and equipment of the Colignan vineyard in December 2015. The second private capital raise provided funds to acquire the Acquisition Businesses in September and November 2016 and to fund the development of the Dandenong packaging and warehousing facility in the first half of FY2017.

Following Completion of the Offer, Murray River Organics' principal sources of funds will be cash flows from operations, borrowings under the banking facilities (described in Section 4.6.4) and finance lease arrangements (described in Section 4.6.5). At Completion of the Offer and after payment of Offer related costs and expenses, the Company expects to have a cash position of $10.5 million and undrawn funds of approximately $3.8 million inclusive of undrawn Line of Credit Facility ($3.0 million) and undrawn Documentary Letter of Credit Facility ($0.8 million) to fund working capital, capital expenditure and other operational purposes of Murray River Organics.

Directors and management expect that the Company will have sufficient operating cash flow to fund its operational requirements and business needs in FY2017 and, together with its banking facilities and finance lease arrangements, will position the Company to grow the business in accordance with the Forecast Financial Information.

4.6.3 Indebtedness

Table 8 sets out the indebtedness of the Company as at 30 June 2016 (statutory and pro forma) and the forecast indebtedness as at 12 December 2016 following Completion of the Offer:

Table 8

$m	Notes	Statutory	Pro forma	Forecasting at Completion of the Offer
Cash and cash equivalents	1	(2.2)	(22.8)	(10.5)
Borrowings	2	15.2	18.9	23.3
Finance lease liabilities	3	17.5	17.5	18.6
Indebtedness		**30.4**	**13.5**	**31.4**

Notes

1. The difference between the statutory and pro forma cash and cash equivalents position at 30 June 2016 reflects the pro forma adjustments as set out in Table 7. The differences between cash and cash equivalents on a pro forma basis at 30 June 2016 and upon completion of the Offer reflect the anticipated operating cash flow requirements of the Group and capital expenditure project investment from 1 July 2016 up to the date of the Offer.
2. Borrowings forecast at Completion of the Offer reflects Business Markets Loans ($11.3m), Documentary Letter of Credit Facility ($7.2m) and amounts utilised under the Master Asset Finance Agreement ($4.8m).
3. The increase in finance lease liabilities anticipated at completion of the Offer from the pro forma position at 30 June 2016 reflects the forecast funding from the lessor of development projects at the Colignan vineyard. Refer Section 4.6.5.

4.6.4 Description of Banking Facilities

Members of the Group have entered into a suite of banking facilities with National Australia Bank Limited (NAB). The following material banking facilities are currently in place:

- Business Markets Loans with facility limits of $8.3 million and $3 million (maturing on 31 October 2019 and 24 April 2019 respectively) to facilitate the purchase of the Group's real property and to finance the Group's business. The $8.3 million loan attracts a variable interest rate comprising NAB's Business Lending Rate plus an agreed customer margin and the $3 million loan attracts a fixed 4.37% p.a. interest rate until the loan's maturity date.
- Line of Credit Facility with a facility limit of $3.0 million to support the short term working capital and other cash flow requirements of Murray River Organics. The facility attracts a variable interest rate comprising NAB's Business Lending Rate plus an agreed customer margin.
- Documentary Letter of Credit Facility with a facility limit of $8.0 million to support the working capital requirements of the Food Source International and Australian Organic Holdings businesses and the purchasing of produce from growers. This facility attracts a variable interest rate comprising NAB's Australian Trade Refinance rate (at the time of drawing) plus an agreed customer margin.

In addition to the above facilities, the Company has entered into a Master Asset Finance Agreement pursuant to which the Group purchases plant and equipment as required. Pursuant to this facility, the Group has entered into separate equipment loans with fixed loan repayment terms. Murray River Organics has also entered into a Bank Guarantee Facility with a limit of approximately $1.5 million for the purposes of the Colignan vineyard lease and a Foreign Exchange and Derivative Transactions Master Agreement pursuant to which the Group manages its foreign exchange requirements.

Financial Covenants

The terms of the Business Markets Loan Agreements and the Documentary Letter of Credit Facility require compliance with certain financial covenants. Failure to comply with these financial covenants will lead to an event of default under these facilities. Key financial covenants that the Group is required to comply with (amongst others) include:

- Interest cover ratio for the Company of 1.5 times measured quarterly on a twelve month rolling basis for the period ending 31 December 2016 and thereafter an interest cover ratio of 2 times measured quarterly on a twelve month rolling basis. The calculation of interest cover specifically excludes interest incurred under the Colignan vineyard finance lease commitment (refer below for further details).
- Minimum stock / debtors / inventory to working capital debt of 1.25 times (with fruit grown by the Group being excluded from the stock / inventory calculation) to be calculated monthly and confirmed 45 days after quarter end.
- Maximum dividend payout or shareholder / beneficiary loans to be of 50% of NPAT as measured for the financial year end (ending 30 June) annually for the Group.

Security Arrangements

Each of the above described banking facilities are secured. In addition to guarantees, indemnities and charges given by members of the Group, the following specific security arrangements have been entered into:

- A General Security Agreement has been entered into by MROL and by MRO Property as trustee for MROPT.
- Mortgages have been registered over the Group's real property.

Representations, warranties and undertakings

In addition to the financial covenants set out above, the banking facilities contain certain representations, undertakings and events of default. A breach of these representations or undertakings, or the occurrence of an event of default, may lead to the funds borrowed becoming due (amongst other consequences).

The events of default under the Business Markets Loan Agreements, the Line of Credit Facility and the Documentary Letter of Credit Facility are customary and include (amongst others) where the relevant Group member or a provider of security in relation to these banking facilities:

- fails to pay on time any amount due.
- fails to comply with any provision of any agreement between the Group member or security provider (as applicable) and NAB and, where that failure is remediable, it is not remedied to NAB's satisfaction within any time period required by NAB.
- gives NAB information which NAB reasonably believes to be incorrect or misleading (including by omission) in connection with any agreement between the Group member or security provider (as applicable) and NAB.
- is subject to a change in the Group member's or security provider's (as applicable) financial circumstances which, in NAB's opinion, may have a material adverse effect on that entities ability to meet its obligations to NAB.

4.6.5 Lease commitments

Table 9 summarises the Company's lease commitments as at 30 June 2016.

Table 9

$m	Notes	<1 year	1-5 years	>5 years
Finance lease commitments	1	1.6	8.5	42.7
Operating lease commitments	2	1.0	4.8	2.6

Notes

1. Non-cancellable finance lease commitment relating to the Colignan property. The leased liability is secured by the underlying leased asset which had a carrying value of $17.8m at 30 June 2016. As at the date of the Offer, the lease has a remaining term of 24 years.

2. Non-cancellable operating lease commitments in relation to property assets and short-term temporary water entitlements.

Colignan vineyard finance lease commitment

During FY2016, MROL entered into and commenced a 25-year lease of the Colignan vineyard property with Arrow Primary Infrastructure Fund. At 30 June 2016, the Colignan property finance lease had future minimum lease payments totalling $52.9 million. The finance lease is non-cancellable with an implicit interest rate of 11.3% and a remaining term of 24 years. MROL's obligations under the finance lease are secured by the lessors' title to the lease property assets.

When acquired in FY2016, the Colignan property had approximately 476 acres of wine vineyards and an additional approximately 468 acres of arable vacant land. In FY2016, Murray River Organics commenced converting the wine acreage to organic dried vine fruit vines. Murray River Organics also intends to plant organic dried fruit vines on the approximately 468 acres of arable vacant land suitable for greenfield development during FY2017.

The forecast capital expenditure of the wine acreage conversion project is $4.9 million, of which $2.8 million will be funded by the lessor (Arrow Primary Infrastructure Fund) (interest rate: 10.0%). In FY2017, $2.5 million of capital expenditure is forecast to be invested in this project, with 61% of this funded by the lessor. The remaining capital expenditure of $2.4 million is expected to be invested in FY2018.

The forecast capital expenditure of the greenfield development project is $8.3 million, of which $6.5 million is anticipated to be funded by the lessor (forecast interest rate: 9.25%). As at the date of the Original Prospectus, the Company has not formally committed to a funding arrangement for this greenfield development project. In FY2017, $4.2 million of capital expenditure is forecast to be invested in this project, with 100% of this funded by the lessor. The remaining capital expenditure is expected to be incurred in FY2018 ($3.2 million) and FY2019 ($0.9 million).

Non-cancellable operating lease commitments

The Company's non-cancellable operating leases relate to property assets (other than the Colignan vineyard) and short term temporary water entitlements.

4.6.6 Contingent liabilities

Murray River Organics provides bank guarantees in relation to third party grower's contracts and leased properties. As at 30 June 2016, these guarantees totalled $1.7 million.

4.7 Management discussion and analysis of the pro forma historical financial information.

General factors affecting the operating results of the Company

A discussion of the general factors that have affected Murray River Organics operating and financial performance in FY2014, FY2015 and FY2016 and which the Directors expect may continue to affect operating and financial performance in the future is set out below.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected Murray River Organics historical operating and financial performance, or everything that may affect Murray River Organics operating and financial performance in the future.

The information in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.7.1 Revenue

Revenue is primarily impacted by three key drivers, namely:

- vineyard portfolio expansion and yields;
- access to global markets; and
- demand trends of Australian supermarkets and end consumers.

Vineyard portfolio expansion and yields

Murray River Organics' acquisition or lease of new vineyards as well as the development of vineyards on previously unplanted land has provided more available volume to sell. The lease of the Colignan vineyard in December 2015 has been central to the expansion with an additional 1,242 acres under vine resulting from this lease.

Murray River Organics' conversion of wine varietal vines to dried fruit varietals at recently acquired or leased vineyards and the associated four year vine maturity profile has further contributed to increasing yield volumes in the FY2014 to FY2016 period.

This expansion and conversion is evidenced in the FY2016 dried fruit volume offtake of 2,989 tonnes relative to 1,803 tonnes in FY2015 and 1,146 tonnes in FY2014.

Refer to Sections 3.1 and 3.2 for information regarding Murray River Organics' growth and development of vineyard assets.

Weather conditions influence the success of the dried vine and fresh vine fruit supply. Availability of supply is also influenced by rainfall, water supply, yields, pests and diseases and farming economics. In 2014, Murray River Organics experienced a hail event which impacted the FY2014 and FY2015 supply of dried vine fruit.

Access to global markets

Murray River Organics services customers globally that can broadly be segmented into three categories:

1. the industrial market which comprises food processors who use dried vine fruit in bakery products, cereal products and confectionery;
2. food service channels and specialty and natural food distributors; and
3. the retail market, which comprises supermarkets and organic food stores.

Murray River Organics employs marketing and sales strategies through a sales representative located in Europe (commenced in January 2016) and senior sales and marketing management in Australia.

Demand trends of Australian supermarkets and end consumers

Consumer demand for Murray River Organics food products depends on a variety of factors including:

- demand trends for organic produce of the end consumer;
- the ability of the Company to secure shelf space with Australian supermarkets; and
- the influences of supermarket growth and store footprint in Australia.

4.7.2 Fair value of agricultural produce

The fair value gain on agricultural produce represents the fair value of the current year yield (net of costs to sell), less directly attributable costs incurred at the vineyards.

The fair value gain on agricultural produce is influenced by:

- the number of acres under vine, with reference to the vineyard portfolio expansion undertaken by Murray River Organics in recent years (refer Sections 4.7.1 and 3);
- the maturity profile of the vines (and implied offtake volume per acre) reflecting the conversion to dried vine fruit varietals undertaken by Murray River Organics; and
- the produce mix grown by Murray River Organics in each season. In particular, dried vine clusters have a significantly higher fair value relative to dried vine bulk loose berries on a comparative basis per tonne.

Directly attributable vineyard costs, such as organic fertilisers, water and farm labour, form part of the costs of growing the agricultural produce. Vineyard costs include fixed and variable components. As an example of variable costs, fertiliser as an input price for production are influenced by weather conditions and the volume of fertiliser required reflects the number of acres under vine. These expenses have historically increased with the growth in Murray River Organics farming activities. Vineyard costs associated with harvesting the dried fruit are expensed as incurred and recognised in the raw materials, finished goods consumed and change in finished goods and work in progress expense in the statement of profit or loss.

4.7.3 Expenses

Raw materials, finished goods consumed and change in finished goods and work in progress

Vine dried fruit and fresh table grapes: includes the cost of raw materials and finished goods consumed in farming, harvesting and packing activities. The harvesting and packing costs are predominantly variable in nature based on acres under vine and volumes sold respectively.

Acquisition Businesses: includes the third party cost of raw materials and other inventory related costs. These costs are predominately influenced by product mix (e.g. quinoa, coconut, rice, nuts, grains, and others), commodity prices, and foreign exchange translation as the majority of these products are procured in trading currencies other than the Australian dollar.

Employee benefit expenses

Employee benefit expenses represent salaries and wages, variable staff incentives and other staff-related costs for indirect permanent and casual employees (employee benefits of direct vineyard labour is recognised in agricultural produce as described in section). The key drivers of this expense category are the level of business activity (influencing headcount) and remuneration adjustments.

Other operating expenses

Other operating expenses include occupancy, insurance, freight, repairs and maintenance, marketing, finance, information technology, professional expenses, costs incurred in maintaining organic certification and other general administrative costs. Freight costs are influenced by fuel prices and the volume of products sold.

The pro forma historical results include the Company's estimate of the incremental annual costs that the Company will incur as a listed company.

Depreciation

Depreciation expense comprises depreciation of property, plant and equipment and has increased in line with the expansion of the Company's productive depreciable asset base.

Finance costs

Interest and related fees on borrowings reflect costs associated with the historical borrowing arrangements and funding levels of Murray River Organics. Finance lease interest expense reflects the existing finance lease arrangement of the Colignan vineyard, which commenced in December 2015.

A portion of the Colignan vineyard in FY2016 had 476 acres of vines were designated as developing or immature. Accordingly, $0.3 million of the FY2016 finance lease interest expense, being a proportionate amount of the vineyard portfolio under development, was capitalised.

Capitalisation of immature vineyard costs

Direct farming costs associated with immature vineyards and conversion projects, such as fertiliser, water and farm labour form part of the carrying value of Murray River Organics' bearer plant assets. Capitalised expenditure in FY2016 was $2.1 million.

4.7.4 Change in working capital

Working capital is the total current receivables, inventories, biological assets and other assets, payables and current provisions. Change in working capital has been primarily influenced by the recognition of agricultural produce at fair value in inventory and the expanding scale of the vineyard operations increasing the investment in trade receivables.

4.7.5 Capital expenditure

Maintenance capital expenditure

Maintenance capital expenditure is expenditure that is undertaken to sustain current revenues and profits and typically includes expenditure on farm equipment, IT maintenance, occupational health and safety improvements, and quality requirements.

Vineyard acquisition and development capital expenditure

Vineyard acquisition and development capital expenditure relates to expenditure for:

- vineyard acquisitions – whereby Murray River Organics purchases new land (containing existing vineyards or available land for development);
- converting existing vineyards – whereby Murray River Organics converts an existing vineyard (typically a wine grape varietal) to a dried fruit grape variety; and
- ongoing development when vines are immature – directly attributable costs associated with growing the vine from an immature phase to maturity.

Other productivity and growth capital expenditure

Other productivity and growth capital expenditure is expenditure that is undertaken in the interest of increasing revenues and profits. This is achieved through the expansion of operations and capacity to support the future growth in the business and to drive process improvements and efficiencies.

4.7.6 Pro forma historical statement of profit or loss: FY2015 compared to FY2014

Table 10 sets out the pro forma historical statement of profit or loss for FY2014 and FY2015.

Table 10

	Pro forma historical			
$m	FY2014	FY2015	Change	Change %
Revenue	2.3	7.8	5.5	243%
Other Income	1.1	2.3	1.1	99%
Fair value of agricultural produce	3.2	2.7	(0.4)	(13%)
Raw materials, finished goods consumed and change in finished goods and work in progress	(5.7)	(5.8)	(0.0)	1%
Employee benefits expense	(2.0)	(3.1)	(1.1)	53%
Other operating expenses	(2.0)	(3.5)	(1.5)	73%
EBITDA	**(3.2)**	**0.5**	**3.7**	**114%**
Depreciation	(0.5)	(1.0)	(0.4)	82%
EBIT	**(3.8)**	**(0.5)**	**3.2**	**86%**
Finance costs	(0.0)	(0.5)	(0.5)	1,184%
Profit Before Tax	**(3.8)**	**(1.1)**	**2.7**	**72%**

4.7.6.1 Revenue

Murray River Organics' revenue increased by $5.5 million, or 243%, from $2.3 million in FY2014 to $7.8 million in FY2015, reflecting an incremental inventory available, an expanding industrial market customer base and the launch of retail product lines of the Vine Fruit and Citrus Business.

The increase in product available to sell in FY2015 reflected the increase in dried vine fruit harvest from FY2013 to FY2014, of 437 tonnes to 1,146 tonnes. The acquisition of 'Merbein Pomona', 'Merbein Wargan' and 'Merbein Yelta' vineyards totalling 265 acres, and an additional 153 acres of existing vineyards that commenced producing fruit in FY2014 were key contributors to the increased size of the FY2014 harvest. The dried vine fruit harvest also increased to 1,803 tonnes in FY2015. This was available for sale from the fourth quarter of FY2015.

Sales by region increased as follows:

- North America: increased from $0.2 million in FY2014 to $2.2 million in FY2015;
- Europe: increased from $0.1 million in FY2014 to $0.9 million in FY2015; and
- Australia: increased from $0.8 million in FY2014 to $2.0 million in FY2015.

The launch of the Company's retail products into supermarkets in FY2015 aided retail sales, which increased from $0.1 million in FY2014 to $0.7 million in FY2015.

In FY2015, citrus sales were $0.4 million (FY2014: $0.2 million).

4.7.6.2 Other income

The increase in other income of $1.1 million in FY2015 related to R&D tax offset refunds of $1.3 million (FY2014: $1.1 million) and insurance proceeds from a hail event at the Gol Gol vineyard, resulting in proceeds of $0.7 million.

4.7.6.3 Fair value of agricultural produce

Fair value of agricultural produce decreased by $0.4 million or 13%, from $3.2 million in FY2014 to $2.7 million in FY2015. This was primarily due to a reduction in Clusters produced in FY2015 compared to FY2014, being approximately 180 tonnes produced in FY2014 compared with 51 tonnes in FY2015. At 30 June 2015 the fair value of Clusters ($8,000 per tonne) was higher than loose berries ($3,300 per tonne).

4.7.6.4 Raw materials, finished goods consumed and change in finished goods and work in progress

Raw materials, finished goods consumed and change in finished goods and work in progress remained, on a gross basis, relatively consistent across FY2014 ($5.7 million) and FY2015 ($5.8 million). In FY2014, Murray River Organics incurred vineyard development costs associated with Murray River Organics' vine conversion and improvement practices that were not deemed to meet the required capitalisation criteria for accounting purposes.

4.7.6.5 Employee benefit expenses

Employee benefit expenses increased by $1.1 million, or 53%, from $2.0 million in FY2014 to $3.1 million in FY2015 reflecting the growth of the business and indirect employees in addition to salary indexation.

4.7.6.6 Other operating expenses

Other operating expenses increased by $1.5 million, or 73% from $2.0 million in FY2014 to $3.5 million in FY2015 reflecting the growth of the business, notably repairs and maintenance ($0.5 million) and general administration expenses.

4.7.6.7 EBITDA

EBITDA increased by $3.7 million, or 114%, from $(3.2) million in FY2014 to $0.5 million in FY2015. This growth is mainly attributable to the increased sales outlined in Section 4.7.6.1.

4.7.6.8 Depreciation and amortisation

Depreciation increased by $0.4 million, or 82%, from $0.5 million in FY2014 to $1.0 million in FY2015, reflecting vineyard acquisition and development and other productivity and growth capital expenditure invested in FY2014 and FY2015, outlined in Section 4.7.7.

4.7.6.9 Finance costs

Net interest increased by $0.5 million due to increased borrowings ($13.1 million) used to fund capital expenditure projects outlined in Section 4.7.7.

4.7.6.10 Profit before tax

Profit before tax increased by $2.7 million, or 72%, from $(3.8) million in FY2014 to $(1.1) million in FY2015.

4.7.7 Pro forma historical summarised statement of cash flows: FY2015 compared to FY2014

Table 11 sets out the pro forma historical summarised statement of cash flows for FY2014 and FY2015.

Table 11

	Pro forma historical	
$m	FY2014	FY2015
EBITDA	**(3.2)**	**0.5**
Add back non-cash costs recorded in EBITDA	-	-
Change in working capital	(0.2)	(2.5)
Maintenance capital expenditure	(0.8)	(0.8)
Net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure	**(4.2)**	**(2.8)**
Vineyard acquisition and development capital expenditure	(2.6)	(5.2)
Net cash flows from operations before other productivity and growth capital expenditure	**(6.9)**	**(7.9)**
Other productivity and growth capital expenditure	(0.8)	(0.2)
Net cash flows from operations before financing and taxation	**(7.7)**	**(8.1)**

4.7.7.1 Operating cash flow before interest and tax

The Company's operating cash flows in FY2014 and FY2015 were negative, reflecting the continued investment in acquiring and developing vineyards and other growth capital expenditure projects and increased investment in working capital.

4.7.7.2 Change in working capital

Working capital increased by $2.5 million reflecting an increase in inventory ($2.5 million) increased trade and other receivables ($0.9 million) were largely offset by additional trade and other payables ($0.8 million). Other elements of working capital remained relatively stable in FY2015.

4.7.7.3 Capital expenditure

Maintenance capital expenditure remained consistent across FY2014 and FY2015.

Vineyard acquisition and development capital expenditure increased by $2.6 million reflecting the purchase and development of the 'Yatpool West' vineyard ($4.8 million).

Productivity and growth capital expenditure decreased by $0.6 million in FY2015 as the development of the Mourquong processing facility (total project cost of $1.4 million) was substantially complete in FY2014. The Mourquong facility is a food grade bulk dried fruit and Cluster processing and packing facility.

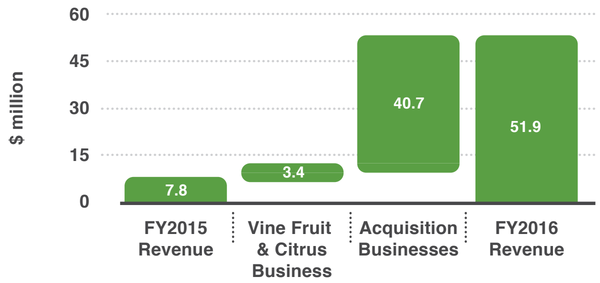
4.7.8 Pro forma historical statement of profit or loss: FY2016 compared to FY2015

Table 12 sets out the pro forma historical statement of profit or loss for FY2015 and FY2016.

Table 12

	Pro forma historical			
$m	FY2015	FY2016	Change	Change %
Revenue	7.8	51.9	44.1	564
Other Income	2.3	0.9	(1.3)	(60%)
Fair value of agricultural produce	2.7	6.4	3.7	133%
Raw materials, finished goods consumed and change in finished goods and work in progress	(5.8)	(38.2)	(32.4)	561%
Employee benefits expense	(3.1)	(5.4)	(2.3)	75%
Other operating expenses	(3.5)	(7.1)	(3.6)	104%
EBITDA	**0.5**	**8.5**	**8.0**	**1754%**
Depreciation	(1.0)	(2.1)	(1.1)	111%
EBIT	**(0.5)**	**6.4**	**6.9**	**1294%**
Finance costs	(0.5)	(1.6)	(1.1)	203%
Profit Before Tax	**(1.1)**	**4.8**	**5.9**	**553%**

4.7.8.1 Revenue



Murray River Organics' revenue increased by $44.1 million, or 564%, from $7.8 million in FY2015 to $51.9 million in FY2016, largely reflecting the addition of the Acquisition Businesses.

Acquisition Businesses

The Acquisition Businesses contributed revenue of $40.7 million reflecting sales to major supermarkets and bulk wholesalers in Australia, primarily of nut, quinoa, coconut oil and rice products.

Vine Fruit and Citrus Business

Vine Fruit and Citrus Business revenue increased by $3.4 million from $7.8 million in FY2015 to $11.2 million in FY2016 driven by overseas sales, particularly in Europe ($3.6 million) and North America ($2.3 million), following the introduction of a dedicated sales representative in the northern hemisphere in January 2016 and the sell-through of the FY2015 harvest (1,803 tonnes; FY2014: 1,146 tonnes).

Retail sales decreased in FY2016 from $0.7 million in FY2015 to $0.4 million in FY2016 due to decreased brand marketing and the loss of a key customer in Australia.

In FY2016, citrus sales were $0.7 million (FY2015: $0.4 million).

4.7.8.2 Other income

Other income in FY2016 related to insurance proceeds of $0.9 million relating to inventory damaged by fire.

4.7.8.3 Fair value of agricultural produce

Fair value of agricultural produce increased by $3.7 million or 133%, from $2.7 million in FY2015 to $6.4 million in FY2016, reflecting the increase in scale of the vineyard portfolio and harvest from FY2015 (1,803 tonnes) to FY2016 (2,988 tonnes). The increase in acres under vine was mainly due to Murray River Organics receiving its first harvest from the Colignan vineyard, leased in December 2015. The fair value of agricultural produce is also impacted by the mix of produce grown between loose berries and Clusters. In FY2016, the Clusters volume harvested was 184 tonnes (FY2015: 51 tonnes). At 30 June 2016, the fair value of Clusters was $13,780 per tonne relative to loose berries of $2,910 per tonne.

4.7.8.4 Raw materials, finished goods consumed and change in finished goods and work in progress

Raw materials, finished goods consumed and change in finished goods and work in progress increased by $32.4 million in FY2016 or 561% from $5.8 million in FY2015 to $38.2 million in FY2016. This increase largely reflects the addition of the Acquisition Businesses ($32.3 million) and incremental cost of sales associated with the Vine Fruit and Citrus Business.

Raw materials, finished goods consumed and change in finished goods and work in progress for the Acquisition Businesses was 81% of FY2016 sales.

4.7.8.5 Employee benefit expenses

Employee benefit expenses increased by $2.3 million, or 75%, from $3.1 million in FY2015 to $5.4 million in FY2016. This increase reflects the addition of the Acquisition Businesses ($1.4 million) as well as the growth in Vine Fruit and Citrus Business indirect employee numbers and indexation.

4.7.8.6 Other operating expenses

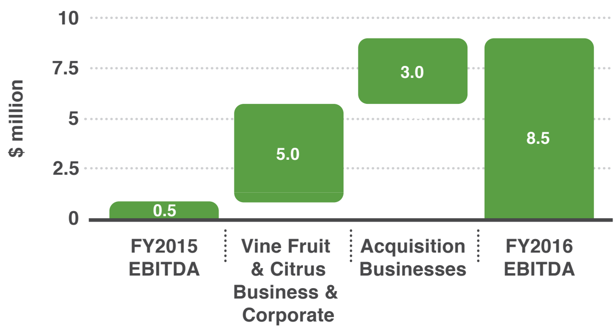
Other operating expenses increased by $3.6 million, or 104%, from $3.5 million in FY2015 to $7.1 million in FY2016. This increase largely reflects the addition of the Acquisition Businesses ($3.4 million), as well as the growth of the Vine Fruit and Citrus Business, notably utilities ($0.9 million) and general administration expenses ($1.8 million).

Other operating expenses of the Acquisition Businesses includes freight, advertising and promotion expenses.

4.7.8.7 EBITDA

The chart below illustrates the bridge from the pro forma historical EBITDA of Murray River Organics for FY2015 to FY2016 and identifies the contributions from the Vine Fruit and Citrus Business and the Acquisition Businesses for FY2016.

EBITDA increased by $8.0 million from $0.5 million in FY2015 to $8.5 million in FY2016. This growth is mainly attributable to the contribution of the Acquisition Businesses and the contribution of fair value of agricultural produce harvested in FY2016 of the Vine Fruit and Citrus Business, outlined in Section 4.7.7.3.



4.7.8.8 Depreciation

Depreciation increased by $1.1 million, or 111%, from $1.0 million in FY2015 to $2.1 million in FY2016 reflecting the Colignan vineyard finance lease asset ($0.4 million) and the acquisition of various farm equipment.

4.7.8.9 Finance costs

Finance costs increased by $1.1 million, or 203% from $0.5 million in FY2015 to $1.6 million in FY2016. This reflects an increase in borrowings relating to new equipment and business loans ($0.5 million), six months of the finance lease on the Colignan vineyard ($0.9 million) and the trade finance facility utilisation to fund inventory purchases of the Acquisition Businesses ($0.2 million).

In addition to the finance costs recorded in the statement of profit or loss, the Company incurred $0.3 million of finance lease costs which were capitalised, associated with the developing vine acreage of the portfolio on a proportional basis.

4.7.8.10 Profit before tax

Profit before tax increased by $5.9 million from $(1.1) million in FY2015 to $4.8 million in FY2016.

4.7.9 Pro forma historical summarised statement of cash flows: FY2016 compared to FY2015

Table 13 sets out the pro forma historical summarised statement of cash flows for FY2015 and FY2016.

Table 13

	Pro forma historical	
$m	FY2015	FY2016
EBITDA	**0.5**	**8.5**
Add back non-cash costs recorded in EBITDA	-	0.2
Change in working capital	(2.5)	(13.2)
Maintenance capital expenditure	(0.8)	(1.8)
Net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure	**(2.8)**	**(6.8)**
Vineyard acquisition and development capital expenditure	(5.2)	(5.2)
Net cash flows from operations before other productivity and growth capital expenditure	**(7.9)**	**(12.0)**
Other productivity and growth capital expenditure	(0.2)	(6.2)
Net cash flows from operations before financing and taxation	**(8.1)**	**(18.2)**

4.7.9.1 Operating cash flow before interestand tax

Murray River Organics' operating cash flows were negative in FY2015 and FY2016, reflecting the continued investment in acquiring and developing vineyards and other growth capital expenditure projects and investment in working capital, particularly the holdings of dried fruit inventory.

4.7.9.2 Change in working capital

Working capital increased by $13.2 million, largely driven by:

- an increase in inventory ($11.2 million), including:
  - incremental inventory from the Acquisition Businesses of $4.7 million to $10.2 million at 30 June 2016 attributable to the organic growth of the businesses during FY2016; and
  - increased inventory from the Vine Fruit and Citrus Business of $6.5 million. At 30 June 2016, 2,989 tonnes and 373 tonnes of bulk loose berries and Clusters were held respectively (30 June 2015: 533 tonnes and 290 tonnes);
- an increase in unharvested agricultural produce (30 June 2016: $0.6 million; 30 June 2015: $nil); and
- an increase in trade and other receivables ($3.4 million), partially offset by additional trade and other payables ($2.7 million).

Other elements of working capital remained relatively stable in FY2016.

4.7.9.3 Capital expenditure

Maintenance capital expenditure increased by $1.0 million in FY2016, reflecting additional maintenance from ongoing equipment replacement notably vineyard tractors inclusive of six months lease of the Colignan vineyard.

Vineyard acquisition and development capital expenditure in FY2016 of $5.2 million was consistent with FY2015. Key expenditure related to the acquisition of the 'Merbein Shaw' vineyard, comprising of 55 acres, 29 of which was planted with dried fruit varietals ($0.6 million), and conversion works at the Gol Gol, Yatpool and Colignan vineyards ($0.9 million, $1.8 million and $0.8 million respectively). The conversion projects involved converting existing wine grape varieties into dried fruit varieties.

Productivity and growth capex projects increased by $6.0 million, driven by the acquisition of the Mildura (Walnut Avenue) cool room and freezer facility ($1.1 million), development of the Mourquong processing facility including purchases of new equipment and expansion of the facility ($3.8 million). Preliminary capital expenditure in relation to the retail packaging and warehousing facility in Dandenong was also incurred in FY2016 ($0.3 million).

4.8 Management discussion and analysis of the pro forma forecast financial information.

General

The basis of preparation of the Forecast Financial Information is detailed in Section 4.2.5. This Section 4.8.1 describes the general assumptions and specific assumptions adopted in preparing the Forecast Financial Information.

4.8.1 General assumptions

The following general best estimate assumptions have been used in the preparation of the Forecast Financial Information:

- no material change in the competitive environment in which Murray River Organics operates;
- no significant deviation from current market expectations of Australian and international economic conditions under which Murray River Organics and its key customers operate;
- no major weather or climatic events that may materially impact on the operations of Murray River Organics;
- no significant change in the global or local Australian economic conditions relevant to Murray River Organics;
- no material changes in government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Murray River Organics;
- no significant change in exchange rates between the Australian dollar and key foreign currencies, such as the US dollar, in which Murray River Organics conducts trading transactions;
- no significant changes to interest rates in Australia;
- no material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act, which have a material effect on Murray River Organics' financial performance, financial position, accounting policies, financial reporting or disclosure;
- no material business or assets acquisitions, investments or disposals (other than those acquisitions specifically set out in Sections 4.2.2 and 4.2.3);

- no material industrial strikes or other disturbances, environmental costs or legal claims;
- retention of key personnel. It is also assumed that Murray River Organics maintains its ability to recruit and retain the personnel required to support future growth;
- no change in the Company's capital structure other than as set out in, or contemplated by, this Prospectus;
- no material amendment to any material agreement or arrangement relating to the Company's businesses other than as set out in, or contemplated by, this Prospectus;
- no material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
- none of the risks listed in Section 5 have a material adverse impact on the business and operational performance of the Group; and
- Completion of the Offer occurs in accordance with the timetable set out in Key Dates on page 7 of this Prospectus.

4.8.2 Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information in respect of FY2017 is set out below.

4.8.2.1 Revenue

Vineyard portfolio yields

The supply of dried vine fruit and fresh table grapes reflects the following assumptions:

- FY2016 dried vine fruit harvested volume expected to sell through in FY2017 (FY2016 harvest: 2,989 tonnes; FY2015: 1,803 tonnes);
- increase in yields as vines continue to mature including an additional 114 acres of existing vineyards producing fruit in FY2017 with assumed FY2017 dried vine fruit harvest volume of 4,202 tonnes becoming available for sale in the fourth quarter of FY2017; and
- the Acquisition Asset comprising of approximately 179 acres, or 1,750 tonnes of fresh table grapes (Menindee and Crimson varieties). The yield and revenue assumptions of the Acquisition Asset have been developed based on the commercial and agronomy due diligence undertaken by the Company. The FY2017 yield assumption is consistent with the FY2016 yield. The FY2017 fresh table grape sales has assumed above long-term trend pricing to reflect constrained supply of Australian fresh table grapes due to unfavourable growing conditions experienced early in the season in Queensland and New South Wales growing regions. The FY2017 fresh table grape pricing assumption represents a premium of approximately 10% - 15% above Murray River Organics view of long-term trend pricing. The FY2017 fresh table grape pricing assumption is reflective of customer communications and market soundings at the time of preparation of the Forecast Financial Information. As noted in Section 3.2.2 Fifth Street Vineyard, in future periods Murray River Organics may elect to use the Acquisition Asset yield for Cluster products should fresh table grape prices substantially decline relative to current market prices.

Access to global markets

FY2017 forecast revenue assumes continued expansion into the European, North American, Asian and Australian markets of Murray River Organics' dried vine fruit products and the introduction of fresh table grapes from the Acquisition Asset. In FY2017, the Company is anticipating the expansion of sales to largely reflect demands from industrial market customers. This is supported by the introduction of dedicated in-country sales representatives for the North American (commencing November 2016) and North Asia (December 2016) regions.

Demand trends of Australian supermarkets and end consumers

The Acquisition Businesses forecast revenue assumptions have been developed with reference to product lines with major Australian supermarkets and sales to other wholesale customers. Growth assumptions with supermarkets reflects the introduction of new product lines and organic growth of existing product lines to the supermarkets. Sales to other wholesale customers are anticipated to remain stable relative to FY2016.

Seasonality

In FY2017 dried vine fruit and fresh table grape sales assumptions are weighted towards the second half of the financial year reflecting the timing of the growing season, expected seasonal demand trends of customers and the introduction of in-country sales representatives in North America and North Asia in the first half of the financial year.

4.8.2.2 Fair value of agricultural produce

Harvest yield in FY2017 has been developed with reference to vineyard acreage, the current maturity profile of vines, and produce categories (dried vine fruit bulk, dried vine fruit Clusters, fresh table grapes and citrus). The forecast fair value per tonne of agricultural produce is assumed consistent with the actual fair value recorded in FY2016.

Directly attributable vineyard costs, such as fertilisers, water and utilities and farm labour, form part of the cost of agricultural produce. These costs have been forecast on an acreage or anticipated harvest volume basis. Directly attributable vineyard costs of the Acquisition Asset have been forecast with reference to the acreage, anticipated harvest volume and directly attributable vineyard costs of comparable vineyards in the Company's existing vineyard portfolio, which employ the Company's current agronomy program..

The vine fruit growing season commences in September through until February with varietal variations within this period with harvest from December to May. The fair value of agricultural produce is incrementally recognised over the course of the growing season and harvest period.

4.8.2.3 Expenses

Raw materials, finished goods consumed and change in finished goods and work in progress

Raw materials, finished goods consumed and change in finished goods and work in progress includes the cost of raw materials and conventional dried vine fruit purchased from third parties and direct costs incurred in harvesting and packing activities. These costs have been forecast with reference to anticipated harvest volumes and forecast volume sales.

The cost of commodities procured from external sources, such as nuts, quinoa and coconut oil, have been forecast with reference to open purchase orders in place at the time of forecast preparation. Foreign currency translation in relation to these purchase orders has also been forecast with reference to forward foreign exchange contracts in place at the time of forecast preparation.

Employee benefit expenses

Employee benefits represents salaries and wages, performance incentives and other staff-related costs for permanent and casual employees whom are engaged in non-farming activities. The key drivers of this expense category is the level of business activity and salary remuneration indexation.

The forecast employee benefits expense has been assumed by identification and cost estimate of each non-vineyard role within the Group.

Direct costs relating to permanent, casual and subcontracted staff engaged in vineyard activities form part of the cost of agricultural produce, and are subsequently recognised in 'Raw materials, finished goods consumed and change in finished goods and work in progress' when the associated product is sold.

Other operating expenses include:

- occupancy;
- insurance;
- freight;
- repairs and maintenance;
- marketing;
- information technology;
- professional fees; and
- other general administrative costs.

Other operating expenses have been forecast with reference to specific assumptions including:

- lease terms for occupancy costs
- volume and transport rates for freight costs; and
- historical trends and expectations FY2017 requirements for insurance, marketing, repairs and maintenance, information technology and professional fee costs.

The pro forma forecast results include the Company's estimate of the incremental annual costs that the Company will incur as a listed company.

Depreciation

Depreciation expense comprises depreciation of property, plant and equipment. The FY2017 depreciation expense profile assumes the Company's the opening balance of property, plant and equipment and timing of capitalisation of FY2017 capital projects applying FY2016 depreciation rates by asset class.

Finance costs

Interest and related fees has been assumed reflecting a stable level of senior debt borrowings during FY2017 ($11.0 million). Murray River Organics has assumed the utilisation of a trade finance facility to fund the procurement of raw material purchases of the Acquisition Businesses and the purchase of conventional dried vine fruit from third party growers.

Finance lease interest expense reflects the profile of the Colignan vineyard property finance lease. A proportional amount of this expense is assumed to be capitalised reflecting the developing vine acreage at the Colignan vineyard.

A conversion project of wine grape varieties to dried fruit varieties (476 acres) at the Colignan vineyard commenced in FY2016 and is being funded by the lessor. In FY2017, the associated $0.9 million of the lease interest costs are assumed to be capitalised reflecting Murray River Organics' policy to capitalise costs directly associated with the development of immature vines.

A greenfield project to plant 469 acres of vacant arable land to dried fruit vines at the Colignan vineyard, is anticipated to commence in FY2017 and is assumed to be funded by the lessor. In FY2017, the associated $0.3 million of the lease interest costs are assumed to be capitalised reflecting the Company's policy to capitalise costs directly associated with the development of immature vines.

Taxation

In FY2017, the pro forma effective income tax expense rate is forecast to be approximately 32% reflecting the Australian statutory corporate tax expense rate of 30% adjusted for the accounting expense associated with the LTI Plan being non-deductible for Australian income tax purposes. This differs substantially to the forecast FY2017 statutory income tax expense rate of approximately 100% due to the forecast FY2017 statutory results including a number of forecast non-deductible accounting expenses and reflecting the expected income tax impact of the transaction costs associated with the Offer and the Restructure.

The Group's FY2017 pro forma and statutory income tax expense rate assumes the rate is based only on the current Australian statutory corporate tax rate of 30%. As the Group expands internationally and increases the activities performed in countries outside of Australia, this may or is likely to result in the Group being subject to tax laws in jurisdictions outside of Australia (such as in Europe, the United States, Japan and China). This may, or is likely to, result in the Company and/or the Group having increased tax liabilities and obligations outside of Australia in FY2017 and subsequent financial years and the Company and/or Group having an effective income tax rate that differs from the Australia corporate tax rate of 30% in FY2017 and subsequent financial years. The extent to which it differs from 30% will depend on the corporate tax rates in the relevant foreign jurisdictions in which the Company and/or Group operates and/or performs activities.

As at the date of the Prospectus, the Company and the Group are not an Australian income tax consolidated group. The Company and the Group may form a new Australian income tax consolidated group with effect from before Completion of the Offer. Formation of an income tax consolidated group would result in the tax base of various assets and liabilities being reset for income tax purposes. The Forecast Financial Information does not incorporate any adjustments to the Company and/or Group's tax bases that may result from income tax consolidation (i.e. it assumes the Company and Group remain unconsolidated for income tax purposes). A full assessment of the income tax consolidation implications will be completed following Completion of the Offer and the Company will make a choice at that time whether it is in the best interests of the Company and Group to form an income tax consolidated group. To the extent an income tax consolidated group is ultimately formed and this adjusts the tax bases of the Company and Group's assets and liabilities, the impact will be ultimately reflected in the Company and Group's FY2017 statutory results. It is, however, the Company and Group's intention not to form an income tax consolidated group to the extent that it results in material adverse financial impacts to the Group.

Statutory and pro forma forecast income tax paid for FY2017 assumes the Company and Group will have FY2017 statutory and pro forma nil taxable income or tax losses due to the Group's carried forward tax losses / deductions as at 30 June 2016 and forecast statutory and pro forma taxable income for FY2017. This result differs materially from the statutory and pro forma FY2017 income tax expense on the basis that the Company and Group will elect not to be effectively taxed in FY2017 on the FY2017 fair value increase of agricultural produce (this FY2017 fair value increase will be effectively brought to tax in FY2018 as the Group's stock is sold).

The Restructure in preparation for the Offer resulted in a prima facie stamp duty liability to the Company of approximately $1.0 million (expected to be payable in FY2018). This has been reflected in the FY2017 statutory results. The Company is in the process of seeking relief from this stamp duty liability; the relief is not automatic and requires the relevant State Revenue Office (SRO) to provide its approval. Initial approval has been granted by the SRO subject to relevant conditions, some of which may not be able to be satisfied by the Company and Group. As at the date of the Prospectus, obtaining this stamp duty relief cannot be guaranteed. To the extent that this relief is ultimately obtained, the ultimate FY2017 statutory results (and the Company and Group's associated cash flows) will change to reflect this outcome.

4.8.2.4 Change in working capital

Working capital comprises current receivables, inventories, biological assets and other assets, payables and current provisions. Change in working capital is anticipated to be influenced by movements in biological assets, inventory and trade receivable associated with the FY2017 harvest and FY2017 sales.

Trading terms with customers and suppliers are forecast to remain in line with historical trends.

4.8.2.5 Capital expenditure

Maintenance capital expenditure

Maintenance capital expenditure is expenditure that is undertaken to sustain current revenues and profits. Maintenance capital expenditure is assumed to include expenditure on farm equipment, IT maintenance, occupational health and safety improvements and quality requirements.

Vineyard acquisition and development capital expenditure

Vineyard acquisition and development capital expenditure relates to expenditure for:

- vineyard acquisitions – whereby Murray River Organics purchases new land (containing existing vineyards or available land for development);
- converting existing vineyards – whereby Murray River Organics converts an existing vineyard (typically a wine grape varietal) to a dried fruit grape variety through an established grafting process; and
- ongoing development when vines are immature – costs associated with growing the vine to maturity.

Key 'vineyard acquisition and development' capital expenditure projects assumed in FY2017 include:

- the Asset Acquisition (refer to Section 4 2.3);
- a wine acreage conversion project involving the conversion of 476 acres of wine grape varieties to dried fruit varieties at the Colignan vineyard; and
- a greenfield vineyard development project involving the planting of 469 acres of vacant arable land to dried fruit varieties at the Colignan vineyard.

Other productivity and growth capital expenditure

Other productivity and growth capital expenditure is expenditure that is undertaken in the interest of increasing revenues and profits through expansion of operations and capacity to support the future growth in the business and drive process improvements and efficiencies.

Key 'Other productivity and growth' capital projects assumed in FY2017 include:

- processing facility consolidation: consolidation of the Company's Mourquong (and surrounding areas) warehousing and processing facilities into one centralised location. The consolidation into one facility is anticipated by the Company to derive operating efficiencies in future periods. The divestment of existing facility locations is anticipated by management beyond the FY2017 period; and
- retail packaging and storage facility: the assembly and fit out of the Murray River Organics' retail packaging facility in South East Melbourne and relocation of the Company's head office at the site. The packing of retail produce sold by the Acquisition Businesses is assumed to be all performed by the Company's facility in Dandenong from 1 January 2017. The Acquisition Businesses currently perform retail packing from a legacy facility in Sydney (assumed to be exited by 31 December 2016) and third party providers.

4.8.3 Pro forma historical and forecast statements of profit or loss: FY2017 compared to FY2016

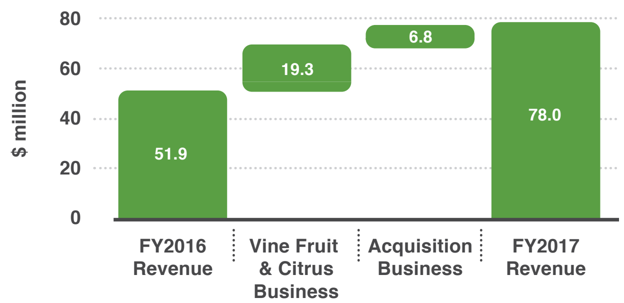
Table 14 sets out the pro forma historical and forecast statement of profit or loss for FY2016 and FY2017.

Table 14

	Pro forma historical and forecast			
$m	FY2016	FY2017	Change	Change %
Revenue	51.9	78.0	26.1	50%
Other Income	0.9	0.1	(0.8)	(92%)
Fair value of agricultural produce	6.4	15.8	9.4	147%
Raw materials, finished goods consumed and change in finished goods and work in progress	(38.2)	(63.8)	(25.6)	67%
Employee benefits expense	(5.4)	(6.9)	(1.5)	28%
Other operating expenses	(7.1)	(7.2)	(0.1)	2%
EBITDA	**8.5**	**15.9**	**7.4**	**87%**
Depreciation	(2.1)	(4.0)	(1.9)	92%
EBIT	**6.4**	**11.9**	**5.5**	**86%**
Finance costs	(1.6)	(2.2)	(0.6)	35%
Profit Before Tax	**4.8**	**9.7**	**4.9**	**103%**

4.8.3.1 Revenue

The Company has forecast pro forma revenue growth of $26.1 million, or 50% from $51.9 million in FY2016 to $78.0 million in FY2017.



Vine Fruit and Citrus Business

Revenue growth of $19.3m (or 172%) of the Vine fruit and citrus business in FY2017 reflects the assumed continued expansion of the global sales footprint, particularly into the European ($10.0 million), North American ($4.4 million) and Asian ($10.7 million including $6.1 million of fresh table grapes) markets. The revenue profile assumes the sell-through of the FY2016 harvest (2,988 tonnes; FY2015: 1,803 tonnes).

The introduction of dedicated in-country sales representation for North America (commencing November 2016) and North Asia (December 2016), the expansion of the Australian sales team supports the assumed growth of Vine Fruit and Citrus Business.

The FY2017 forecast revenue profile assumes anticipated demand for bulk loose berries in North America, Europe and Australia and for bulk loose berries, Clusters and fresh table grapes in North Asia. The fresh table grape sales of $6.1 million reflect the assumed offtake from the Acquisition Asset. Prior to the Acquisition Asset, the Company has not sold fresh table grape produce.

The FY2017 forecast revenue profile of the Vine Fruit and Citrus Business assumes $7.6 million (25%) in the first half to 31 December 2016 and $23.0 million (75%) in the second half of the financial period.

Acquisition Businesses

Acquisition Businesses revenue is anticipated to increase by $6.8 million or 17% in FY2017 driven by sales with major Australian supermarkets. The introduction of new product lines, growth of existing product lines and the organic growth of the supermarkets are contributing drivers of the assumed revenue growth.

The FY2017 forecast revenue profile of the Acquisition Businesses assumes $24.9 million (53%) in the first half to 31 December 2016 and $22.6 million (47%) in the second half of the financial period.

4.8.3.2 Fair value of agricultural produce

The fair value of agricultural produce is forecast to increase by $9.4 million, or 147% from $6.4 million in FY2016 to $15.8 million in FY2017, reflecting the expanding scale of Murray River Organics' vineyard production, through increased yields from maturing vineyards and the Acquisition Asset reflected in the FY2017 assumed harvest (loose dried berries 3,734 tonnes; Clusters 430 tonnes; and fresh grapes 1,750 tonnes) relative to FY2016 (loose dried berries 2,805 tonnes; clusters 184 tonnes and fresh grapes nil).

Directly attributable vineyard costs are forecast to increase by $3.5 million to $6.5 million in FY2017. This increase partially reflects the full year operations of the Colignan vineyard, leased in December 2015, and the Acquisition Asset, comprising of approximately 179 acres of mature table grape vines, is forecast to contribute directly attributable vineyard costs of $1.1 million.

The fair value of agricultural produce is forecast to be recognised on an incremental basis over the growing season and harvest period of the vine fruit and citrus (September to May for vine fruit). On this basis, $7.7 million (49%) is assumed in the first half of FY2017 and $8.1 million (51%) is assumed in the second half of FY2017.

4.8.3.3 Raw materials, finished goods consumed and change in finished goods and work in progress

Raw materials, finished goods consumed and change in finished goods and work in progress are forecast to increase by $25.6 million in FY2017 from $38.2 million in FY2016 to $63.8 million in FY2017. This increase largely reflects the incremental cost of sales associated with the sales growth assumed in FY2017 (Vine Fruit and Citrus Business: $19.8 million; Acquisition Businesses: $5.7 million) and forecast harvest costs of the FY2017 harvest.

4.8.3.4 Employee benefit expenses

Employee benefit expenses are forecast to increase by $1.5 million, or 28%, from $5.4 million in FY2016 to $6.9 million in FY2017. This increase represents the addition of 11.5 full time equivalent employees, to expand the Sales, Finance and Operations teams, and the inclusion of forecast employee short ($0.2 million) and long term remuneration incentives ($0.5 million).

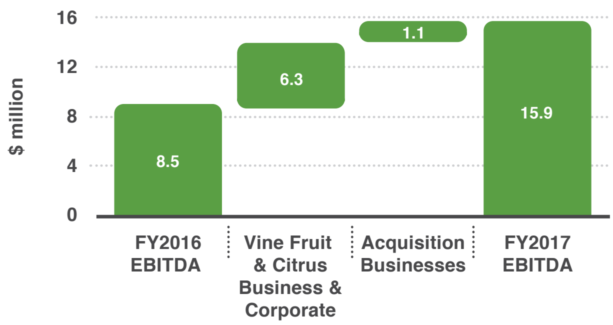
4.8.3.5 Other operating expenses

Other operating expenses are forecast to be consistent with FY2016. Marketing expenses are assumed to increase in FY2017 by $0.3 million as the Company revitalises its marketing strategy. The property lease cost of the Dandenong retail packing and storage facility (commencing in August 2016) is $0.4 million with the existing property lease of the Australian Organics Holdings business is assumed to cease from 31 December 2016 (FY2017 cost: $0.2 million).

4.8.3.6 EBITDA

The chart below illustrates the bridge between the pro forma historical EBITDA of the Company from FY2016 to FY2017 identifying the forecast contributions from Vine fruit and citrus business and the Acquisition Businesses for FY2017. In FY2017, the presentation of the Vine Fruit and Citrus Business and Corporate EBITDA contribution is inclusive of the operating costs of the Dandenong packing and storage facility.

The Company's EBITDA is forecast to increase by $7.4 million, or 87%, from $8.5 million in FY2014 to $15.9 million in FY2017. In FY2017, the EBITDA contribution of the Acquisition Asset within the Vine Fruit and Citrus Business, is forecast to be $3.2 million.



4.8.3.7 Depreciation

Depreciation is forecast to increase by $1.9 million, or 92%, from $2.1 million in FY2016 to $4.0 million in FY2017. The depreciation increase reflects the full year lease of the Colignan property and associated finance lease asset ($0.7 million), and other productivity and growth capital expenditure projects forecast to commence depreciation in FY2017 as outlined in Section 4.8.4.

4.8.3.8 Finance costs

Finance costs are forecast to increase by $0.6 million, or 35%, from $1.6 million in FY2016 to $2.2 million in FY2017. The increase reflects the full year lease of the Colignan vineyard property (and associated finance lease) ($1.1 million) and the continued trade finance facility utilisation to fund inventory purchases of the Acquisition Businesses ($0.2 million).

Finance lease costs associated with immature vine acreage at the Colignan vineyard property ($1.2 million) (calculated proportionately and with reference to specific projects) is assumed to be capitalised in FY2017.

4.8.3.9 Profit before tax

Profit before tax is forecast to increase by $4.9 million in FY2017, or 103%, from $4.8 million in FY2016 to $9.7 million in FY2017.

4.8.4 Pro forma historical and forecast summarised statement of cash flows: FY2017 compared to FY2016

Table 15 sets out the pro forma historical and forecast summarised statement of cash flows for FY2016 and FY2017.

Table 15

	Pro forma historical and forecast	
$m	FY2016	FY2017
EBITDA	**8.5**	**15.9**
Add back non-cash costs recorded in EBITDA	(0.2)	0.5
Change in working capital	(13.2)	(8.9)
Maintenance capital expenditure	(1.8)	(2.6)
Net cash flows from operations before vineyard acquisition and development and other productivity and growth capital expenditure	**(6.8)**	**5.0**
Vineyard acquisition and development capital expenditure	(5.2)	(20.4)
Net cash flows from operations before other productivity and growth capital expenditure	**(12.0)**	**(15.5)**
Other productivity and growth capital expenditure	(6.2)	(11.5)
Net cash flows from operations before financing and taxation	**(18.2)**	**(26.9)**

4.8.4.1 Operating cash flow before interest and tax

The Company's operating cash flows before vineyard and other growth project capital expenditure has historically been in a negative position primarily due to increases in working capital investment, largely reflecting the recognition of the fair value of agricultural produce at fair value from the current season harvest in inventory and the year on year expansion of the vineyard portfolio.

In FY2017 the sell through of the FY2016 harvest volume in addition to the fresh table grape sales from the Acquisition Asset ($6.1 million) is assumed to reduce the increased investment in inventory relative to FY2016 and improve the conversion of EBITDA to operating cash flow before vineyard and productivity and other capital expenditure projects.

4.8.4.2 Change in working capital

Working capital is forecast to increase by $8.9 million in FY2017. This is primarily driven by:

- growth in dried vine fruit inventories including the increase in cluster yields (FY2017: 430 tonnes; FY2016: 184 tonnes) resulting in an increase in inventory of $4.9 million;
- an increase in inventory of the Acquisition Businesses ($2.0 million) in line with the anticipated sale profile; and
- an increase in trade receivables ($2.2 million) in line with anticipated sales.

4.8.4.3 Capital expenditure

Maintenance capital expenditure is forecast to increase by $0.8 million to $2.6 million, largely driven by the forecast replacement of:

- farm equipment at the Group's vineyards ($1.8 million) as FY2017 reflects 12 months of operations at the Colignan vineyard (FY2016: six months);
- processing facility equipment ($0.5 million); and
- Murray River Organics' enterprise reporting system ($0.2 million).

Vineyard acquisition and development expenditure is forecast to increase by $15.2 million to $20.4 million in FY2017 largely reflecting:

- the Acquisition Asset (Fifth Street vineyard) ($10.4 million), as described in Section 4.2.3 and Section 3.
- a wine acreage conversion project ($2.5 million).The total cost of the project is assumed to be $4.9 million. Costs expected to be incurred in FY2017 include patch preparation costs (including repairs to existing irrigation) of $0.6m; Sun Muscat vine cuttings and grafting costs of $0.9m; and vine training and related vineyard management costs of $1.0m; and
- a greenfield vineyard development project ($4.2 million) assuming the cost to prepare, plant and establish 476 acres of vacant land. The total cost of the project is assumed to be $8.3 million. Costs expected to be incurred in FY2017 include patch preparation costs of $0.2 million, installation of new irrigation of $2.3 million and installation of trellis system of $1.7m.

In FY2017, $5.7 million is anticipated to be funded by Arrow Primary Infrastructure Fund in relation to the wine acreage conversion project and the greenfield vineyard development project at the Colignan vineyard.

Other productivity and growth capital expenditure is forecast to increase by $5.3 million to $11.5 million in FY2017 largely reflecting:

- processing facility consolidation in Mourquong ($6.0 million) inclusive of expenditure to acquire additional land ($0.5 million), expand production facility ($2.3 million), expand the storage facilities ($2.3 million) and acquire associated plant and equipment ($1.4 million); and
- retail packaging and storage facility in Dandenong ($4.1 million) assumes expenditure in FY2017 in addition to the $0.6 million invested in FY2016 to fit out the packaging lines, cool room racking, other warehouse structures and new head office fixtures and fittings.

4.9 Sensitivity analysis of the pro forma forecast financial information.

The Forecast Financial Information included above is based on a number of estimates and assumptions as described in Section 8. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of the Company, the Directors and management. These estimates are also based on assumptions in relation to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions, set out below is a summary of the sensitivity of the Forecast Financial Information to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

For the purposes of this analysis, each sensitivity is presented in terms of the impact of each on FY2017 pro forma forecast NPAT of $6.6 million and is set out in Table 16 below.

As noted in Section 4.2.5, the pro forma forecast NPAT has been prepared inclusive of two months actual results of Murray River Organics and Acquisition Businesses. On this basis, each sensitivity below has been calculated on the remaining ten month forecast period of FY2017.

Table 16

Assumption	Notes	Increase / decrease	FY 2017 NPAT ($m)
Sales Volume	1	+/- 10, 15 percentage points on a scaling basis	+/- 0.4
Sales Price	2	+/- 10 percentage points	+/- 1.8
Yield (t)	3	+/- 10 percentage points	+/- 1.4
Fair value	4	+/- 20 percentage points	+/- 3.1
Commodity Prices	5	+/- 5 percentage points	+/ 0.3
Foreign Currency	6	+/- 5 percentage points	+/- 0.4

Notes

1. Impact of an increase or decrease in forecast sales volume applying a sliding scale of 10% to 15% to the forecast sales volume assumption, excluding sales under order as at 1 September 2016 or to existing customers of the Group. The upper end of the scale has been appied to sales in designated target markets.
2. Impact of an increase or decrease in sales price applying 10% to the forecast sales price assumption excluding those sales under order as at 1 September 2016 or to existing customers of the Group.
3. Impact of a 10% increase or decrease in yield of dried and fresh fruit for the Group.
4. Impact of a 20% increase or decrease in the fair value of dried and fresh fruit for the Group. This sensitivity has been applied to reflect the historical variability experienced by the Group in relation to agricultural produce fair value.
5. Forecast impact of a 5% increase or decrease in the commodity price of uncontracted purchases of the Acquisition Businesses.
6. Forecast impact of a 5% increase or decrease in the value of the Australian dollar relative to the US dollar, Canadian dollar and the Euro on the purchase of goods in foreign currencies within the Acquisition Businesses.

4.10 Dividend policy.

The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results and the financial position of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors that the Directors may consider relevant.

It is the Director's current intention to target a dividend payout of 30% - 50% of annual NPAT. The level of payout ratio is expected to vary between periods depending on various factors as discussed above. Should value accretive strategic growth, acquisition or investment opportunities arise, it may result in a dividend payout in the future that is less than the above target.

The Directors currently anticipate that the first dividend to Shareholders will be determined in respect of the period from 1 July 2017 to 30 June 2018, and hence may become payable in FY2019.

The Company intends to frank dividends to the maximum extent possible, having regard to the level of the Company's available franking credits at the time of the future dividend payment. The extent to which a dividend can be franked with depend on the Company's and/or Group's franking account balance (which will be nil at Completion of the Offer) and its level of distributable profits. The Company's and/or Group's franking account balance will depend on the amount of Australian income tax paid by the Company and/or the Group. The ability of the Company to frank dividends may also be impacted by the 'deferred franking debit' associated with the Group's past R&D tax offset refunds (refer Section 5.3.4).

To the extent that a dividend is unfranked or partially franked, the Directors intend to declare the unfranked portion to be conduit foreign income to the maximum extent possible, having regard to the level of the Company's available conduit foreign income at the time of the future unfranked dividend payment. The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on the Company's and/or Group's conduit foreign income balance (which will be nil at Completion of the Offer) and its level of distributable profits. The Company's and/or Group's conduit foreign income balance will depend, amongst other things, on the amount of foreign (non-Australian) income tax paid by the Company and/or Group.

Investors who are not residents of Australia and who acquire the Company's Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not residents of Australia should consult with their own tax advisers regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Company's Shares.

A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 9.9.

No assurances can be given by any person, including the Directors, about the payment of dividends and the level of franking or conduit foreign income on such dividends. Please read the Forecast Financial Information as set out in this Section 4 and the risk factors as set out in Section 5.

4.11 Summary of significant accounting policies.

Set out in Appendix A is a summary of the significant accounting policies adopted in preparing the Financial Information.

5.

Risk factors.

5.1 Introduction.

This Section describes some of the potential material risks associated with Murray River Organics' business and the industry in which it operates and risks associated with an investment in Shares. Murray River Organics is subject to a number of risks both specific to its business activities and of a general nature, which may either individually or in combination materially adversely impact the future operating and financial performance of Murray River Organics, the investment returns and the value of Shares.

The occurrence or consequences of some of the risks described here are partially or completely outside of the control of Murray River Organics, its Directors and Management Team. Investors should note that this Section 5 does not purport to list every risk that may be associated with Murray River Organics' business or the industry in which it operates, or an investment in Shares, now or in the future. The selection of risks has been based on Murray River Organics' assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur.

This assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge. There can be no guarantee that the Group will achieve its stated objectives, or that the Forecast Financial Information or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance may not be a reliable indicator of future performance. Before applying for Shares, investors should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent professional adviser (as applicable) before deciding whether to invest in Murray River Organics.

5.2 Risks specific to an investment in Murray River Organics.

5.2.1 Yields and climate

As with any viticultural crop, there are a number of factors that may affect yield. While Murray River Organics takes steps to minimise annual variations in yields and production, yields may vary from vine to vine and from harvest to harvest, which may impact Murray River Organics' performance.

For example, as an agricultural producer, weather and climatic conditions directly affect the business operations of the Group. Climate change or prolonged periods of adverse weather and climatic conditions may have a negative effect on agricultural productivity, which may result in decreased availability or less favourable pricing for certain commodities that are necessary for its products.

In particular, the organic ingredients that are used in the production of Murray River Organics' products (including, among others, fruits, vegetables, nuts and grains) are vulnerable to adverse weather conditions and natural disasters, such as floods, hail, droughts, water scarcity, temperature extremes, frosts, earthquakes and pestilences. Natural disasters and adverse weather conditions (including the potential effects of climate change) can lower crop yields and reduce crop size and crop quality, which in turn could reduce availability of organic ingredients or increase the prices of organic ingredients sourced from third party suppliers. If the Group's supplies of organic ingredients are reduced, Murray River Organics may not be able to find sufficient supply sources on favourable terms, if at all, which could impact the Group's ability to supply product to customers and adversely affect Murray River Organics' business, including financial condition and results of operations.

5.2.2 Water supply

An adequate supply of suitable water is crucial to the success of Murray River Organics' ability to grow crop on its properties.

While the irrigation water from both the Murray River and the Darling River is currently suitable for dried vine fruit production, having particular regard to its salinity, there is a risk that Murray River Organics could be exposed to a number of natural events such as floods, storms, fire, oil spills and adverse movements in the environment, such as changes in salinity levels, many of which are beyond Murray River Organics' control. Changes to the availability of water or water quality may impact Murray River Organics' operations.

Whilst Murray River Organics has leased permanent water entitlements and has an option to extend these rights, unexpected changes in climatic conditions may affect future allocation or availability of permanent water entitlements. There is a risk to Murray River Organics that if access to water supply was significantly limited or restricted, or if there was a material increase in the price of water, this could have a material impact on Murray River Organics' farming operations or costs, and its subsequent financial performance.

Murray River Organics' policy is to put in place forward long-dated leasing agreements and from time to time to consider purchasing and owning permanent water entitlements to minimise this risk where possible.

5.2.3 Uncontracted sales arrangements

Murray River Organics' growth is dependent on successfully maintaining existing, and securing new customers. A significant proportion of Murray River Organics' revenue is currently attributable to currently uncontracted customer relationships, using Murray River Organics' or the customers' standard terms and conditions of sale. These arrangements can be terminated or varied by the customer on short notice and without penalty. In many instances, customers are under no obligation to continue purchasing Murray River Organics' products or to purchase a particular volume of products. There is a risk that the Group will be unable to maintain these customer relationships, or secure new customers on terms that are acceptable to the Group. In addition, it is not possible to guarantee consistency in respect of the volume, prices and terms for future transactions. If Murray River Organics is unable to secure customers on terms reasonably acceptable to the Group, this could materially and adversely affect Murray River Organics' revenue and profitability. There is a risk that new customer relationships may be less favourable to Murray River Organics, including in relation to pricing and other key terms, due to unanticipated changes in the market in which the Group operates.

5.2.4 Short term customer contracts

Some of Murray River Organics' customer contracts are short term, with supply periods typically for one season or one year (which may depend on the product's seasonality), and the prices at which its products are sold are subject to fluctuation depending on the level of supply and demand at the time the products are sold. In addition, a significant proportion of these customer contracts do not have fixed or minimum volume requirements and do not oblidge customers to continue purchasing Murray River Organics' products.

Murray River Organics' market share and/or profit margins could be materially and adversely impacted by customers taking actions that are adverse to the Group's interests, including:

- materially changing its trading terms with Murray River Organics;
- promoting the products of one or more of Murray River Organics' competitors or new entrants into organic, natural or better-for-you food products; or
- refusing to promote or stock Murray River Organics' products or significantly reducing orders for its products.

5.2.5 Loss of organic certification and deterioration in the Murray River Organics brand

The Group relies on independent certification, such as certifications of some of its products as "organic" to differentiate the Group's products from others. Quality control issues in respect of raw materials and ingredients may result in the loss of any independent certifications could adversely affect the Group's market position as a certified organic and natural products company and result in a loss of consumer confidence in the brands of Murray River Organics, which could adversely affect the business and financial operation.

In addition, a failure to provide customers with the quality of product they expect from Murray River Organics, or a recall issue could adversely affect consumer confidence in the Murray River Organics brand.

5.2.6 Reduced ability to access raw organic ingredients

Murray River Organics' ability to ensure a continuing supply of organic ingredients not grown by the Group at competitive prices depends on many factors beyond the Group's control, such as the number and size of farms that grow organic crops, climate conditions, changes in national and world economic conditions, currency fluctuations and forecasting adequate need of seasonal ingredients.

For certain products, Murray River Organics also competes with other manufacturers in the procurement of organic product ingredients, which may be less plentiful in the open market than conventional product ingredients. This competition may increase in the future if consumer demand for organic products increases. This could cause the expenses of the Group to increase or could limit the amount of product that Murray River Organics is able to manufacture and sell.

The inability of any supplier of raw materials, or other service provider to Murray River Organics to deliver products or perform their obligations in a timely or cost-effective manner could cause the Group's operating costs to increase and profit margins to decrease. There is a risk that the Group may fail to accurately forecast demand or suppliers may fail to meet the requirements of the Group. This may result in the Group having inadequate supplies to meet consumer demand, or, alternatively the Group holding too much inventory on hand that may reach its expiration date and become unsaleable. If the Group is unable to manage its supply chain efficiently and ensure that sufficient products are available to meet consumer demand, the operating costs of the Group could increase and profit margins could decrease, which may have an adverse effect on the financial condition of Murray River Organics.

In addition, many aspects of the business of Murray River Organics have been, and may continue to be, directly affected by volatile commodity costs, including fuel, that are subject to price volatility which can be caused by various factors, many of which are outside the control of Murray River Organics. Volatile fuel costs translate into unpredictable costs for the products and services Murray River Organics receives from third party providers including, but not limited to, distribution and packaging costs for products. If the Group is unable to fully offset the volatility of such costs, the financial results of the Group could be adversely affected.

5.2.7 Consolidation of customers or the loss of a significant customer

Customers, such as supermarkets and food distributors in some of the geographical markets in which the Group sells products, continue to consolidate. This consolidation has produced larger, more sophisticated organisations with increased negotiating and buying power that are able to resist price increases or demand increased promotional programs, as well as operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private label products, which could negatively impact the business and profitability of the Group. The consolidation of retail customers also increases the risk that a significant adverse impact on the business of those customers could have a corresponding material adverse impact on the business of Murray River Organics.

In addition, Murray River Organics depends on continued relationships with its current significant customers. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful. There is a risk that Murray River Organics may lose customers for a variety of reasons, including a failure to meet key requirements under the contract, material breach of contract, or customers increasing their emphasis on private label products.

The loss of any large customer, particularly key customers such as major Australian supermarkets, the reduction of purchasing levels or the cancellation of any business from a large customer for an extended length of time could negatively impact the Group's sales and profitability. Depending on the reason for the loss of a key customer, it may also have a negative impact on the Group's reputation.

5.2.8 Loss or deterioration of supply arrangements

Murray River Organics' relationships with suppliers are often governed by individual purchaser orders and invoices. Under those arrangements, suppliers may seek to alter the terms on which products are supplied as well as the range of products available for supply. This may result in changes in pricing levels and a reduction in the range of products made available to Murray River Organics, both of which could adversely impact Murray River Organics' ability to successful provide customers with a wide range of products at competitive prices. It this occurred, this would be likely to reduce Murray River Organics' overall profitability and adversely impact its financial performance.

5.2.9 Risk that Murray River Organics' growth plans cannot be executed as anticipated

Murray River Organics intends to continue to grow the Group's business in part through the acquisition of new businesses and brands, both in Australia and internationally. This acquisition strategy is based on identifying and acquiring businesses and brands with products that complement the Group's existing product mix and identifying and acquiring businesses and brands in new categories and in new geographies for purposes of expanding the Group's business internationally. There is a risk that Murray River Organics will not be able to successfully:

- identify suitable acquisition candidates;
- negotiate acquisitions with identified candidates on terms acceptable to Murray River Organics; or
- integrate acquisitions made by the Group, including the recently acquired Food Source International and Australian Organic Holdings businesses.

In addition, businesses or brands acquired may not achieve the level of sales or profitability that justify the investment made. Murray River Organics may determine to discontinue products if, among other reasons, they do not meet the Group's standards for quality or profitability or both, which may have a material adverse effect on sales relating to such acquisition.

The Group intends to continue to expand its global footprint in order to enter into new markets. This may involve expanding into new geographical markets, including developing countries, which may have less political, social or economic stability and less developed infrastructure and legal systems than those areas in which the Group currently operates. There is therefore a risk that these initiatives may result in unforeseen costs or risks, or may not deliver the outcomes intended, which may have a material adverse effect on the financial performance of the Group's business.

5.2.10 Access to funding

The Company may require further debt or equity funding in the future in order to fund growth strategies, in particular, acquisitions. There is a risk that the Company may be unable to access debt or equity funding from the capital markets or its existing lenders on favourable terms, or at all.

5.2.11 Failure to respond to changes in consumer trends

The business of Murray River Organics is primarily focused on sales of organic, natural and better-for-you products which are subject to continually evolving consumer preferences. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes.

A significant shift in consumer demand away from products of Murray River Organics or a failure by Murray River Organics to maintain its current market position could reduce sales or the value of its brands in those markets, which could adversely affect the business of the Group. While the Group continues to diversify product offerings, developing new products entails risks, and Murray River Organics cannot be certain that demand for the Group's products will continue at current levels or increase in the future.

5.2.12 Product liability

The sale of products for human use and consumption involves the risk of injury or illness to consumers. There is a risk that injuries may result from inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage. Under certain circumstances, Murray River Organics may be required to recall or withdraw products, suspend production of products or cease operations, which may lead to a material adverse effect on the business and profitability of the Group.

In addition, customers may cancel orders for such products as a result of such events. Further, even if a situation does not necessitate a recall or market withdrawal, product liability claims might be asserted against Murray River Organics.

5.2.13 Regulatory risk

The Group is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to the Group include environmental, occupational health and safety, quarantine, customs and tariff and taxation laws. Safety, employment and similar regulations also give rise to significant requirements and compliance costs for the Group. Non-compliance with such laws and regulations, or the introduction of new laws and regulations, may occur, which could have a material adverse impact on the Group's business, liabilities, consolidated financial condition, results or operations or liquidity.

On 17 November 2016 the Company became aware of correspondence from the Fair Work Ombudsman alleging that 14 former employees at the Company's storage and processing facility in Mourquong, NSW had been underpaid, in aggregate, $12,812.28 in the period from October to November 2015. These employees had been paid piece rates for work pursuant to the Horticulture Award 2010 which the Company considers to be the applicable award. The FWO alleges that the Food, Beverage and Tobacco Manufacturing Industry Award 2010 (**FBT Award**) applies. The Company is contesting this issue and has asked the FWO to reconsider its assessment of the applicable award on the basis that the FBT Award says that it does not apply to employers covered by the Horticulture Award 2010 and the FWO has acknowledged that the Horticulture Award 2010 does apply to the Company at its other sites. If FWO is not prepared to reconsider its assessment, MROL may be required to repay the amount of the alleged underpayment to the former employees and could be subject to a maximum penalty of $54,000 for each contravention (which the Company understands would likely be limited to $54,000 in aggregate in the circumstances).

5.2.14 Operation in highly competitive markets

Murray River Organics operates in highly competitive geographic and product markets. Numerous brands and products compete for limited retailer shelf space, where competition is based on product quality, brand recognition, brand loyalty, price, product innovation, promotional activity, availability and taste among other things.

Some of the Group's markets are dominated by multinational corporations with greater resources and more substantial operations than Murray River Organics. Murray River Organics cannot be certain that the Group will successfully compete for sales to industrial customers, distributors or retailers that purchase from larger competitors that have greater financial, managerial, sales and technical resources. The Group also competes with other organic and natural packaged food brands and companies, which may be more innovative and able to bring new products to market faster and better able to quickly exploit and serve niche markets. Such competitive forces which may result in an adverse impact on the profitability and prospects of the Group.

5.2.15 Pests and diseases

Murray River Organics applies disease and pest management practices to monitor vines and control the onset and spread of these risks. However, there is a risk that an outbreak of disease or pests could have a material impact on Murray River Organics' profits and operations.

5.2.16 Inability to secure adequate insurance

While the Group seeks to maintain insurance coverage that is consistent with industry practice, there is a risk that any claim under the Group's insurance policies may be subject to certain exceptions, may not be honoured fully, in part, in a timely manner, or at all. There is also a risk that the Group is unable to purchase sufficient insurance to cover all losses incurred. If the Group were to incur substantial liabilities, or if its business operations were interrupted for a substantial period of time, the Group would be required to incur costs and may suffer losses. Such inventory and business interruption losses may not be fully covered, or covered at all, by the Group's insurance policies. Additionally, in the future, insurance coverage may not be available to the Group at commercially acceptable premiums, or at all.

5.2.17 Interruption in, disruption of or loss of operations at one or more of the Group's facilities

An interruption in, disruption of or the loss of operations at one or more of these facilities could delay or postpone production of products, which could have a material adverse effect on the business, results of operations and financial condition of the Group until such time as the interruption of operations is resolved or an alternate source of production could be secured.

5.2.18 Financial forecasts

Murray River Organics has made a number of assumptions in preparing the Forecast Financial Information set out in Section 4, including that certain Forecast Financial Information has been developed on a run-rate basis as opposed to a detailed bottom-up methodology of preparation. There is a risk that Murray River Organics' actual results may differ materially from the Forecast Financial Information. Any difference between the Forecast Financial Information and actual results may materially and adversely affect Murray River Organics' profitability and growth and may adversely affect the investment market's perception of Murray River Organics which, in turn, may have a negative impact on the share price of Murray River Organics.

5.2.19 Adverse movement in exchange rate

Operating in international markets involves exposure to movements in currency exchange rates, which may be volatile at times. The economic impact of currency exchange rate movements is complex because such changes are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. Consequently, isolating the effect of changes in currency does not incorporate these other important economic factors. These changes, if material, could cause adjustments to the Group's financing and operating strategies.

The Group holds assets and may incur liabilities, earn revenue, and pay expenses in a variety of currencies other than the Australian dollar, primarily the U.S. dollar and the Euro. The Group's consolidated financial statements are presented in Australian dollars, and therefore the Group must translate the assets, liabilities, revenue, and expenses into Australian dollars for external reporting purposes. As a result, significant changes in the value of the Australian during a reporting period may unpredictably and adversely impact the Group's consolidated operating results, asset and liability balances and cash flows in the Group's consolidated financial statements, even if the underlying value of these items has not changed in their original currency.

5.2.20 Loss of key personnel

Murray River Organics' success depends to a significant extent on its ability to attract and retain suitably qualified key personnel. The loss of key management personnel, or any delay in their replacement could have a significant adverse effect on the management of the Murray River Organics, its financial performance and future prospects.

5.2.21 Litigation and disputes

There is a risk that Murray River Organics could be involved in litigation relating to its key contracts, core commercial activities, employee personal injury and termination of employment claims and, if such claims were to materially increase, costs to the business would increase in turn. Such increases may have a negative impact on the profitability and financial performance of the Company. Similarly, frequent or high profile litigation may undermine consumer confidence in the Murray River Organics brand or adversely affect the investment market's perception of Murray River Organics, which could in turn, negatively impact the financial performance of the Company or the price of Shares in the Company.

5.2.22 Inability to implement and achieve targeted savings and efficiencies from cost reduction initiatives

The Group's success depends on the Company's ability to execute and realise cost savings and efficiencies from the Group's operations. While the Company continuously seek to put in place initiatives which are designed to control or reduce costs and also increase operating efficiencies, if the Company is unable to identify and fully implement its productivity plans and achieve the anticipated efficiencies, the profitability of the Group may be adversely impacted.

In addition, the Group's profit margins also depend on its ability to manage inventory and stock levels efficiently. As part of the continued effort to manage inventory more efficiently, the Group carries out SKU rationalisation programs from time to time, which may result in the discontinuation of numerous lower-margin or low-turnover SKUs. However, a number of factors, such as changes in customers' inventory levels, access to shelf space and unexpected changes in consumer preferences, may lengthen the number of days the Group is required to carry certain inventories. This may impede the Group's effort to manage inventory efficiently and result in an increase in costs.

5.3 General risks of an investment in Murray River Organics.

5.3.1 Price of Shares

Once the Company becomes a publicly listed company on the ASX, the Company will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by Murray River Organics' fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if Murray River Organics' earnings increase.

Some of the factors which may adversely impact the price of the Shares include:

- fluctuations in the domestic and international market for listed securities;
- general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings;
- changes in legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which Murray River Organics operates; and
- general operational and business risks.

5.3.2 Trading and liquidity in Shares

Prior to the Offer, there has been no public market in the Shares. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares under the Offer.

5.3.3 Shareholder dilution

In the future, the Company may elect to issue Shares or engage in capital raisings to facilitate employee share plans, fund acquisitions, or undertake other strategic initiatives. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

5.3.4 Inability to pay dividends or make other distributions or potential for dividends paid not to be franked or attach conduit foreign income

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

Moreover, to the extent that the Company pays any dividends, the Company may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income. Alternatively, the franking system and/or the conduit foreign income system may be subject to review or reform.

The extent to which a dividend can be franked will depend on the Group's franking account balance (which is expected to be nil at Completion of the Offer) and its level of distributable profits. The Group's franking account balance is contingent on the Group making Australian taxable profits and will depend on the amount of Australian income tax paid by the Group on those Australian taxable profits. The Group's Australian taxable profits may be volatile, making the payment of franked dividends unpredictable. As the Group continues to expand its overseas operations, this may or is likely to reduce the Australian income tax paid on the Group's income and profits, which may reduce the Company's ability to frank dividends.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.

The Group has also previously received R&D tax offset refunds. Where such refunds are obtained, subsequent payments of income tax (up to the amount of the refunds) by the entity that obtained the refunds do not create franking credits. This is commonly termed the 'deferred franking debit' in respect of R&D offset refunds. The 'deferred franking debit' may impact the Group's ability to frank dividends. The quantum of the 'deferred franking debit' that may impact the Group's ability to frank dividends (after reducing the debit for certain income tax paid or payable by the Group for the period to Completion of the Offer) is estimated to be approximately $1 million.

The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on the Group's conduit foreign income balance (which will be nil at Completion of the Offer) and its level of distributable profits. The Group's conduit foreign income balance will depend, among other things, on the structure of the Group's foreign operations and the level of non-Australian income tax paid by the Group on those operations

The value and/or availability of franking credits and conduit foreign income to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking or conduit foreign income on any such dividend.

5.3.5 Tax law and application

The application of and changes in relevant tax laws (including income tax, goods and services taxes (or equivalent) and stamp duties), or changes in the way tax laws are interpreted, may impact the Group's tax liabilities and financial performance or the tax treatment of a Shareholder's investment. An example of such a tax change that could have an adverse impact on the financial performance of the Group is if GST was widened to include fresh produce.

An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's or the Group's view of those laws may increase the amount of tax paid or payable by the Company or the Group.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries relevant to Group's business or operations) and/or any changes in tax rules and tax arrangements (again in Australia or other countries relevant to the Group's business or operations) may have an adverse impact on the Group's financial performance, may increase the amount of tax paid or payable by Group, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking/conduit foreign income and Shareholder returns.

5.3.6 Possible changes in Australian Accounting Standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of Murray River Organics and its Directors. The AASB has issued new standards on revenue and financial instruments, which will mandatorily apply from 1 January 2018, and leases, which will mandatorily apply from 1 January 2019. These standards may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue, receivables and leased assets and liabilities. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the consolidated financial statements of Murray River Organics.

5.3.7 Possibility of force majeure events

Events may occur within or outside Australia that could impact upon the Australian economy, Murray River Organics' operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Murray River Organics' products and its ability to conduct business.

6.

Key people, interests & benefits.

6.1 Board of Directors.

At Listing the Board will comprise five members, consisting of the Independent Non-Executive Chair, two Non-Independent Executive Directors and two Independent Non-Executive Directors. The Directors of the Company bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Craig Farrow

Independent Chair and Non-Executive Director

- Craig Farrow was appointed as Chair of the Company in September 2016.
- Craig has 25 years' experience in the accounting and advisory services profession.
- Craig also has a deep knowledge of the agribusiness sector (Farming, Forestry, Rural Merchandise, Consultancy and Grain Marketing). He currently sits on a number of farm advisory boards and is currently Chair of Australian Independent Rural Retailers.
- Craig serves on the boards of a number of listed and unlisted companies and is currently Deputy Chair of Vocus Communications Ltd, Chair / Partner of Brentnalls SA Chartered Accountants, Chair of Tonkin Consulting Pty Ltd, Doctors Health SA Limited, General Practice SA and Non-Executive Director of Bulletproof Group Ltd, Centre State Exports Pty Ltd, Petrosys Pty Ltd and the Accounting Professional and Ethics Standards Board.
- Craig was national president of the institute of chartered accountants in Australia in 2012.
- From November 2012 to May 2014 he was Executive Chair of the Caanz merger project, successfully executed by member vote in November 2013 for historic merger between Icaa and Nzica.
- Craig holds a Bachelor of Economics from the University of Adelaide, a Diploma of Financial Services and a Graduate Diploma from the Australian Institute of Company Directors. Craig is also a Fellow, Chartered Accountants Australia New Zealand, Australian Institute of Management and Australian Institute of Company Directors.

Lisa Hennessy

Independent Non-Executive Director

- Lisa was appointed as Non-Executive Director of the Company in September 2016.
- With over 25 years of experience in complex international organizations, Lisa has had significant experience in areas of corporate strategy, acquisitions, and operations.
- Lisa has held executive roles within Del Monte Foods, General Electric, and Bain & Co. Lisa has also been an advisor to several global growth-stage companies based in Australia.
- Lisa is currently a Non-Executive Director of The Gawler Cancer Foundation and FirstStep Financial Investments Pty Ltd and is also currently the Australasian Director of the Harvard Alumni Association.
- Lisa holds a Masters in Business Administration from Harvard Business School, a Bachelor of Science Electrical Engineering (Hons) from Purdue University and is a graduate of the Australian Institute of Company Directors.

Donald Brumley

Independent Non-Executive Director

- Donald was appointed as Non-Executive Director of the Company in September 2016.
- With 29 years' experience as a senior partner of Ernst & Young Oceania, Donald has significant experience in IPO's, transactions and audit.
- Donald has advised and worked with Boards of organisations, ranging from some of the largest in Australia to fast growing entrepreneurial and medium sized organisations.
- Donald was the Oceania IPO Leader at Ernst & Young and worked with clients listing on the Australian, US, UK and key Asian stock exchanges. IPO clients in Australia include Regis Healthcare Ltd, Realestate.com.au Ltd, Melbourne IT Limited and MYOB Limited.
- Donald has also held positions as Biotech Markets Leader and National Leader of Strategic Growth Markets of Ernst & Young.
- Donald is a Fellow of the Chartered Accountants Australia & New Zealand, is a member of the Australian Institute of Company Directors and is a Certified Management Consultant.

Erling Sorensen

Managing Director and Chief Executive Officer

- Erling is a co-founder of Murray River Organics.
- Erling has a diverse skillset with significant international experience in management, sales, operations, corporate finance, strategy, mergers & acquisitions, commodity trading, risk management, investing and transport.
- He has worked for and managed international industrial and transport companies in Oslo, Singapore, Melbourne and London. Erling was previously the Chief Commercial Officer of Nyrstar Nv, operating out of London.
- Erling has served on several boards of private entities located globally including Australia, China, Hong Kong, South-America and Germany, holding various positions as either Chairman or Director.
- Erling is a Fellow of the Australian Institute of Company Directors and has held a number of non-executive directorships for publicly listed companies both in Australia and the United Kingdom.

Jamie Nemtsas

Executive Director and Chief Operating Officer

- Jamie is a co-founder of Murray River Organics.
- Jamie has significant experience in farming operations, having been involved in such operations for the most of his life and also has significant experience in wealth and asset management, predominately with high net worth individuals, families and corporations.
- Jamie currently serves on a number of private company Boards and also has a strong interest in serving the community and is the pro bono director of the Greenlight Foundation and the Willow Foundation.
- Jamie holds a Bachelor of Business from the University of South Australia, is a Certified Financial Planner and is a fellow of the Securities Institute of Australasia.

6.1.1 Director disclosures

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraint from other commitments.

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares.

No Director has been an Officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an Officer or within a 12 month period after they ceased to be an Officer.

Legal proceedings have been initiated against Erling Sorensen, Jamie Nemtsas and certain corporate entities associated with them, in relation to the sale by them of a business known as the Centre for Investor Education (**CIE Transaction**) (**Proceedings**). The Proceedings have been brought by purchasers of the business, namely Centre for Investor Education Pty Ltd and Centre for Investor Education (UK) Limited, and their parent companies, namely EII (Ventures) Limited and Euromoney Institutional Investor plc.

As part of the Proceedings, claims are made that Erling Sorensen, Jamie Nemtsas and the other defendants allegedly breached certain agreements pertaining to the CIE Transaction, and that they allegedly engaged in wrongful conduct in the course of managing the CIE business before and during the earn-out period for the CIE Transaction. The claims of wrongdoing include alleged irregularities with respect to related party transactions, revenue recognition, the keeping of accounts and the provision of information to the auditor which are alleged to constitute misleading and deceptive conduct and breaches of directors' duties.

Erling Sorensen, Jamie Nemtsas and the other defendants deny any such wrongdoing, are vigorously defending the claims, and have filed a counterclaim for amounts owing to them under the earn-out arrangements for the CIE Transaction. The claims made by the plaintiffs in the Proceedings have not been fully quantified. They principally comprise damages to reflect adjustments to the purchase price, alternatively the difference between the purchase price and the value of the CIE business. Erling Sorensen and Jamie Nemtsas do not consider that the time they will be required to commit to the conduct of the Proceedings will constrain their ability to perform their duties and obligations as officers of the Company.

No entity in the Group is party to the Proceedings, and the Proceedings do not relate to the business or affairs of Murray River Organics.

6.2 Key Management Personnel and Management Team.

Erling Sorensen

Managing Director and Chief Executive Officer

- Refer to Section 6.1.

Jamie Nemtsas

Executive Director and Chief Operating Officer

- Refer to Section 6.1.

Matthew O'Brien

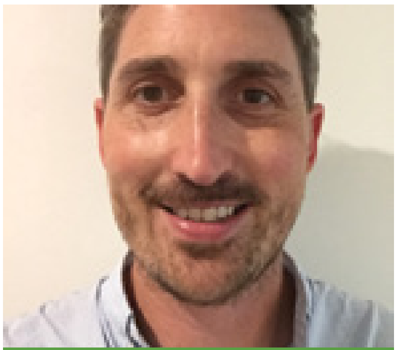
Chief Financial Officer

- Matthew joined Murray River Organics in March 2016 after working as a senior manager of Ernst & Young within its assurance practice for 8 years.
- Through his work at Ernst & Young, Matthew has gained significant experience in a diverse range of industries including wineries, food, pharmaceutical, biotech, aged care, and logistics, working with companies that range in size from entrepreneurial start-ups, to large ASX listed entities.
- Matthew is a member of the Institute of Chartered Accountants Australia & New Zealand, and is the volunteer non-executive finance director of Squash & Racquetball Victoria.

Bill Avery

Head of Agronomy

- Bill has spent more than 30 years in the farming sector, holding various roles in agronomy, operations and management. He previously worked for 5 years as a consultant in the organic farming space in countries such as Saudi Arabia, Malaysia, Ukraine, China and India. These assignments involved assisting farmers and government land managers to rebuild soil fertility using sustainable organic programs.
- Bill was also previously employed by the Costa Group, and held the position of the senior agronomist for their fresh table grape category. During his time with the Costa Group, he was encouraged to explore alternate soil-friendly nutrient programs, which fostered the rebuilding of soil microbiology while reducing dependence on chemical fertiliser which ultimately destroyed soil micro-organisms.



Tim Wilson

Head of Food Technology & Food Safety

- Tim is a Food Technologist with over 10 years' food industry experience. Having studied Food Technology and Nutrition at the University of Chester in the UK, he has held various technical and quality management positions in the UK and Australia.
- Tim began his career in the dairy industry at Yeo Valley, the largest organic dairy company in the UK. He has also worked in the baby food sector where, as a Food Technologist, he was responsible for the ingredient technical sourcing strategy for Organix Brands Ltd (a market-leading organic baby food brand in the UK, which forms part of the Hero Group, a global infant nutrition business).
- During his time at Organix, Tim was part of the small team which delivered Chinese organic certification for a range of multi-ingredient finished products, developed exclusively for the Chinese market, the first company in the UK to achieve this.

Andrew Nemtsas

Dried Vine Fruit Operations Manager

- Andrew, the older brother of Jamie, has been involved in the family farming business for most of his life. In 2000, Andrew led the conversion of a vineyard to becoming certified organic. In 2006 Andrew became a qualified organic auditor, following which he worked in management roles in local food processing businesses. Andrew joined Murray River Organics as its first employee shortly after the business was established.

James Tudehope

Value-Add Operations Manager

- James is a Food Technologist with over 30 years' experience in the food industry. Throughout his career, James has gained significant experience with a number of major multinationals within the food industry, including 13 years' experience working for Unilever building and operating food facilities overseas.

Carlos Gutierrez

Joint Global Sourcing Manager

- Carlos has more than 35 years' experience in the grocery industry both in Australia and internationally. During this time he has established a strong supplier network both in Australia and overseas, and possesses an extensive product knowledge and an in-depth understanding of the grocery industry across a number of categories.
- Carlos established the business of what subsequently became Food Source International in 2011.

Cameron Gough

Joint Global Sourcing Manager

- Cameron has 25 years' of farming and business experience in the organic industry.
- Cameron has significant experience in the procurement of high quality certified organic food product, from both local and international markets.
- In 2005, Cameron founded Australian Organic Holdings, a company which supplies high quality organic food products to the Australian wholesale and industrial markets, as well as to the retail sector.

Maarten de Leeuw

Sales Manager, EMEA

- Maarten has more than 20 years of experience in various commercial and trading roles, in large public listed trading and resource companies such as BHP Billiton, Zinifex and Nyrstar. He possesses deep commercial, trading and supply chain management experience that spans strategy development and tactical implementation.
- Maarten has successfully managed global teams with significant bottom line responsibility and led strategic change projects for major businesses from concept to implementation.

Jeff Pascoe

Sales Manager, North America

- Jeff grew up in a family that was well connected to the food business. His grandfather, his mother and Jeff himself worked for the Armour Food company in Omaha, Nebraska.
- Jeff has significant experience in the food business, commencing his career with the Armour Food company in Omaha, Nebraska before spending the next 16 years working with several food companies across a range of categories. In 2001, Jeff moved to McCain Foods and operated one of their largest food service regions in the Mid-West for 14 years. At McCain, Jeff was responsible for market development, training and overall market growth. As part of this role Jeff gained experience across a range of channels, including food service, C-store, vending, ingredient and small club stores.
- Most recently, Jeff held the position of Director of Sales for North America for an individually quick frozen (IQF) vegetable company based in Michigan. The role encompassed food service channel development and ingredient sales in the US and Canada.

Joe Gayton

Sales Manager, North Asia

- Joe holds a graduate diploma of agribusiness as well as a Bachelor of Agricultural Science. Throughout his career, Joe has worked in government in Tasmania and has held the role as Export Market Development Manager for the Victorian government, based in Japan.
- Joe started his career working for a division of the Coca Cola Amatil Group responsible for quality testing of raw material. He later joined Webster Ltd as a business manager, with responsibility for developing and servicing Japanese and North Asian markets with onion, carrot and walnut sales. In 2002, Joe moved to Japan to continue this role and he has been living in Japan since.

Adelyn Chee

Sales Manager

- Adelyn has over 20 years' experience working for major fast moving consumer goods (FMCG) companies such as Cadbury Schweppes, National Foods/Lion, Parmalat and Carman's, in various Export Sales and Marketing management roles concentrating on the Asia Pacific region.
- Throughout her career Adelyn's experience has predominantly covered branded products in the international retail space.

Refer to Section 6.3.2 for further details of the employment arrangements of the Key Management Personnel and Management Team.

6.3 Interests and benefits.

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- Underwriter to the Offer,

holds at the Prospectus Date, or has held in the two years before the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Directors' interests & remuneration

6.3.1.1 Executive Directors

6.3.1.1.1 Managing Director

Erling Sorensen is employed in the position of Managing Director under an employment contract with the Company. Erling's annual remuneration package comprises a base salary of $250,000 per annum (plus superannuation) and an incentive payment or additional benefit received in accordance with the terms of the Company's STI Plan and LTI Plan.

It is intended that, following Listing, Erling will receive approximately 192,307 performance rights (representing approximately $250,000 at the Offer Price) on the terms described in Section 6.3.3.2 below. Erling will also receive approximately 384,615 performance rights as a one-off retention payment (valued at approximately $500,000 at the Offer Price) on the terms described in Section 6.3.3.4 below.

Notice Period

Erling's employment may be terminated by either Erling or the Company by providing six months' notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion.

The Company may also terminate the employment of Erling summarily in certain circumstances (without notice) if without limitation, he is found guilty of serious misconduct or is found guilty of fraud or dishonesty in a court of competent jurisdiction or is declared bankrupt or of unsound mind.

Restraint

Erling's employment contract also contains a restraint of trade period of up to 12 months from the date of termination of his employment. Enforceability of such restraint of trade is subject to all usual legal requirements, in particular, reasonableness.

6.3.1.1.2 Chief Operating Officer and Executive Director

Jamie Nemtsas is employed in the position of Chief Operating Officer under an employment contract with the Company. Jamie's annual remuneration package comprises a base salary of $250,000 per annum (plus superannuation) and an incentive payment or additional benefit received in accordance with the terms of the Company's STI Plan and LTI Plan.

It is intended that, following Listing, Jamie will receive approximately 192,307 performance rights (representing approximately $250,000 at the Offer Price) on the terms described in Section 6.3.3.2 below. Jamie will also receive approximately 384,615 performance rights as a one-off retention payment (valued at approximately $500,000 at the Offer Price) on the terms described in Section 6.3.3.4 below.

Notice Period

Jamie's employment may be terminated by either Jamie or the Company by providing six months' notice in writing before the proposed date of termination, or in the Company's case, payment in lieu of notice at its discretion.

The Company may also terminate the employment of Jamie summarily in certain circumstances (without notice) if without limitation, he is found guilty of serious misconduct or is found guilty of fraud or dishonesty in a court of competent jurisdiction or is declared bankrupt or of unsound mind.

Restraint

Jamie's employment contract also contains a restraint of trade period of up to 12 months from the date of termination of his employment. Enforceability of such restraint of trade is subject to all usual legal requirements, in particular, reasonableness.

6.3.1.2 Non-Executive Director remuneration

Each of the Non-Executive Directors has entered into appointment letters with the Company confirming the terms of their appointment, their roles and responsibilities, and Murray River Organics' expectations of them as Directors.

The Board of Directors decide the total amount paid to each Director as remuneration for their services as a Director to the Company. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company at a general meeting (or, until so determined, as the Board determines). This amount has been fixed by the Board at $500,000 per annum and any change to the aggregate sum will need to be approved in a general meeting of Shareholders.

Annual Directors' fees currently agreed to be paid by the Company are $75,000 to the Chair, and $40,000 to each Non-Executive Director, plus superannuation at 9.5% of those fees. These fees are inclusive of fees in respect of service on the various Committees. In addition, each of the Chair of the Audit and Risk Management Committee and the Chair of the Remuneration and Nomination Committee will be paid $5,000 per annum. The Directors' fees do not include a commission on, or a percentage of, profits or income.

Pursuant to the terms of appointment of each Non-Executive Director, 50% of the fees and Committee Chair fees payable to each Non-Executive Director is to be paid in Shares in the Company for the first 12 months of their appointment or until Listing (whichever occurs earlier). On Completion of the Offer, the Non-Executive Directors will receive (in aggregate) 17,385 Shares (valued at approximately $22,601 (in aggregate), at the Offer Price). Following Listing, 100% of the fees and Committee Chair fees payable to Non-Executive Directors will be paid in cash.

The Non-Executive Directors will receive approximately 126,922 Shares in aggregate as a one-off payment (valued at approximately $165,000 (in aggregate), at the Offer Price) on or about Completion of the Offer in recognition for the additional work undertaken by the Non-Executive Directors to achieve the successful Listing of the Company on ASX. The value of the Shares to be issued to each Non-Executive Director represents 100% of the fees and Committee Chair fees payable to each Non-Executive Director. In addition, Donald Brumley will receive approximately 19,230 Shares on or about Completion of the Offer as a further one-off payment (valued at approximately $25,000, at the Offer Price) in recognition for his extra work as a representative of the Company on the due diligence Committee constituted for the purpose of the Offer and preparation of this Prospectus.

The Board currently intends to increase the fees payable to Directors within 12 months of Listing to at least the 50th percentile of the range of Directors fees paid by companies of comparable size and engaged in similar or related business activities, to the Company. To the extent that any such increase results in the total amount paid to all Non-Executive Directors exceeding $500,000, the Company will seek Shareholder approval, as required pursuant to the ASX Listing Rules and the Company's Constitution.

6.3.1.3 Deeds of access, insurance and indemnity

The Company has entered a deed of indemnity, insurance and access with each Director that confirms the Director's right of access to Board papers (for a period of seven years after the Director ceases to hold office, which can be extended where certain proceedings or investigations commence during that period) and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) insured by the Director as an Officer of the Company or of a related body corporate (as that term is defined in the Corporations Act).

Under the deeds of indemnity, insurance and access, the Company must maintain a Directors and Officers liability insurance policy insuring each Director and Officer against liability as a Director and Officer of the Company and its related bodies corporate (as that term is defined in the Corporations Act) until seven years after each Director or Officer ceases to hold office with the Company or a related body corporate (as that term is defined in the Corporations Act) (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

6.3.1.4 Directors' shareholdings

The Directors are not required by the Constitution to hold any Shares. On Completion of the Offer, the Directors will hold an interest in the following Shares either personally, or through entities associated with the Director (excluding any Shares applied for under the Offer). Some of these shares will be subject to voluntary escrow arrangements. Refer to Section 7.9 for further details.

The Directors are entitled to apply for Shares under the Offer. The Directors' (and associated entities) holdings immediately prior to Completion of the Offer, and that are expected to be acquired in the Offer and held on Completion of the Offer are outlined below. Final Directors' interests in Shares of the Company (whether held directly or indirectly) will be notified to the ASX on or about the date of Listing.

Director	Shareholding (prior to Completion of the Offer)	Shares expected to be acquired	Expected Shareholding (on Completion of the Offer)
Craig Farrow	Nil	65,595	65,595
Erling Sorensen	11,293,332	Nil	7,447,179
Jamie Nemtsas	11,293,332	Nil	7,447,179
Lisa Hennessy	Nil	39,356	39,356
Donald Brumley	Nil	58,586	58,586

Each of the Shares recorded in the above table as held by Craig Farrow, Lisa Hennessy and Donald Brumley (the Non-Executive Directors) will be issued by the Company on or around Completion of the Offer. Of these Shares to be issued, 7,903 Shares held by Craig Farrow, and 4,741 Shares held by each of Lisa Hennessy and Donald Brumley will be issued in satisfaction of Director and Committee Chair fees payable to each Non-Executive Director pursuant to the terms of their appointment (refer to Section 6.3.1.2). The balance of Shares held by each Non-Executive Director will be issued by the Company for nil consideration on or around Completion of the Offer pursuant to one-off payments in recognition of the additional work undertaken by the Non-Executive Directors to achieve the successful Listing of the Company (refer to Section 6.3.1.2).

The Shares held by entities associated with Erling Sorensen and Jamie Nemtsas will be subject to escrow arrangements following Completion of the Offer (refer to Section 7.9).

6.3.1.5 Other information about Directors' interests and benefits

Directors may also be reimbursed for all reasonable out of pocket expenses incurred in carrying out their duties as a Director. Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or its subsidiaries.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

As disclosed in Section 9.6.2, MROL has entered into a lease agreement with Sandhurst Trustees Limited as custodian for the Arrow Primary Infrastructure Fund in respect of a dried vine fruit producing farm, known as “Advinco” or the "Colignan vineyard", located in operationally beneficial proximity to MROL's existing operations. Through entities and individuals associated with each of Erling Sorensen, Jamie Nemtsas:

- entities and individuals associated with Erling Sorensen hold an interest in 2.62% of the units currently on issue in Arrow Primary Infrastructure Fund; and
- entities and individuals associated with Jamie Nemtsas hold an interest in 1.40% of the units currently on issue in Arrow Primary Infrastructure Fund.

The Company believes that the lease has been entered into on arm's length terms and notes that neither interest held represents a controlling interest in Arrow Primary Infrastructure Fund.

6.3.2 Key Management Personnel's and Management Team's interests and remuneration

6.3.2.1 Managing Director

See Section 6.3.1.1.1 above.

6.3.2.2 Chief Operating Officer

See Section 6.3.1.1.2 above.

6.3.2.3 Chief Financial Officer

Matthew O'Brien is employed in the position of Chief Financial Officer under an employment contract with MROL. Matthew's annual remuneration package comprises a base salary of $150,685 per annum (plus superannuation) and an incentive payment or additional benefit received in accordance with the terms of the Company's STI Plan and LTI Plan.

It is intended that, following Listing, Matthew will receive approximately 115,911 performance rights (representing approximately $150,685 at the Offer Price) on the terms described in Section 6.3.3.2 below. Matthew will also receive approximately 384,615 performance rights as a one-off retention payment (valued at approximately $500,000 at the Offer Price) on the terms described in Section 6.3.3.4 below.

Notice Period

Matthew's employment may be terminated by either Matthew or MROL by providing three months' notice in writing before the proposed date of termination, or in MROL's case, payment in lieu of notice at its discretion.

MROL may also terminate the employment of Matthew summarily in certain circumstances (without notice) if without limitation, he is found guilty of serious misconduct or is found guilty of fraud or dishonesty in a court of competent jurisdiction or is declared bankrupt or of unsound mind.

Restraint

Matthew's employment contract also contains a restraint of trade period of up to 6 months from the date of termination of his employment. Enforceability of such restraint of trade is subject to all usual legal requirements, in particular, reasonableness.

6.3.2.4 Management Team employment agreements

The Group's other Management Team are employed under individual executive services agreement. These generally establish:

- total compensation, inclusive of base salary and superannuation contribution to a fund of the individual's election;
- eligibility to participate in the Company's bonus policy in place from time to time. For further details about Murray River Organics' STI Plan and LTI Plan, refer to Section 6.3.3;
- notice and termination provisions (for employees, notice provisions are determined in accordance with the National Employment Standards);
- restraint of trade provisions (generally for a 6 to 12 month period, subject to legal usual requirements) and confidentiality obligations; and
- for employees, leave entitlements as per the National Employment Standards and applicable legislation.

6.3.3 Employee incentive arrangements

6.3.3.1 Executive team interests and annual remuneration

The Company has established various incentive arrangements to assist in the attraction, retention and motivation of its employees and management of the Group as set out below.

The annual remuneration package of each member of the executive team is comprised of a base salary, a cash-based short term incentive under the STI Plan and participation in a new LTI Plan. The STI Plan gives participants the opportunity to earn a cash-based bonus based on satisfaction of certain hurdles and performance indicators based on the Company's performance and the individual's contribution (see Section 6.3.3.3 for further details).

The LTI Plan is governed by the LTI Plan Rules (refer to Section 6.3.3.2 for further details). It is intended that, following Listing, the executive team will receive, in aggregate up to a total of 500,525 performance rights under the LTI Plan (representing approximately $650,685 at the Offer Price). This excludes the performance rights that are intended to be granted in terms of Section 6.3.3.4.

It is intended that performance rights granted to the executive team (other than those referred to in Section 6.3.3.4) will be offered annually and will vest 3 years from the date of issue, subject to satisfaction of performance conditions set by the Board. Any FY2017 grant of performance rights (other than those referred to in Section 6.3.3.4) will be subject to vesting conditions based on the Company achieving the Earnings Per Share and Share Price Growth measures to be determined by the Board.

It is intended that performance rights granted under the LTI Plan from FY2018 onwards will vest subject to performance measures to be determined by the Board, in its discretion.

6.3.3.2 Long Term Incentive Plan (LTI Plan)

The LTI Plan offers eligible employees (including executives) selected by the Board rights to subscribe for, or be granted, performance rights.

In addition to the grant of performance rights to the executive team (see Section 6.3.3.1), it is intended that an additional number of performance rights will be granted to other eligible employees under the LTI Plan in FY2017, on terms to be determined by the Board.

The invitations issued to eligible employees will include information such as performance conditions and any trading restrictions on dealing with Shares allocated on vesting or exercise of a performance right. Upon acceptance of an invitation, the Directors will grant performance rights in the name of the eligible employee or their nominee (as permitted by the terms of the LTI Plan). On vesting, one performance right is exercisable into or entitles the holder to one Share. Participants in the LTI Plan will not pay any consideration for the grant of the performance rights.

Performance rights will not be listed on ASX and may not be transferred, assigned or otherwise dealt with except with the approval of the Directors (or by force of law upon death due to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy).

Performance rights will only vest where the performance conditions and any other relevant conditions advised have been satisfied unless otherwise determined by the Board. An unvested performance right will lapse in certain circumstances, including where performance conditions are not satisfied within the relevant time period, where the participant deals with the performance right in breach of the rules of the LTI Plan or where, in the opinion of the Board, a participant has acted fraudulently or dishonestly.

If a participant's employment or engagement with the Company (or its subsidiaries) terminates before the performance rights have vested, the performance rights will lapse, unless the invitation provides otherwise, or, in the case of retirement in certain circumstances, death, total and permanent disablement or redundancy, the Board resolves otherwise.

Where there is a takeover bid made for Shares in the Company, the Directors may determine that all or part of the participant's unvested performance rights, will become vested performance rights.

If there are certain variations in the share capital of the Company, including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the LTI Plan in accordance with the provisions of the ASX Listing Rules.

A performance right issued pursuant to the LTI Plan does not entitle its holder to dividends nor rights to vote at meetings of Shareholders of the Company until that performance right is exercised and the participant is a holder of a valid Share in the Company.

Shares acquired on vesting of the performance rights will upon allotment rank equally in all respects with other Shares and the Company will apply to ASX for quotation of the relevant Shares. No performance right or Share may be offered under the LTI Plan if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time.

6.3.3.3 Short Term Incentive Plan (STI Plan)

Each of Erling Sorensen, Jamie Nemtsas, Matthew O'Brien, certain members of Murray River Organics' Management Team and certain other employees may be entitled to participate in a cash-based STI Plan under the terms of their employment contracts, and in accordance with the terms of the STI Plan. The maximum amount that the each person will be entitled to under the STI Plan is an amount equal to:

- in respect of each of Erling Sorensen, Jamie Nemtsas and Matthew O'Brien, up to 40% of their fixed annual remuneration;
- in respect of employees who report directly to each of Erling Sorensen, Jamie Nemtsas and Matthew O'Brien, up to 25% of their fixed annual remuneration; and
- in respect of all other eligible employees, up to 15% of their fixed annual remuneration.

In respect of FY2017, of each eligible employees maximum entitlement under the STI Plan:

- 50% will be paid if the Company's actual EBITDA for FY2017 meets the forecast EBITDA in this Prospectus of $15.9m (FY2017 EBITDA Performance Condition);
- where the FY2017 EBITDA Performance Condition is achieved, 15% will be paid if the employee meets individual behaviour target performance conditions;
- where the FY2017 EBITDA Performance Condition is achieved, 20% will be paid if the employee meets the relevant personal stretch target performance condition; and
- where the FY2017 EBITDA Performance Condition is achieved, 15% will be paid if the team in which the employee is employed satisfies the relevant team key performance indicator conditions.

If the FY2017 EBITDA Performance Condition is not achieved, the Board may determine, in its absolute discretion, that no amounts will be payable to eligible employees, irrespective of whether performance conditions other than the FY2017 EBITDA Performance Condition has been met.

For each financial year after FY2017, payments under the STI Plan will be calculated in accordance with and subject to the performance conditions set by the Board in its discretion and notified to each eligible employee in writing at the commencement of each financial year which may include financial targets for the Company as well as qualitative operational targets for the employee as set by the Board.

6.3.3.4 One-off retention payment

Following Listing, each of Erling, Jamie and Matthew will receive approximately 1,153,845 performance rights (in aggregate) as a one-off retention payment (valued (in aggregate) at $1,500,000 at the Offer Price). Performance rights issued as part of this one-off retention payment will vest in one tranche on 30 June 2019, provided that the relevant executive has remained in continuous employment with the Group from the date of the grant until the date of vesting. These performance rights are not subject to any other vesting conditions.

In addition, following Listing, certain long-standing members of the Management Team will receive approximately 153,846 performance rights (in aggregate) as a one-off retention payment (valued (in aggregate) at $200,000 at the Offer Price). Performance rights issued as part of this one-off retention payment will vest in one tranche 12 months after the Listing Date, provided that the relevant employee has remained in continuous employment with the Group from the date of the grant until the date of vesting. These performance rights are not subject to any other vesting conditions.

6.3.4 Interests of advisers

Murray River Organics has engaged the following professional advisers in relation to the Offer:

- PAC Partners Pty Ltd and Morgans Corporate Limited have acted as Underwriters and Joint Lead Managers to the Offer. Murray River Organics has paid, or agreed to pay, the Joint Lead Managers the fees described in Section 9.6.1.1 for these services;
- Clayton Utz has acted as Australian legal adviser in relation to the Offer. Murray River Organics has paid, or agreed to pay, approximately $530,000 (excluding disbursements and GST) for these services up until the date of the Original Prospectus. Further amounts may be paid to Clayton Utz in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries in connection with the Offer. Murray River Organics has paid, or agreed to pay, approximately $200,000 (excluding disbursements and GST) for the above services up until the date of the Original Prospectus. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its normal time-based charges;
- Deloitte Tax Services Pty Ltd has provided taxation due diligence and other taxation advisory services in connection with the Offer. Murray River Organics has paid, or agreed to pay, approximately $240,000 (excluding disbursements and GST) for the above services up until the date of the Original Prospectus. Further amounts may be paid to Deloitte Tax Services Pty Ltd in accordance with its normal time-based charges.
- Frost & Sullivan Australia Pty Ltd prepared the Independent Market Report on the organic, natural and healthy food and snack market included in Section 2. Murray River Organics has paid, or agreed to pay $40,000 (excluding GST) for this report.

The Joint Lead Managers or their affiliates from time to time may in the future perform other investment banking and financial advisory services for the Company, Shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Joint Lead Managers and their affiliates may act as a market maker or buy or sell securities issued by the Company or associated derivatives as principal or agent. PAC Partners Pty Ltd holds 29,166 Shares as at the Prospectus Date. Customary fees and commissions are expected to be paid for any such services in the future.

These amounts, and other expenses of the Offer, will be paid out of funds raised under the Offer or available cash (unless otherwise indicated). Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.3.

6.4 Corporate governance.

6.4.1 Overview

This Section explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, Officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a Listing on the ASX. The ASX Corporate Governance Council has developed and released the ASX Recommendations for ASX-listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptive, but guidance. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. The Board does not anticipate that it will depart from the ASX Recommendations at the time of Listing; however, it may do so in the future if it considers that such a departure would be reasonable.

The main policies and practices adopted by the Company, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. The Company's Code of Conduct outlines the standards of conduct expected of the Company's business and personnel in a range of circumstances. In particular, the Code of Conduct requires awareness of, and compliance with, relevant laws and regulations and other policies and procedures of the Company. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available from Listing at www.murrayriverorganics.com.au.

6.4.2 Independence of Directors

In determining whether a Director is "independent", the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered "independent" if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard. The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules.

The Board considers that each of Craig Farrow, Lisa Hennessy and Donald Brumley are free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement and so each is considered an independent Director.

Each of Erling Sorensen and Jamie Nemtsas are currently considered by the Board not to be independent given their continued holding of positions as Executive Directors, and on the basis of the significant shareholding in the Company of entities associated with them.

6.4.3 Board charter

The Company has approved a Board Charter to apply upon Listing. The Board Charter sets out:

- the composition and operation of the Board;
- the roles and responsibilities of the Board; and
- the delegation of authority by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising Murray River Organics' strategies, policies and performance;
- optimise Murray River Organics' performance and build sustainable value for Shareholders;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure that Shareholders are kept informed of the Company's performance and major developments.

Matters which are specifically reserved for the Board or its committees include:

- appointment of a Chair;
- appointment and removal of the Managing Director and company secretary;
- ratifying the appointment and removal of senior executives;
- approving the Company's remuneration policies and framework and determining whether the remuneration and conditions of service of senior executives are appropriate and consistent with the approved remuneration policies and framework;
- establishing and monitoring succession planning;
- setting the specific limits of authority for management;
- calling meetings of Shareholders; and
- approving criteria for assessing performance of senior executives and monitoring and evaluating their performance.

The Managing Director is responsible for running the day to day affairs of Murray River Organics under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out these responsibilities, the Managing Director must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of Murray River Organics' financial condition and operational results.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of Murray River Organics, in accordance with the delegated authority of the Board.

6.4.4 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board Charter, Board committee performance evaluations will occur annually.

6.4.4.1 Audit and Risk Management Committee

Under its charter, the Audit and Risk Management Committee must be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Audit and Risk Management Committee must have at least three members, a majority of whom (including the Chair) must be independent and all of whom must be Non-Executive Directors. A member of the Audit and Risk Management Committee, who does not Chair the Board, shall be appointed the Chair of the Committee.

Currently, the Committee comprises Craig Farrow, Lisa Hennessy and Donald Brumley (who will act as Chair). In accordance with its charter, it is intended that all members of the Committee should be financially literate and have familiarity with financial management, and at least one member should have relevant qualifications and experience.

The primary role of the Audit and Risk Management Committee includes:

- overseeing the Company's process of internal control structure, continuous disclosure, financial and non-financial risk management systems, and compliance and external audit;
- providing advice to the Board and reports on the status and management of the risks to the Company, to ensure the that risks are identified, assessed and appropriately managed;
- monitoring the Company's compliance with laws and regulations and the Company's codes of conduct and ethics; and
- encouraging effective relationships with, and communication between, the Board, management and the Company's external auditor.

The Board has adopted a policy regarding the services that the Company may obtain from its auditor. It is the policy of the Company that its external auditor:

- must be independent of the Company and the Directors and senior executives. To ensure this, the Company requires a formal confirmation of independence from its external auditor on an annual basis; and
- may not provide services to the Company that are, or are perceived to be, materially in conflict with the role of the external auditor. Non-audit or assurance services that may impair, or appear to impair, the external auditor's judgement or independence are not appropriate. However, the external auditor may be permitted to provide additional services which are, and are not perceived to be, materially in conflict with the role of the auditor, if the Board or Audit and Risk Management Committee has approved those additional services.

6.4.4.2 Remuneration and Nomination Committee

Under its charter, this Committee must have at least three members, a majority of whom (including the Chair) must be independent Directors, and all of whom must be Non-Executive Directors. Currently, the Committee comprises Donald Brumley, Craig Farrow and Lisa Hennessy (who will act as Chair). In accordance with its charter, it is intended that at least one member will have expertise in remuneration. The main functions of the Remuneration and Nomination Committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity, experience and commitment to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the Company:

- has coherent remuneration policies and practices which enable the Company to attract and retain executives and Directors who will create value for Shareholders, including succession planning for the Board and executives;
- fairly and responsibly remunerate Directors and executives, having regard to the performance of the Company, the performance of the executives and the general remuneration environment;
- has policies to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet the Company's needs.

The Remuneration and Nomination Committee will meet as often as is required by its Charter or other policy approved by the Board to govern the operation of the Committee. Following each meeting, the Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval.

6.4.5 Corporate Governance Principles and Policies

6.4.5.1 Continuous disclosure policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately disclose to the ASX any information concerning the Company which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of the Company's securities, once the Company is aware of such information. The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company has adopted a Continuous Disclosure Policy to take effect from Listing, which establishes procedures to ensure that Directors and senior management are aware of, and fulfil their obligations in relation to continuous disclosure, including the timely, full and accurate disclosure of material price-sensitive information when required. The Continuous Disclosure Policy also sets out procedures for communicating with Shareholders, the media and the market. Under the Continuous Disclosure Policy, the Company Secretary will be primarily responsible for managing the Company's compliance with its continuous disclosure obligations.

6.4.5.2 Share trading policy

The Company has adopted a Securities Trading Policy which will apply to the Company, its Directors, Officers and certain employees.

The Policy is intended to explain the types of conduct in relation to dealings in the securities of the Company that is prohibited under the Corporations Act and establish procedures in relation to Directors, senior management or employees dealing in the securities.

Subject to certain exceptions, including exceptional financial circumstances, the Securities Trading Policy defines certain "closed periods" during which trading in securities of the Company by the Directors, Officers and certain employees is prohibited. Those closed periods are currently defined as the following periods:

- the Company's year end until the Business Day after the release of the full year results;
- the Company's half year end until the Business day after the release of the half yearly results; and
- any additional periods imposed by the Board from time to time (for example when the Company is considering matters which are subject to ASX Listing Rule 3.1A).

Outside of these periods, Directors, senior management and certain employees must receive clearance for any proposed dealing in securities of the Company. In all instances, buying or selling securities of the Company is not permitted at any time by any person who possesses price-sensitive information concerning the Company.

6.4.5.3 Whistleblower policy

The Company is committed to promoting and supporting a culture of corporate compliance and ethical behaviour. The Company has adopted a Whistleblower Policy to apply from Listing on the ASX which encourages employees to raise any concerns and report instances of illegal or unethical behaviour, without fear. The Whistleblower Policy establishes the mechanisms and procedures for employees to report unethical or illegal conduct in a manner which protects the whistleblower and gathers the necessary information for the Company to investigate such reports and act appropriately.

6.4.5.4 Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, to take effect from Listing on the ASX, to be followed by all employees, contractors and Officers. The key aspects to the code are to:

- act with, honesty, integrity and fairness, and in the best interests of the Company as a whole;
- act in strict compliance with all applicable laws, regulations, policies and procedures;
- avoid conflicts of interest; and
- use the Company's resources and property properly.

The Code of Conduct outlines the Company's policies on various matters including protection of confidential information, avoiding conflicts of interest, ethical conduct, business and personal conduct, privacy and financial integrity.

6.4.5.5 Communications with Shareholders

The Board aims to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that Shareholders are properly informed of all major developments affecting the affairs of the Company. The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website, www.murrayriverorganics.com.au.

The Company's website will also contain information about it, including media releases, key policies and the charters of Board committees.

6.4.5.6 Risk management policy

The identification and proper management of the Company's risks are an important priority of the Board. The Board has adopted a Risk Management Policy appropriate for its business, which will ensure appropriate systems are implemented to identify material risks that may impact on the Company's business and delegate appropriate responsibilities to control any identified risk. The Policy will also ensure that any material changes to the Company's risk profile will be disclosed in accordance with the Company's Continuous Disclosure Policy.

The Board will be responsible for overseeing and approving the Company's risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major risks to the business are identified, assessed and appropriately addressed. The Board may delegate these functions to the Audit and Risk Management Committee or a separate risk committee in the future.

The Board will regularly undertake review of its risk management procedures to ensure that it complies with its legal obligations.

6.4.5.7. Diversity policy

The workforce of the Company is made up of individuals with diverse skills, backgrounds, perspectives and experience and this diversity is recognised, valued and respected. The Company is committed to developing measurable objectives to achieve gender diversity in its workplace. The Company has implemented a Diversity Policy which is overseen by the Board, and which aligns the Company's management systems with the commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board.

In its annual report, the Company will disclose the measurable objectives for achieving gender diversity and progress towards achieving them, and, where the Board considers it reasonable to do so, will also disclose the proportion of women personnel in the whole organisation, women in senior executive positions and women on the Board.

7. Details of the Offer.

7.1 The Offer.

This Prospectus relates to an initial public offering of 19.2m New Shares by the Company, and the sale of Existing Shares by SaleCo, at an Offer Price of $1.30 per Share. The total number of Shares on issue at Completion of the Offer will be 86.9m. The Shares offered under this Prospectus will represent approximately 31% of the Shares on issue at Completion of the Offer. The Offer is expected to raise $35 million, comprising $25 million from the issue of New Shares by the Company and $10 million from the sale of Existing Shares by SaleCo.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus. All Shares will rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.14.

7.1.1 Structure of the Offer

The Offer comprises the Broker Firm Offer and the Institutional Offer, each described below:

- the Broker Firm Offer, which consists of an offer to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
- the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions, made under this Prospectus.

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Broker Firm Offer and the Institutional Offer has been determined by agreement between the Company and the Joint Lead Managers, having regard to the allocation policies outlined in Sections 7.3 and 7.4.

7.1.2 Purpose of the Offer

The purpose of the Offer is to:

- fund the acquisition of the Acquisition Asset;
- fund the consolidation of the Group's dried vine fruit and Cluster facilities in the Sunraysia region to Mourquong, NSW;
- raise capital for the conversion and development of the Group's vineyards;
- raise working capital to support the day-to-day operations of the Group;
- raise capital for other productivity and growth capital projects;
- fund the appointment of sales representatives in North America, China and Japan (and extending marketing activities in these regions);
- improve the Group's ongoing access to capital;
- achieve a Listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for the Shares; and
- provide an opportunity for Existing Shareholders to realise part of their investment in the Group.

7.1.3 Use of Offer proceeds

The total gross proceeds of the Offer will be equal to the number of New Shares issued under the Offer multiplied by the Offer Price.

The total sources of funds under the Offer are expected to be $35.0 million. The following table details the sources and uses of the Offer proceeds. For further information, see Section 3.9.

Sources of Funds	$ Million	%	Uses of Funds	$ Million	%
Cash proceeds received by the Company	$25.0	71.4	Acquisition of the Acquisition Asset *(as described in Section 3.2.3)*	$10.4	29.7%
			Consolidation of Sunraysia facilities *(as described in Section 3.4.4)*	$6.0	17.1%
			Working capital	$2.8	8.0%
			Repayment of borrowings	$3.0	8.6%
			Payment for transaction costs associated with the offer	$2.8	8.0%
Cash proceeds received by SaleCo from the sale of Existing Shares by SaleCo	$10.0	28.6%	Payment to Selling Shareholders	$10.0	28.6%
Total	**$35.0**	**100%**	**Total**	**$35.0**	**100%**

7.1.4 Capital Structure

The capital structure of the Company immediately prior to the Offer, and after Completion of the Offer, is set out in Section 9.4.

7.1.5 Corporate structure of Murray River Organics

The corporate structure of Murray River Organics is set out in Section 9.3.

7.1.6 Sale of Existing Shares by SaleCo

A summary of the Call Option Deeds pursuant to which Selling Shareholders have granted to SaleCo an option to require those Selling Shareholders to sell an agreed number of Shares on the date of Settlement of Shares under the Prospectus, is set out in Section 9.5.

7.1.7 Financial and other information about Murray River Organics

The Company's pro forma historical statement of financial position following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.

The Company's capitalisation and indebtedness as at 30 June 2016, before and following Completion of the Offer, are set out in Section 4.

The Directors believe that, on Completion of the Offer, the Company will have sufficient funds available to fulfil the purposes of the Offer and meet its stated business objectives.

7.1.6 Control implications of the Offer

The Directors do not expect that any single Shareholder will control the Company on Completion of the Offer.

7.2 Terms and conditions of the Offer.

What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them is set out in Section 7.14.
What is the consideration payable for the Shares?	The Offer Price is $1.30 per Share.
What is the Offer period?	The key dates, including the details of the Offer period, are set out on page 7.

What are the cash proceeds to be raised?

$35m is expected to be raised under the Offer based on the Offer Price, comprising $25m from the issue of New Shares by the Company and $10m from the sale of Existing Shares by SaleCo.

What is the minimum and maximum Application size under the Broker Firm Offer?

The minimum Application size for investors in the Broker Firm Offer is $2,000 worth of Shares and Applicants in the Broker Firm Offer should contact their Broker regarding the acceptable multiples above this amount.

The Joint Lead Managers and the Company reserve the right to reject any application made under the Broker Firm Offer or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any Applications.

There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

What is the allocation policy?

The allocation of Shares between the Broker Firm Offer and the Institutional Offer has been determined by agreement between the Company and the Joint Lead Managers, having regard to the allocation policy outlined in Sections 7.3.5 and 7.4.2.

With respect to the Broker Firm Offer, it is a matter for the Brokers (and not the Company) how they allocate Shares among eligible retail clients. For further information on the Broker Firm Offer, see Section 7.3.

The allocation of Shares under the Institutional Offer will be determined by agreement between the Company and the Joint Lead Managers.

When will I receive confirmation whether my Application has been successful?

It is expected that initial holding statements will be mailed by standard post on or about Monday, 19 December 2016.

Will the Shares be quoted?

The Company has applied for admission to the Official List of the ASX and quotation of Shares on ASX under the code "MRG".

Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on Friday, 16 December on a deferred settlement basis. Trading will be on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to Shareholders. Normal settlement trading is expected to commence on or about Tuesday, 20 December 2016. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Murray River Organics Offer Information Line, by a Broker or otherwise.
Is the Offer underwritten?	Yes. PAC Partners and Morgans have fully underwritten the Offer. Details are provided in Section 9.6.1.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.9.
Have any ASX confirmations or ASIC modifications been obtained or relied on?	Yes. Details are provided in Sections 7.11 and 7.12.
Are there any taxation considerations?	Yes. Please refer to Section 9.9 and note it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 9.6.1 for details of various fees payable by Murray River Organics to the Joint Lead Managers.
What should I do with any enquiries?	Enquiries in relation to this Prospectus may be directed to the Murray River Organics Offer Information Line on 1300 651 479 (toll free within Australia) or +61 3 9415 4285 (outside Australia) from 8.30am until 5.00pm (Melbourne time) Monday to Friday. Enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

7.3 Broker Firm Offer.

7.3.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have been offered a firm allocation of Shares by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether you may be allocated Shares under the Broker Firm Offer. The Broker Firm Offer is not open to US Persons.

7.3.2 How to apply

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation of Shares. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or is accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is $2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any Applications.

The Company may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion, in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker, in accordance with the relevant Broker's directions, in order to receive their firm allocation of Shares. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9:00am (Melbourne time) on Friday, 9 December 2016 and is expected to close at 5:00pm (Melbourne time) on Wednesday, 14 December 2016. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

7.3.4 Acceptances of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to the Company to subscribe for Shares in the Australian dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding quotation on ASX in Section 7.2 and the acknowledgements in Section 7.6).

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded. Acceptance of an Application will give rise to a binding contract.

7.3.5 Broker Firm allocation policy

The allocation of firm stock to Brokers has been determined by agreement between the Company and the Joint Lead Managers. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Company and the Joint Lead Managers to reject or scale back Applications). It will be a matter for those Brokers how they allocate Shares among their retail clients and they (and not the Company) will be responsible for ensuring that retail clients, who have received an allocation of Shares from them, receive the relevant Shares.

7.3.6 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any Application Monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

7.3.7 Announcement of final allocation policy in the Broker Firm Offer

Applicants in the Broker Firm Offer will be able to confirm their allocation through the Broker from whom they received their allocation. They may also call Morgans on 1800 658 206 (toll free within Australia) or +61 3 9947 4101 (outside Australia) from 8.30am until 5.30pm (Melbourne time) Monday to Friday.

7.4 Institutional Offer.

7.4.1 Invitation to bid

The Institutional Offer is an invitation to Australian resident Institutional Investors and other eligible Institutional Investors in jurisdictions outside the United States to bid for Shares, made under this Prospectus. The Joint Lead Managers separately advised Institutional Investors of the Application procedures for the Institutional Offer.

7.4.2 Institutional Offer allocation policy

The allocation of Shares between the Institutional Offer and the Broker Firm Offer was determined by agreement between the Company and the Joint Lead Managers. The Joint Lead Managers, in consultation with the Company, determined the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy was influenced by the following factors:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing on ASX;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall levels of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Company and the Joint Lead Managers considered appropriate.

7.5 Acknowledgements.

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) accompanying the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that once the Company receives an Application Form it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective Officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends;
- acknowledged that any dividends paid by the Company may be unfranked or only partially franked and that the unfranked portion of any such dividends may not attach conduit foreign income;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not investment advice or taxation advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs of the Applicant(s); and
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer).

7.6 Restrictions on distribution.

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

Each Applicant in the Broker Firm Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.7 Selling restrictions.

This Prospectus does not constitute an offer or sale of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any jurisdiction outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

7.8 Underwriting arrangement.

The Offer is fully underwritten by PAC Partners and Morgans, the Underwriters.

The Underwriters and the Company have entered into an Underwriting Agreement under which the Underwriters agree, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Underwriters may terminate the agreement and their respective underwriting obligations. A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.6.1.

7.9 Voluntary escrow arrangements.

The Escrowed Shareholders entered into voluntary escrow arrangements in respect of the Shares held by them at Listing (other than any Shares purchased by them under the Offer) (**Escrow Deeds**). The proportion of Shares that will be subject to escrow (on Completion of the Offer) is expected to be approximately 49.18% of the total issued capital of the Company. Escrowed Shareholders have entered into Escrow Deeds, which prevents them from disposing of their respective Shares for the Escrow Period (as defined below). With the exception of the Escrow Period, these Escrow Deeds contain identical terms, with the key provisions summarised below.

The **Escrow Period** will apply as follows:

- in respect of the Founders:
  - » 3,846,154 Shares (representing, in aggregate, approximately 25.6% of the Founders' shareholding in the Company at Listing) - until the date that is 3 trading days after the Company has lodged its preliminary full year report (ASX Listing Rule Appendix 4E report) with ASX for the financial year ending 30 June 2017; and
  - » 11,048,202 Shares (representing the balance of the Founders' shareholding in the Company at Listing) - until the date that is 3 trading days after the Company has lodged its preliminary full year report (ASX Listing Rule Appendix 4E report) with ASX for the financial year ending 30 June 2018; and
- in respect of all other Escrowed Shareholders - the trading day after the day which is three months after the admission of the Company to the Official List of ASX,

(Escrow Period).

An Escrowed Shareholder may be released early from these escrow obligations to enable:

- an Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares;
- the Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- the Shares held by the Escrowed Shareholders to be bought back by the Company under a buy back permissible under the Corporations Act.

During the Escrow Period, the Escrowed Shareholders may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction). The Escrow Deeds do not restrict the voting rights of Escrowed Shareholders in respect of their Shares.

The restriction on "disposing" is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares, or agreeing to do any of those things.

7.10 Discretion regarding the Offer.

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants or bidders. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.11 ASIC relief.

The Company and SaleCo have sought and obtained the following exemptions and modifications from ASIC in relation to the Offer:

- the Company has sought and obtained a declaration from ASIC modifying Chapter 6 of the Corporations Act so that the voluntary escrow arrangements described in Section 7.9 do not give rise to a relevant interest for the Company in respect of the escrowed Shares held by Escrowed Shareholders; and
- SaleCo, the Company and member of SaleCo have sought and obtained an ASIC exemption from section 606 of the Corporations Act to allow SaleCo to acquire a relevant interest in 20% or more of the Shares in the Company, subject to certain conditions.

7.12 ASX waivers.

The Company has sought from ASX:

- in principle approval for a waiver from ASX Listing Rule 10.14 to allow 1,153,844 performance rights (including those performance rights referred to in Section 6.3.3.4) to be granted to each of Erling Sorensen and Jamie Nemtsas pursuant to the LTI Plan on, or shortly following, Completion of the Offer without the need for Shareholder approval. Further grants of securities under the LTI Plan to either Erling Sorensen or Jamie Nemtsas may require Shareholder approval; and
- in principle approval for a waiver from ASX Listing Rule 10.11 to allow 163,537 Shares to be issued to Non-Executive Directors on, or shortly following, Completion of the Offer without the need for Shareholder approval.

7.13 ASX Listing, registers and holding statements, deferred settlement trading.

7.13.1 Application to ASX for Listing and quotation of Shares

The Company has applied to the ASX for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code "MRG").

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Murray River Organics or the Shares offered for subscription under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after such application is made (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

7.13.2 CHESS and issuer sponsored holdings

The Company has applied to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.13.3 Deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX (on a deferred settlement basis) will commence on or about Friday, 16 December 2016.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Murray River Organics Offer Information Line or confirmed your firm allocation through a Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on or about Tuesday, 20 December 2016.

7.14 Description of Shares.

7.14.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution of the Company; and
- in certain circumstances, regulated by statute, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List of the ASX.

7.14.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to one vote for each fully paid Share held.

7.14.3 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

7.14.4 Dividends

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Constitution, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend and the time and the method of payment of the dividend. The Company's dividend policy is set out in Section 4.10.

7.14.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

7.14.6 Issue of further Shares

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.

7.14.7 Winding up

Subject to the Constitution, the Corporations Act and any special resolution or preferential rights or restrictions attached to any class or classes of shares, members will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them.

7.14.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

7.14.9 Share buy-backs

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may buy back shares in itself on terms and at times determined by the Board.

7.14.10 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. These provisions will cease to apply unless renewed by special resolution of the Shareholders in a general meeting by the third anniversary of the date of the Constitution's adoption.

7.14.11 Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

7.14.12 Directors - appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum may not be more than ten. Directors are elected at general meetings of the Company.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

Retirement will occur on a rotational basis so that any Director who has held office for three or more years, or three or more annual general meetings, (excluding any Managing Director) retires at each annual general meeting of the Company.

7.14.13 Directors - voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has a casting vote.

7.14.14 Directors - remuneration

The Directors, other than the executive Directors, shall be paid by way of fees for services, with the maximum aggregate sum approved from time to time by the Company in a general meeting or, until so determined, as the Board determines. The current maximum aggregate sum approved by the Board is $500,000. Any change to that maximum aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses incurred by Directors in attending meetings or otherwise in connection with the business of the Company. Subject to the Corporations Act and the Constitution, remuneration of executive Directors shall be the amount that the Board decides.

7.14.15 Directors - powers and duties

The Directors have the power to manage the business of the Company and may exercise all powers which are not expressly required by law, the ASX Listing Rules or the Constitution to be exercised by the Company in a general meeting.

7.14.16 Indemnities

The Company, to the extent permitted by law, indemnifies each of its Directors and Secretaries (past and present) against any liability incurred by that person as an Officer of the Company or one of its subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director or Secretary of the Company or its subsidiaries against any liability incurred by such person as an Officer of the Company or its subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). The Company, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an Officer of the Company or its subsidiaries, under which the Company must do all or any of the following:

- keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
- indemnify that person against any liability and certain legal costs incurred by that person (on a solicitor-and-client basis);
- make a payment (whether by way of advance, loan or otherwise) to that person in respect of certain legal costs incurred by that person (on a solicitor-and-client basis); and
- keep that person insured in respect of any act or omission by that person while an Officer of the Company or a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

7.14.17 Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

8. Investigating Accountant's Report.

8.1 Investigating Accountant's Report.

Deloitte.

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The Directors
Murray River Organics Group Limited
32 Crompton Way
Dandenong South Victoria 3175

The Directors
Murray River Organics SaleCo Limited
32 Crompton Way
Dandenong South Victoria 3175

8 December 2016

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Murray River Organics Group Limited (the Company) and Murray River Organics SaleCo Limited (SaleCo) for inclusion in a prospectus dated 8 December 2016 (Prospectus) to be issued by the Company and SaleCo in connection with the initial public offering of fully paid ordinary shares in the Company and subsequent listing on the Australian Securities Exchange (the Offer).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services Licence under the Corporations Act 2001 for the issue of this report.

References to the Company, Murray River Organics and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Statutory Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review:

- the statements of profit or loss and other comprehensive income for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- the cash flows from operating activities for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- the consolidated statement of financial position as at 30 June 2016;

as set out in Tables 1b, 5 and 7 of the Prospectus (together the Statutory Historical Financial Information).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, as described in Section 4.2.4, being the recognition and measurement principles contained in Australian Accounting Standards and Murray River Organics' adopted accounting policies.

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The Statutory Historical Financial Information has been extracted from the financial report of Murray River Organics for the three financial years ended 30 June 2016, which were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued a modified audit opinion on the financial report for the financial years ended 30 June 2014 and 30 June 2015 as they were unable to observe physical inventories at the beginning of these financial years. Deloitte Touche Tohmatsu issued a modified audit opinion on the financial report for the financial year ended 30 June 2016 on the basis that as they were unable to observe physical inventories at the beginning of the comparative year, being the financial year ended 30 June 2015.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review:

- the pro forma statements of profit or loss and other comprehensive income for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- the pro forma summarised statements of cash flows for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- the pro forma consolidated statement of financial position as at 30 June 2016;

as set out in tables 1a, 4 and 7 of the Prospectus (the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information after adjusting for the effects of pro forma adjustments described in Section 4.2.4 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events and transactions to which the Pro Forma Adjustments relate, as if those events and transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent Murray River Organics' actual or prospective financial performance, cash flows, and/or financial position.

The Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review:

- the statutory forecast consolidated statement of profit or loss and other comprehensive income and the statutory forecast summarised statement of cash flows of Murray River Organics for the financial year ending 30 June 2017 as set out in tables 1a and 4 of the Prospectus (the Statutory Forecast Financial Information). The director's best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.8 of the Prospectus;

- the pro forma forecast consolidated statement of profit or loss and other comprehensive income and the pro forma forecast summarised statement of cash flows of Murray River Organics for the financial year ending 30 June 2017 as set out in tables 1a and 4 of the Prospectus (the Pro Forma Forecast Financial Information). The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro Forma Adjustments described in Section 4.2.5 of the Prospectus. An audit has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events and transactions to which the Pro Forma Adjustments relate, as if those events and transactions had occurred as at 1 July 2016. Due to its nature the Pro Forma Forecast Financial Information does not represent Murray River Organics' actual prospective financial performance and/or cash flows for the financial year ending 30 June 2017.

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(together the Forecast Financial Information).

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and/or cash flows of Murray River Organics for the financial year ending 30 June 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events and transactions frequently do not occur as expected and the variation may be material. In addition, the actual financial performance may include any gains or losses arising from movements in the market values of property.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that the Directors and management expect to occur and actions that the Directors and management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Murray River Organics. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions and, accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

As disclosed in Section 4.3 of the Prospectus, the Forecast Financial Information assumes that there are no revaluations of property during the forecast period, as the Directors do not believe that revaluations can be reliably estimated.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in Murray River Organics, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks set out in Section 5 of the Prospectus. The sensitivity analysis set out in Section 4.9 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance and/or cash flows which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Murray River Organics, that all material information concerning the prospects and proposed operations of Murray River Organics has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information as described in Section 4.2.4;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro Forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro Forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

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Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro forma Historical Financial Information, the Statutory Forecast Financial information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any information used as a source of the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial information and the Pro Forma Forecast Financial Information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Statutory Historical Financial Information

- a review of the extraction of Statutory Historical Financial Information from the audited financial statements of Murray River Organics for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- analytical procedures on the statements of profit or loss and other comprehensive income and cash flows from operating activities of Murray River Organics for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 and the consolidated statement of financial position of Murray River Organics as at 30 June 2016;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information;
- a review of Murray River Organics' work papers, accounting records and other documents of Murray River Organics and its auditors;
- enquiry of Directors, management and others in relation to the Statutory Historical Financial Information; and
- a review of the accounting policies adopted and used by Murray River Organics over the period for consistency of application.

Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Statutory Historical Financial Information of Murray River Organics from audited financial statements for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- consideration of the appropriateness of Pro Forma Adjustments described in Section 4.2.4 of the Prospectus;
- enquiry of Directors, management, personnel and advisors; and
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information.

The Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the forecast assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro Forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro Forma Forecast Financial Information.

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Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4.1 of the Prospectus, and comprising:

- the statements of profit or loss and other comprehensive information of Murray River Organics for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- the cash flows from operating activities for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- the statement of financial position as at 30 June 2016

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.4 of the Prospectus.

The Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Forecast Financial do not provide reasonable grounds for the Statutory Forecast Financial Information

(ii) in all material respects, the Statutory Forecast Financial Information:

   a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.8 of the Prospectus,
   b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by Murray River Organics and the recognition and measurement principles contained in Australian Accounting Standards

(iii) the Statutory Forecast Financial Information itself is unreasonable.

The Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information

(ii) in all material respects, the Pro Forma Forecast Financial Information:

   a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.8 of the Prospectus,
   b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by Murray River Organics and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred as at 1 July 2016

(iii) the Pro Forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to the Important Notice of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

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8 December 2016

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours sincerely

Ashley Miller
Authorised Representative of Deloitte Corporate Finance Pty Limited (AFSL Number 241457)
AR number 461007

Deloitte.

August 2016

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

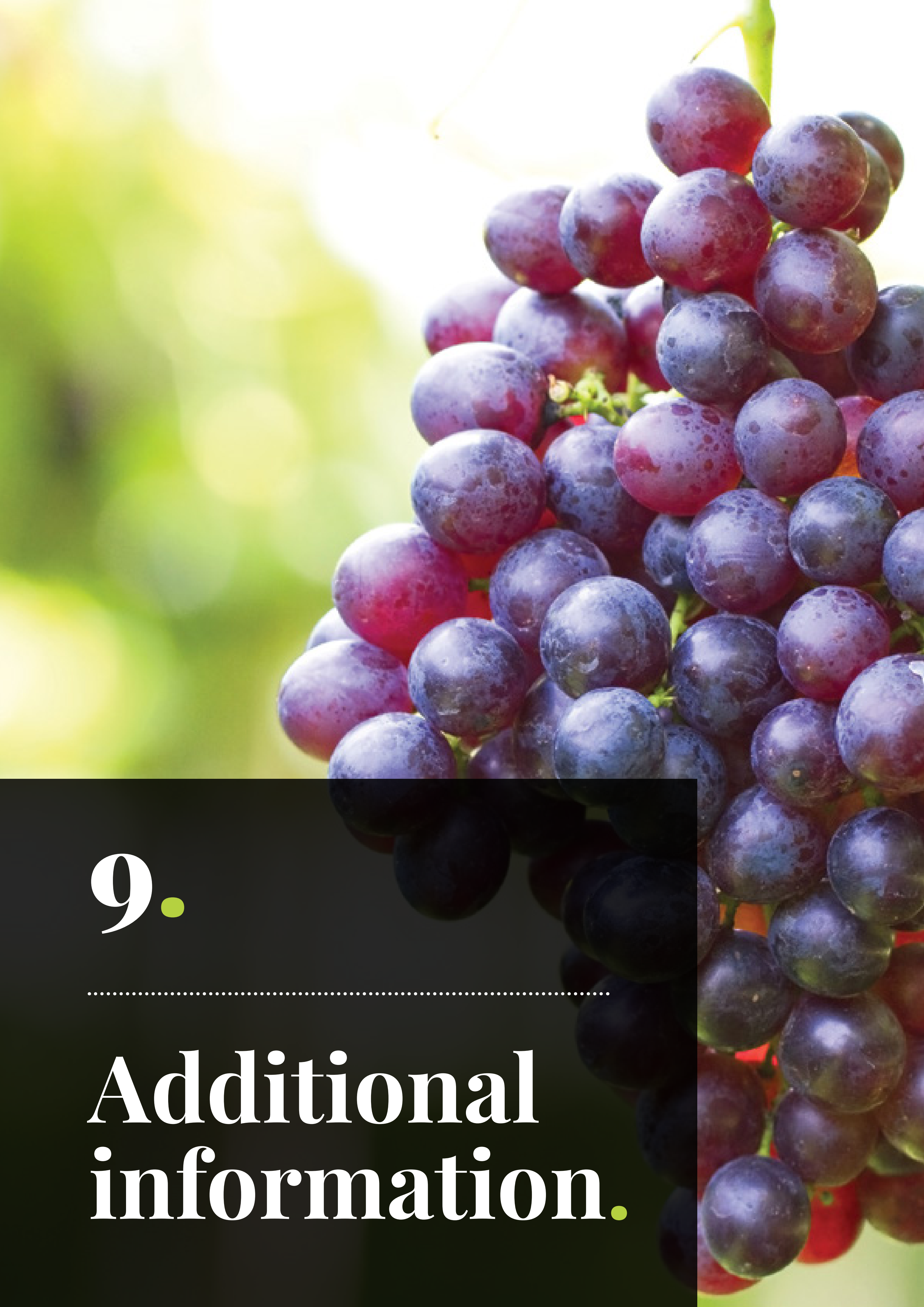
If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1800 367 287
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).



9. Additional information.

9.1 Registration.

The Company was registered in Victoria, Australia, on 6 September 2016 as a public company.

9.2 Company tax status and financial year.

The Company and the Group are and will be taxed as Australian tax residents in Australia for the purposes of Australian income tax law and will be subject to tax at the relevant income tax rate, being the Australian corporate tax rate for Australian tax resident companies (30% for the 2016-2017 income year) and the top marginal tax rate for Australian tax resident trustees / trusts (47% for the 2016-17 income year).

As at the date of the Prospectus, the Company and the Group are not an Australian income tax consolidated group. The Company and the Group may form a new Australian income tax consolidated group with effect from before Completion of the Offer. Formation of an income tax consolidated group would result in the tax base of various assets and liabilities being reset for income tax purposes. Section 4 does not incorporate any adjustments to the Company and/or Group's tax bases that may result from income tax consolidation (i.e. it assumes the Company and Group remain unconsolidated for income tax purposes). A full assessment of the income tax consolidation implications will be completed following Completion of the Offer and the Company will make a choice at that time whether it is in the best interests of the Group to form an income tax consolidated group. To the extent an income tax consolidated group is ultimately formed and this adjusts the tax bases of the Company and Group's assets and liabilities, the impact will be ultimately reflected in the Company and Group's FY20117 statutory results. It is, however, the Company and the Group's intention not to form an income tax consolidated group to the extent that it results in material adverse financial impacts to the Group.

The Group's FY2017 pro forma and statutory income tax expense rate assumes the rate is based only on the current Australian statutory corporate tax rate of 30%. As the Group expands internationally and increases the activities performed in countries outside of Australia, this may or is likely to result in the Group being subject to tax laws in jurisdictions outside of Australia (such as in Europe, the United States, Japan and China). This may or is likely to result in the Company and/or Group having increased tax liabilities and obligations outside of Australia in FY2017 and subsequent financial years and the Company and/or Group having an effective income tax rate that differs from the Australia corporate tax rate of 30% in FY2017 and subsequent financial years. The extent to which it differs from 30% will depend on the corporate tax rates in the relevant foreign jurisdictions in which the Company and/or Group operates and/or performs activities.

The Company's financial year ends on 30 June annually.

9.3 Corporate structure of Murray River Organics.

The following diagram on page 146 represents the corporate structure of Murray River Organics.

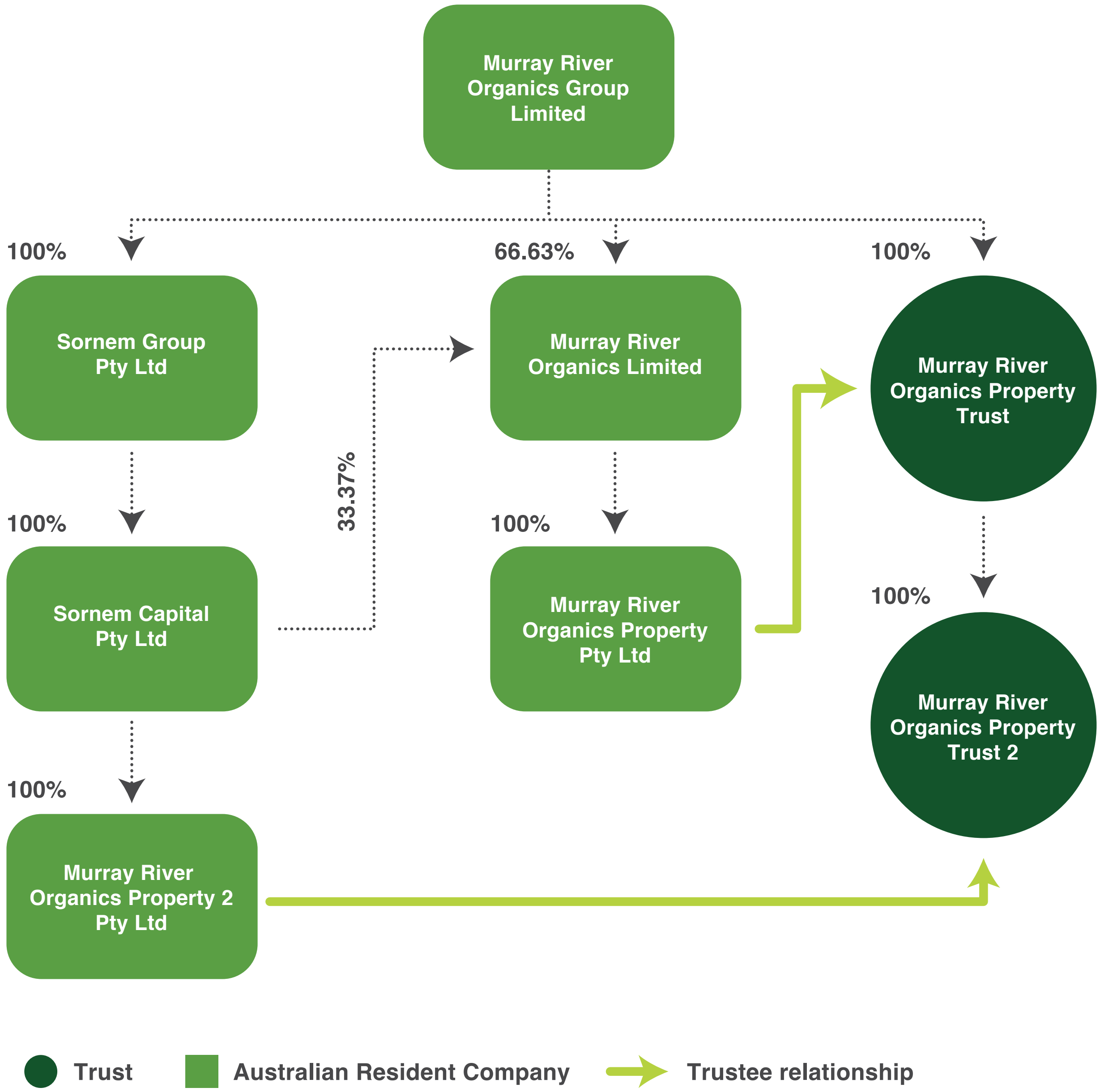
As noted in Section 9.1, the Company was incorporated on 6 September 2016. The Company is the holding company of the Group.

The Group recently undertook a restructure to simplify its corporate structure and to facilitate the IPO (**Restructure**). The Restructure was a mechanism by which existing securityholders of the Group exchanged their Existing Securities in the Group, for Shares in the Company. The Restructure completed on 10 November 2016.

MROL is the operating company of the Group, and MROPT and MROPT 2 hold the property interests of the Group. MRO Property is the trustee of MROPT and MRO Property 2 is the trustee of MROPT 2.

The Company has a relevant interest in 100% of the shares in MROL and 100% of the units in MROPT. More specifically, the Company has a direct 66.63% holding in MROL and an indirect 33.37% holding in MROL through Sornem Group and Sornem Capital. MROPT is wholly owned by the Company.

Sornem Group and Sornem Capital are non-operating entities, and were acquired by the Company from the Founders as part of the Restructure. The Founders previously held their interests in the Group through Sornem Group and Sornem Capital and this aspect of the Restructure enabled the Founders to own Shares in the Company individually (rather than through a jointly held company), to provide the Founders with commercial and legal flexibility in respect of their shareholding in the Company.
As part of the Restructure, the Founders agreed to indemnify the Company for any liabilities of Sornem Group and Sornem Capital prior to the Restructure and for any tax liability or obligation of Sornem Group and Sornem Capital to the extent that such tax liability or obligation relates to any period prior to the completion of the Restructure or relates to (or results from) the Restructure.


Murray River Organics Group Limited
100%
66.63%
100%
Sornem Group Pty Ltd
Murray River Organics Limited
Murray River Organics Property Trust
33.37%
100%
100%
Sornem Capital Pty Ltd
Murray River Organics Property Pty Ltd
100%
Murray River Organics Property Trust 2
100%
Murray River Organics Property 2 Pty Ltd
Trust
Australian Resident Company
Trustee relationship

9.4 Capital structure.

The details of Shares owned by Shareholders immediately prior to the Offer, and on Completion of the Offer, are set out below:

Shareholder	Shares held prior to the Offer %	Shares held prior to the Offer	Shares held at Completion of the Offer %	Shares held at Completion of the Offer
Jamie Nemtsas and associated entities	16.68%	11,293,332	8.55%	7,447,179
Erling Sorensen and associated entities	16.68%	11,293,332	8.55%	7,447,179
Other Existing Shareholders	66.64%	45,105,579	51.80%	45,105,579
New Investors*	-	-	31.10%	27,086,613
Total	**100%**	**67,692,243**	**100%**	**87,086,550**

** Which may include Existing Shareholders (if any) who subscribe for Shares under the Offer. This also includes 163,537 Shares to be issued to Non-Executive Directors (as described in Section 6.3.1.2).*

9.5 Sale of existing Shares by SaleCo.

The Founders have each entered into call option deeds in favour of SaleCo in respect of some or all of their Shares pursuant to a call option deed (**Call Option Deed**) (**Selling Shareholders**). Under the Call Option Deeds, those Selling Shareholders have granted to SaleCo an option to require that shareholder to sell an agreed number of Shares (Call Option Shares) to SaleCo, on the date of Settlement of Shares under the Prospectus.

The number of Call Option Shares represent 11.4% of the Shares on issue as at the date of the Original Prospectus.

Pursuant to the terms of the Call Option Deeds, SaleCo may only exercise the Call Option on a Business Day during the period starting on the Prospectus Date and ending on the date of Settlement. SaleCo currently intends to exercise the Call Option in respect of all of the Call Option Shares.

As part of Settlement, the following key steps will occur:

- Selling Shareholders will transfer to SaleCo those Call Option Shares;
- SaleCo will transfer those Call Option Shares, and the Company will issue New Shares, to investors under the Offer; and
- the Offer proceeds will be dealt with as described in Section 7.1.3.

The price payable by SaleCo for the Call Option Shares is the Offer Price.

SaleCo is a special purpose vehicle, which has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the Call Option Deeds described above (along with ancillary documents). The SaleCo Directors are Erling Sorensen, Jamie Nemtsas and Donald Brumley. The sole shareholder of SaleCo is Erling Sorensen. The Company has indemnified SaleCo and each SaleCo Director for certain losses which SaleCo or any SaleCo Director may incur as a consequence of the Offer and the Call Option Deeds.

9.6 Material contracts.

The Directors consider that there are a number of contracts which are significant or material to the Group or are of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries are included for the information of potential investors in the Offer but do not purport to be complete and are qualified by the text of the contracts themselves.

9.6.1 Underwriting agreement

The Company, SaleCo and the Joint Lead Managers signed an Underwriting Agreement on Thursday, 24 November 2016. Under the Underwriting Agreement, the Company and SaleCo appointed PAC Partners and Morgans, jointly and severally, to underwrite, arrange and manage the Offer. The following is a summary of the principal provisions of the Underwriting Agreement.

9.6.1.1 Commissions, fees and expenses

The Company has agreed to pay to the Joint Lead Managers, in equal proportions, an aggregate underwriting fee of 2.85% of the Offer proceeds. The Company has also agreed to pay the Joint Lead Managers, in equal proportions, an aggregate incentive fee of up to 0.50% of the Offer proceeds, payable in the following several components: (i) 0.15% - in return for there being a minimum of ten new institutional investors acceptable to the Company on the Company's register at ASX listing; (ii) 0.15% - for non-institutional bids totalling a minimum of $25 million or 50% of the Offer proceeds; and (iii) 0.20% - if the combined market share of trading by the Joint Lead Managers (combined) in the four weeks after Completion of the Offer is higher than any other market participant and is net positive buying (i.e. buying more than selling).

The Company has agreed to reimburse the Joint Lead Managers for reasonable costs and expenses incurred by the Joint Lead Managers in relation to the Offer. The Joint Lead Managers must pay any commission and fees due to any co-managers and brokers appointed to the Offer (and such fees will not be borne by the Company).

9.6.1.2 Termination events

If any of the following events occur at any time from the date of execution of the Underwriting Agreement until 5.00pm on the date for Settlement of the Offer (or such earlier time as specified below), a Joint Lead Manager may, by notice given to the Company, SaleCo and the other Joint Lead Manager, terminate its obligations under the Underwriting Agreement:

- (disclosures) a material statement contained in the Prospectus is or becomes misleading or deceptive, or a matter required to be included by the Corporations Act is omitted from the Prospectus (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- (form of supplementary Prospectus) the Company lodges a supplementary Prospectus with ASIC in a form that has not been approved by the Joint Lead Managers in circumstances required by the Underwriting Agreement or otherwise fails to comply with its obligations in relation to the lodgement of a supplementary Prospectus under the Underwriting Agreement;
- (supplementary Prospectus) the Company issues or is required to issue a supplementary Prospectus to comply with section 719 of the Corporations Act;
- (market fall) at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the date of Underwriting Agreement and is at or below that level at the close of trading:
  - » for 2 consecutive Business Days during any time after the date of the Underwriting Agreement; or
  - » on the Business Day immediately prior to the date for Settlement of the Offer;
- (listing and quotation) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - » the Company's admission to the official list of ASX on or before the date of quotation of the Shares on ASX; or
  - » the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the quotation date,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (forecasts) there are not or there ceases to be reasonable grounds for:
  - » any financial forecast in the Prospectus;
  - » any other material statement by the Company in the Prospectus which relates to future matters;
- (notifications) any of the following notifications are made:
  - » ASIC issues an order (including an interim order, other than an interim order which does not become public) under section 739 of the Corporations Act (other than an order which does not become public and is dismissed or withdrawn in writing by ASIC within 5 Business Days of the date for Settlement of the Offer or, if it is made within 5 Business Days of the date for Settlement of the Offer, the day before the date for Settlement of the Offer);
  - » ASIC holds a hearing under section 739(2) of the Corporations Act (other than a hearing which does not become public);
  - » an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Prospectus or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 1989 (Cth) in relation to the Offer or the Prospectus (other than an application,

investigation or hearing which does not become public and is dismissed or withdrawn in writing by ASIC within 5 Business Days of the date for Settlement of the Offer or, if it is made within 5 Business Days of the date for Settlement of the Offer, the day before the date for Settlement of the Offer);

  » any person (other than a Joint Lead Manager) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent; or

  » any person (other than a Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;

- (certificate) the Company does not provide a closing certificate as and when required by the Underwriting Agreement;
- (withdrawal) the Company withdraws the Prospectus or the Offer; or
- (insolvency events) any member of the Group becomes insolvent.

9.6.1.3 Termination subject to materiality

A Joint Lead Manager may terminate the Underwriting Agreement, by notice to the Company, SaleCo and the other Joint Lead Manager, at any time after the date of the Underwriting Agreement until 5.00pm on the date for Settlement of the Offer (or such earlier time as specified below) if any of the following events occur and that Joint Lead Manager has reasonable and bona fide grounds to believe (and does believe) that the event: (i) has or is likely to have a materially adverse effect on the success or settlement of the Offer, on the ability of the Joint Lead Managers to make the Offer or the performance of secondary market trading of the Shares within the first two weeks of trading following quotation of the Shares on ASX; (ii) would give or would be likely to give rise to a material liability for the Joint Lead Managers under common law or any applicable laws or regulations; or (iii) would give or would be likely to give rise to a material contravention by the Joint Lead Managers, or the Joint Lead Managers being involved in a material contravention, of any applicable law or Administrative Action:

- (disclosures in due diligence committee report) the due diligence committee report or verification material or any other information supplied by or on behalf of the Company to the Joint Lead Managers in relation to the Group or the Offer is or becomes false or misleading or deceptive, including by way of omission;
- (adverse change) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from those respectively disclosed in the Prospectus;
- (litigation) after the date of this agreement, adverse publicity occurs, or there occurs an escalation in adverse publicity, in relation to the Offer, the Group, Erling Sorensen or Jamie Nemtsas as a result of, or in connection with, the Proceedings (as described in Section 6.1.1);
- (hostilities) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of U.S., France, Australia, China, Japan, Germany or United Kingdom or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (change of law) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement), any of which does or is likely to prohibit, restrict or regulate the Offer, capital issues, the level or likely level of valid applications for Shares or stock markets;
- (change in management) a change in senior management (being Erling Sorensen, Jamie Nemtsas, Matthew O'Brien or Bill Avery) or the board of directors of the Company occurs;
- (prosecution and/or investigation) any of the following occur:
  » a Director of the Company is charged with an indictable offence;
  » any government agency announces or commences any investigation or public action against the Company or any of its Directors in their capacity as a Director of the Company, or announces that it intends to take such action; or
  » any Director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (compliance with agreements and regulatory requirements) a contravention by the Company or any entity in the Group of the Corporations Act, the Company's constitution, or any of the ASX Listing Rules, or the Company commits a fraudulent act;
- (default) a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs (including in respect of any of the conditions precedent to the Underwriting Agreement);
- (representations and warranties) a representation or warranty contained in this agreement on the part of the Company is breached or becomes not true or correct;
- (timetable) the Offer is not conducted in accordance with the timetable for the Offer or any event specified in the timetable is delayed for more than 5 Business Days without the prior written consent of the Joint Lead Managers (which must not be unreasonably withheld or delayed);
- (constitution) the Company varies any term of its constitution without the prior written consent of the Joint Lead Managers to the terms of the variation, such consent not to be unreasonably withheld;

- (change to Company) the Company:
  - » alters the issued capital of the Company; or
  - » disposes or attempts to dispose of a substantial part of the business or property of the Company, without the prior written consent of the Joint Lead Managers (which must not be unreasonably witheld or delayed).
- (charges) the Company or any of its related bodies corporate charges, or agrees to charge, the whole or a substantial part of the business or property of the Company other than:
  - » a charge over any fees or commissions to which the Company is or will be entitled;
  - » as disclosed in the Prospectus; or
  - » as agreed with the Joint Lead Managers (acting reasonably);
- (disruption in financial markets) any of the following occurs:
  - » a general moratorium on commercial banking activities in Australia, United Kingdom or the U.S. is declared by the relevant central banking authority in in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - » trading in all securities quoted or listed on the ASX, London Stock Exchange or New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;
- (certificate) a closing certificate provided under the Underwriting Agreement is false, misleading or deceptive (including by way of omission); or
- (new circumstances) there occurs a new circumstance that arises after the Prospectus is lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged with ASIC.

9.6.1.4 Indemnity

The Company and SaleCo agree to indemnify the Joint Lead Managers and their affiliates, directors, officers, employees, agents, advisers and related bodies corporate against all claims, demands, damages, losses, costs, expenses and liabilities incurred in respect of the Offer (subject to certain customary exclusions relating to, among other things, fraud, recklessness, wilful misconduct and negligence of an indemnified party).

9.6.1.5 Representations and warranties, undertakings and other terms

The Company and SaleCo give certain standard representations, warranties and undertakings to the Joint Lead Managers (as well as standard conditions precedent) under the Underwriting Agreement.

The representations and warranties given by the Company and SaleCo include, but are not limited to, matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, documents issued or published by or on behalf of the Company in respect of the Offer, the conduct of the Offer and the due diligence process, litigation, material contracts, insolvency and working capital.

The Company and SaleCo provide undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any warranty or undertaking given by them under the Underwriting Agreement, or the occurrence of a termination event, or the non-satisfaction of any condition.

With the exception of the Shares issued under the Offer and certain other limited exceptions, the Company also provides an undertaking that it will not, without the Joint Lead Managers' prior written consent (such consent not to be unreasonably withheld or delayed), allot or agree to allot any Shares (or other securities in the capital of the Company) at any time after the date of the Underwriting Agreement until 120 days after Completion of the Offer. The Company also provides undertakings that until Completion of the Offer, it will not materially alter the capital structure of the Company or amend its constitution.

9.6.2 Colignan lease

In December 2015, MROL entered into a lease agreement with Sandhurst Trustees Limited as custodian for the Arrow Primary Infrastructure Fund (**Landlord**) in respect of a dried vine fruit producing farm, known as “Advinco” or the "Colignan vineyard", located in operationally beneficial proximity to MROL's existing operations. Pursuant to the terms of the lease agreement (**Colignan Lease**), MROL retains viticultural and operational control of the farm, and income derived from the farm.
A summary of the financial commitments associated with the Colignan Lease is set out in Section 4.6.5.

9.6.2.1 Term and renewal

The Colignan Lease has an initial term of 25 years, ending on 21 December 2040, with two further options to enter into a further lease for a further term of 10 years each.

9.6.2.2 Termination

The Landlord may terminate the Colignan Lease in the event of certain defaults by MROL, including:

- where the rent payable is in arrears by greater than 30 days and MROL fails to rectify that breach within 30 days of the Landlord providing notice of the arrears to MROL;
- the failure by MROL to remedy any material breach by MROL of a material obligation under the Colignan Lease within 30 days of the Landlord providing written notice to MROL which specifies the default; or
- an insolvency event occurs in relation to MROL.

9.6.2.3 Assignment / transfer of rights

MROL must not transfer, sublet or licence any part of the property the subject of the Colignan Lease without the prior written consent of the Landlord, such consent not to be unreasonably withheld. Such consent is not required in relation to a sublease or licence of part of the property the subject of the Colignan Lease to a third party, provided that the third party to whom the property is sublet or licenced is only entitled to use the property for the permitted use as described under the Colignan Lease.

In the event that the Landlord proposes to transfer, sell or otherwise dispose of the Colignan property during the lease term, MROL is provided with a right of first refusal to purchase the property. If MROL does not exercise its right of first refusal and the Landlord wishes to transfer the property or any interest in the property, the Landlord must procure the transferee of the property to provide a covenant in favour of MROL that the transferee will observe MROL's right of first refusal in the event that the transferee wishes to transfer, sell or otherwise dispose of the property in the future.

9.6.2.4 Other terms

The Colignan Lease contains an acknowledgement of certain capital expenditure works that MROL requires to be undertaken at the property, such works to cost $3.25 million as at the commencement date of Colignan Lease. Pursuant to the terms of the Colignan Lease, the Landlord agreed to reimburse MROL for the cost of the capital expenditure works, following receipt of which, the rent is to be increased by 10% of such amount. If the cost of the capital expenditure works exceeds 20% of the threshold cost for these works, MROL may be required to pay all amounts above that threshold.

MROL indemnifies the Landlord against any loss or damage suffered as a result of the capital expenditure works failing to be completed in accordance with the relevant plans, specifications and standards required by the Colignan Lease, except where such failure is contributed to or caused by the Landlord.

MROL also indemnifies the Landlord for loss or damage suffered or incurred by the Landlord to the extent caused or contributed to by the negligence, default or wrongful act of MROL or its employees, agents, contractors or invitees (**Associates**) in relation to: (1) entry into or escape from the property of water, gas electricity or other substance of thing, (2) MROL's failure to notify the Landlord of any damage or defect in the property, (3) faulty equipment brought into the property by MROL or its Associates, (4) the negligence or wrongful act of MROL or its Associates, or (5) MROL being in default under the Colignan Lease. MROL also indemnifies the Landlord for loss or damage suffered as a result of contamination which occurred prior to the end of the Colignan Lease (including prior to the commencement date of the lease).

MROL is required by the Colignan Lease to lease specified water rights for a minimum of 5 years from the lease commencement date, and continue to hold permanent and/or temporary water licences capable of delivering the required water volume to the Colignan property for the lease term.

9.6.3 Water licenses

Acknowledging the critical nature of water supply to the operations of Murray River Organics, MROL has entered into two water lease arrangements, pursuant to which MROL leases water entitlements (representing in aggregate approximately 6,446 megalitres of water over the term of the leases) from third parties.

9.6.3.1 Term and renewal

Each lease is due to expire on 30 June 2020, with one lease containing an option to extend the term for a further five year term.

9.6.3.2 Termination

The relevant lessor may require the surrender of the lease by MROL in the event of certain defaults by MROL which remain unremedied after 10 days' notice of such default, including:

- failure by MROL to pay monies due;
- the occurrence of an insolvency event in respect of MROL;
- the default by MROL in the performance of its obligations or undertakings provided under the lease; or
- failure by MROL to comply with a condition attached to a consent or approval issued by the lessor.

9.6.3.3 Assignment/transfer of rights

MROL is not entitled to assign, transfer or deal with its interest in the entitlement without the prior written consent of the lessor, except to assign any available water in accordance with the Water Act 1989 (Vic), or as otherwise agreed between the parties.

The relevant lessor may, on 15 Business Days written notice to MROL, in its absolute discretion, sell, transfer, assign or deal with the water entitlement without the consent of MROL and, within 5 Business Days of receipt of such notice, MROL is required to execute and deliver any document required to implement such assignment or novation.

Pursuant to the terms of one lease, the lessor is entitled to assign or transfer the lease in its absolute discretion to a specified third party on 5 Business Days written notice without the consent of MROL.

9.6.3.4 Other terms

MROL must grant access to any property owned or occupied by MROL to facilitate quarterly reports on crop management and production by an agronomist appointed to assess crop management and production for or on behalf of the relevant lessor.

MROL also indemnifies each relevant lessor against all actions, claims, demands, losses, damages, liability, costs and expenses of any nature suffered or incurred by the lessor as a result of an act or omission by MROL, including as a direct or indirect consequence of:

- an event of default;
- the lessor granting any consent under the lease;
- any dispute between MROL and any party in connection with the water entitlement;
- the authority managing the water entitlement declining to process or approve a lease application;
- the use of available water by MROL; or
- a breach of applicable law in connection with the water entitlement,

except to the extent that such actions, claims, demands, losses, damages, liability, costs and expenses are solely caused by the lessor.

9.6.4 Asset Acquisition Agreement

MROPT 2 entered into two separate call option deeds on 21 November 2016 (**Acquisition Asset Call Option Deeds**). Pursuant to the Acquisition Asset Call Option Deeds, MROPT 2 is granted a call option to purchase the Fifth Street vineyard, comprised of two separate properties, located in Merbein, Victoria.

Pursuant to the terms of the Acquisition Asset Call Option Deeds, on entry into the Acquisition Asset Call Option Deeds, MROPT 2 agreed to pay to the respective vendors a non-refundable option fee of $997,500 plus GST (in aggregate) in respect of the Fifth Street vineyard, with such amounts to be applied as the deposit for the purchase price of the relevant properties on exercise of the options. The purchase price payable for the Fifth Street vineyard in aggregate is $9,975,500 plus GST (if applicable).

The call option period during which MROPT 2 is able to exercise the call options granted pursuant to the call option deeds expires at 2.00pm on 16 December 2016. If MROPT 2 fails to exercise the call options during this period, the call options will lapse. Settlement of one of the properties which is the subject of the Acquisition Asset Call Option Deeds is due on 16 December 2016, subject to exercise of the call option by 2:00pm on that day. Settlement of the other property is due on the later of 16 December 2016 and 14 days after the vendor gives notice to MROPT 2 that the plan of subdivision that creates the property has been registered. Despite the fact that settlement of both properties may not have occured, MROPT 2 will be granted access to both properties, and will be permitted to harvest those properties from 16 December 2016.

9.7 Food safety, processing and labelling.

The Company is required to comply with a range of specific food safety, processing and labelling obligations under state and territory legislation and the Australia and New Zealand Food Standards Code (**Code**), including in relation to:

- the handling, packaging, transportation and disposal of food during production and processing;
- the health, hygiene and training requirements of persons who may handle the food during production and processing, or who may handle surfaces likely to come into contact with the food during production and processing;
- the cleaning, sanitisation and maintenance of premises where food is produced and processed, and the equipment used in production and processing;
- the use of any chemicals or micro biological materials in the production of food such as fertilisers; and
- food labelling and marketing.

These regulatory requirements are enforced by regulators in each state and territory, with the potential for substantial fines for breach of the obligations. The Australian Consumer Law (**ACL**) additionally contains a general product safety and liability (or consumer guarantees) regime and prohibits misleading representations in trade or commerce, which extends to the content of food labels or other public-facing materials such as advertising. The ACL is enforced by the Australian Competition and Consumer Commission, which has the power to issue infringement notices and to seek a wide range of orders for breaches of the ACL, including penalties, corrective advertising, injunctions, variation of contracts, refunds and compliance programs. The Company has procedures in place to ensure that it complies with state and territory legislation, the Code and the ACL.

9.8 Ownership restrictions.

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

9.8.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

9.8.2 Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates, or 40% or more by two or more unassociated foreign persons and their associates, where the acquisition meets a threshold value (which varies by investor type and industry). In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A 'direct interest' is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where the FATA requires an acquisition to be notified, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

9.9 Australian tax considerations

This Section 9.9 provides a general overview of certain Australian tax consequences for investors who acquire Shares through the Offer. The comments in this Section 9.9 are based on the Australian taxation laws (including established interpretations of those laws) and understanding of the practice of the ATO as at the Prospectus Date.

This Section 9.9 is general in nature and is not intended to be an authoritative or a complete statement of the Australian taxation laws. It should be noted that the Australian taxation laws are complex and the investor's own circumstances will affect the taxation outcomes of making an investment in Shares through the Offer. It is therefore recommended that investors seek independent professional advice, having regard to their own specific circumstances, in considering an investment in Shares through the Offer.

Deloitte Tax Services Pty Ltd, a registered tax agent, has provided the tax comments below. Deloitte Tax Services Pty Ltd is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as those covered by this Section 9.9, are only some of the matters you need to consider when making a decision about a financial product. You should consider taking advice from someone who holds an AFSL before making such a decision.

9.9.1 Dividends on a Share – Australian tax resident

Dividends may be paid to Shareholders in respect of their Shares. "Franking credits" may be attached to such dividends. Franking credits broadly represent the extent to which a dividend is paid out of profits that have been subject to Australian income tax. As set out at Section 5.3.4 above, the Group has also previously received R&D tax offset refunds. Where such refunds are obtained, subsequent payments of income tax (up to the amount of the refunds) by the entity that obtained the refunds do not create franking credits. This is commonly termed the 'deferred franking debit' in respect of R&D offset refunds. The 'deferred franking debit' may impact the Group's ability to frank dividends. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

Australian tax resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the associated franking credits should also be included in the Australian tax resident Shareholder's assessable income (i.e. the dividends are required to be "grossed-up"). In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the grossed-up dividends received (but may be entitled to a tax offset for the associated franking credits as discussed below).

To the extent that the dividends are unfranked, there is no gross-up (or tax offset) and Australian tax resident Shareholders should be subject to tax at their applicable rate of tax on the unfranked dividends received.

The distribution statement for the dividends paid should advise of the franking status of the dividends.

Generally, Australian tax resident Shareholders should be entitled to a "tax offset" equal to the amount of any franking credits received.

9.9.1.1 Australian resident individuals and complying superannuation entities

To the extent that the franking credits received by non-corporate Shareholders that are individuals and complying superannuation entities exceed the amount of tax payable, those Shareholders should be entitled to a refund from the ATO of any excess franking credits. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay an additional amount of tax.

9.9.1.2 Trusts and partnerships

In relation to non-corporate Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes) or partnerships, such Shareholders should include any franking credits in determining the net income of the trust or partnership. The relevant beneficiary or partner may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied.

In relation to trusts or limited partnerships, the rules surrounding the taxation of dividends are complex and advice should be sought to confirm the appropriate taxation considerations and treatment.

9.9.1.3 Corporate Shareholders

Shareholders that are companies (including those which are deemed to be companies) are also entitled to a tax offset equal to the amount of franking credits received, however unlike non-corporate Shareholders, they are unable to claim refunds for excess franking credits. Where excess franking credits exist, a corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

Corporate Shareholders (including those which are deemed to be companies) should also be entitled to a franking credit in their franking accounts equal to the franking credits received in respect of the dividends. A corporate Shareholder may be able to then use the credits to make franked distributions to its Shareholders.

9.9.1.4 Holding period rule

There are certain limitations imposed by the Australian taxation law which may prevent a Shareholder from obtaining the benefit of any franking credits. In this regard, Shareholders seeking to claim tax offsets for franking credits must be "qualified persons" in respect of the relevant dividends.

In broad terms, Shareholders who have held their Shares "at risk" for at least 45 days (excluding the dates of acquisition and disposal) should be qualified persons and should be able to claim a tax offset for the amount of franking credits received. Furthermore, individual Australian Shareholders whose total franking tax offsets (for all franked distributions received in the income year) do not exceed $5,000 for the income year should generally be deemed to be qualified persons. Special rules also apply to arrangements which involve the making of related payments to pass on the benefit of any dividends paid, or in the context of franked dividends received via trusts or partnerships.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

9.9.1.5 Dividend washing

A specific integrity rule also prevents taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of "dividend washing". Dividend washing is a practice through which taxpayers seek to claim two sets of franking credits by selling shares held on the ASX and then effectively repurchasing the same parcel of shares on a special ASX trading market. Shareholders should consider the impact of these provisions (and other dividend tax integrity provisions) having regard to their own personal circumstances.

9.9.2 Dividends on a Share – non-Australian tax resident

Generally, unfranked dividends paid to Shareholders that are non-Australian tax residents should be subject to dividend withholding tax. To the extent that distributions to non-residents include unfranked dividends which are not declared to be conduit foreign income, there is a requirement for the payer to withhold tax at the rate applicable to each non-Australian tax resident Shareholder. Australian dividend withholding tax is levied at a flat rate of 30% on the gross amount of the dividends unless a Shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. In these circumstances, the withholding tax is generally limited to 15%, although in certain cases, depending on the Shareholder's country of residence and the size of their shareholding, the rate may be reduced further.

Fully franked dividends are not subject to Australian dividend withholding tax. No other Australian tax is applicable.

It is recommended that non-Australian tax resident Shareholders also consider the tax implications of receiving dividends in respect of shares under their respective local tax regimes, including if a credit is available for any dividend withholding tax.

9.9.2.1 Conduit foreign income

Australia has a system of “conduit foreign income” accounts, which allow Australian companies to pay unfranked dividends from conduit foreign income to non-Australian tax resident Shareholders free of non-resident withholding tax. Conduit foreign income is broadly foreign income paid to the Australian company where that foreign income is exempt from Australian income tax, such as certain branch profits, dividends and interest.

To the extent that unfranked dividends are declared in the distribution statement for the dividends to be conduit foreign income, the unfranked dividends should not be subject to Australian dividend withholding tax. The distribution statement for the dividends paid should advise of the conduit foreign income status of the dividends.

Unfranked dividends declared to be conduit foreign income should be subject to tax in the same manner as other unfranked dividends for Australian tax resident Shareholders.

9.9.2.2 Dividend Reinvestment Plan (DRP)

The comments in this Section 9.9 do not consider the taxation implications of Shareholders participating in a DRP. If a DRP is activated at a future time, Shareholders are advised to seek advice prior to participating in the DRP.

9.9.3 Taxation of future Share disposals – Australian tax resident

Most Australian tax resident Shareholders will be subject to the Australian capital gains tax (**CGT**) regime on the future disposal of their Shares.

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the CGT provisions in respect of the disposal of their Shares.

Where the capital proceeds received on the disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will derive a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are considered collectively. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided the relevant loss recoupment tests are satisfied) or current year revenue losses. Any remaining net gain (after the application of any carried forward tax losses) will then be required to be included in the Australian tax resident Shareholder’s assessable income (subject to comments below in relation to the availability of the CGT discount concession) and taxable at the Shareholder’s applicable rate of tax. Where a net capital loss is recognised, the loss should only be deductible against capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for 12 months or more prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder or flow through trust Shareholder and a one-third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession is not available to corporate Shareholders.

In relation to trusts or limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied.

Some Shareholders will hold Shares on revenue account, as trading stock or be subject to the taxation of financial arrangements regime. Investors should seek professional advice to determine if Shares would be subject to the taxation of financial arrangements regime (and the corresponding income tax implications should the regime apply).

Broadly, Australian tax resident Shareholders who acquire their Shares in the ordinary course of their business and/or hold their Shares on revenue account or trading stock should be required to include the net gain on the disposal of the Shares in their assessable income over one or more income years. Conversely, any losses made on the disposal of Shares in these circumstances should be deductible over one or more income years.

9.9.4 Taxation of future Share disposals – non-Australian tax resident

Non-Australian tax resident Shareholders who hold their Shares on capital account should not generally be subject to the Australian CGT regime upon disposal of their Shares except in limited circumstances, for example where the Shares are used in the carrying on of a business through a permanent establishment in Australia or where the Shares are "indirect Australian real property interests" at the time of sale (unless double tax treaty relief is available). In this regard, the Shares should be indirect Australian real property interests to the extent that, broadly, the following two requirements are satisfied:

- the Company is considered "land rich" for Australian income tax purposes (i.e. greater than 50% of the market value of the Company's underlying assets is derived from Australian real property interests or certain interests in relation to Australian minerals); and
- the non-resident Shareholder has an associate-inclusive interest of at least 10% in the Company (either at the time of disposal or throughout a 12 month period that began no earlier than 24 months before the disposal).

Relevant non-resident Shareholders (i.e. those with an associate-inclusive interest of 10% or more in the Company as described above) will need to determine whether the Company is "land rich" at the time of disposal of their Shares. Relevant to this analysis will be the value of the Group's Australian real property interests at the time of disposal relative to the value of the Group's other assets (i.e. whether the value of the Group's Australian real property interests is greater than the value of the Group's other assets such that the Shares are considered "land-rich"). This is a matter that impacted non-resident Shareholders will need to determine at the time of disposal of their Shares.

It is noted that it is unlikely that the Company is considered "land rich" for Australian income tax purposes but this analysis is required to be undertaken at the time of disposal.

Non-resident Shareholders who hold Shares on revenue account may need to include any Australian sourced profits recognised on the sale of the Shares in their Australian assessable income unless an applicable double tax treaty provides relief from Australian taxation. Conversely, non-resident Shareholders who make a loss on the disposal of the Shares in these circumstances may be entitled to claim the loss against other Australian assessable income, provided the loss was made in the course of deriving assessable income from Australian sources.

9.9.5 Tax File Number (TFN) and Australian Business Number (ABN)

An Australian tax resident Shareholder is not obliged to quote a TFN, or where relevant, ABN, to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare levy of 2% and Temporary Budget Repair levy of 2% (latter only until 30 June 2017) from certain dividends paid. Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

No withholding requirement applies in respect of fully franked dividends paid in respect of the Shares. Furthermore, no TFN/ABN withholding requirement applies to unfranked dividends paid to non-Australian tax residents (as described above, the dividend withholding tax regime should instead apply in this situation).

9.9.6 Stamp duty

No stamp duty should be payable by a Shareholder on the issue or acquisition of Shares pursuant to the Offer. Further, under current stamp duty legislation, stamp duty would not ordinarily be payable on any subsequent acquisition of Shares by a Shareholder provided the Company remains listed on the ASX (and provided the acquisition is less than 90% of the Shares in the Company).

9.9.7 Goods and services tax (GST)

Under current Australian GST law, GST would not be applicable to the issue, acquisition or transfer of Shares. As referenced elsewhere in this Prospectus, no brokerage fees are to be paid by Applicants. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to other costs associated with the Company's Listing (such as costs relating to professional advice obtained by Shareholders regarding the Company's Listing) would vary according to individual circumstances and as such this should be reviewed by Shareholders prior to making any claim.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

9.10 Legal proceedings

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

9.11 Consents

Each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than as specified below:

- PAC Partners Pty Ltd;
- Morgans Corporate Limited;
- Clayton Utz;
- Deloitte Corporate Finance Pty Limited;
- Deloitte Touche Tohmatsu;
- Deloitte Tax Services Pty Ltd;
- Computershare Investor Services Pty Ltd;
- Frost & Sullivan Australia Pty Ltd; and
- Australian Certified Organic Pty Ltd.

Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

Deloitte Touche Tohmatsu has given, and has not withdrawn before lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's current auditor (including the auditor of MROL's consolidated financial reports for FY2014, FY2015 and FY2016 in the form and context in which it is so named. In addition, Deloitte Touche Tohmatsu has given, and has not withdrawn before lodgement of this Prospectus, its written consent to be named in this Prospectus as auditor of the Sornem Entities (FY2014 - FY2016), the Food Source International Partnership (FY2016) and Australian Organic Holdings (FY2016) in the form and context in which it is named.

Deloitte Tax Services Pty Ltd (in its role as taxation services advisor for the Offer) has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion of the summary of Australian tax consideration in Section 9.9 of this Prospectus in the form and context in which it appears in this Prospectus.

Frost & Sullivan Australia Pty Ltd has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its 'Independent Market Report on the organic, natural and healthy food and snack market" (24 November 2016), in Section 2 commissioned by the Company, and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

9.12 Cost of the Offer

The costs of the Offer are expected to be approximately $2.8m (excluding GST). These costs will be borne by the Company from the proceeds of the Offer.

9.13 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria.

9.14 Statement of Directors

The issue of this Prospectus is authorised by each Director of the Company and each SaleCo Director.

Each Director of the Company and each SaleCo Director has consented to the lodgement of the Prospectus with ASIC and the issue of the Prospectus and no Director of the Company or SaleCo Director has withdrawn that consent.

10.

Appendices.

Appendix A - Significant accounting policies.

10.1 General Information

The units in MROPT were stapled to the shares of MROL effective 18 December 2015. The stapled securities are on a one-to-one basis so that one MROPT unit and one MROL share form a single stapled security. As part of the Restructure the stapled securities were destapled.

MRO Property is the Trustee Company and responsible entity of the MROPT and is a wholly owned subsidiary of MROL.

Australian Accounting Standards require one of the stapled entities to be identified as the parent entity for the purposes of preparing a consolidated financial report. In accordance with this requirement, MROL is deemed to be the parent entity. The results and equity attributable to the MROPT, being the other stapled entity which is not directly or indirectly held by MROL, are shown separately in the financial statements as non-controlling interests.

The stapling transaction has been accounted for as a common-control transaction by contract alone on the basis that the combined entity was ultimately controlled by the same parties both before and after the combination and common-control is not transitory. MROL has been identified as the parent entity. No purchase consideration was transferred for the acquisition. This common-control transaction has been accounted for via the 'pooling of interests-type' method which requires:

- assets and liabilities of the Trust to be measured at book value using consistent accounting policies to that of the Parent
- the comparative period and current year include both the Company and the Trust from the date on which the combining entities first came under common control
- non-controlling interests are shown as a separate item in the consolidated financial statements; and
- any expenses incurred on the combination are expensed in profit or loss when incurred.

The results and equity of MROPT (which is not directly owned by MROL) have been treated and disclosed as a non-controlled interest. Whilst the results and equity of MROPT Trust are disclosed as a non-controlling interest, the stapled security holdings of MROL are the same as the stapled security holders of MROPT.

Subsidiaries are all entities over which the Group has control. Control is defined as having rights to variable returns from involvement in the investee and having the ability to affect those returns through its power over the investee.

Where an entity began or ceased to be a controlled entity during the report year, the assets, liabilities and results are consolidated only from the date control commenced or up to the date of controlled ceased.

In preparing the consolidating financial statements, all intra-group transactions and balances, including unrealised profits arising thereon have been eliminated.

10.2 Revenue recognition

10.2.1 Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of estimated customer returns, rebates, discounts and similar allowances.

10.2.2 Inventories

Inventories purchased from suppliers are valued at the lower of cost and net realisable value, determined on a first-in-first-out basis. Own grown dried fruit and citrus stocks are measured at fair value less estimated costs to sell and processing costs at the point of harvest. A fair value adjustment is recognised in profit or loss at the point of harvest. Once harvested, this fruit is measured under AASB 102 Inventories at the lower of its fair value at point of harvest less costs to sell and net realisable value. Finished goods and work-in-progress include direct materials, labour, outsourced processing costs and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

10.2.3 Agricultural produce

Agricultural produce represents any remaining unharvested produce measured in accordance with AASB 141 Agriculture. Agricultural produce is measured at their fair value less harvesting, processing and point-of-sale costs on initial recognition and at each reporting date. The current year fair valuation takes into account current citrus and vine fruit selling prices and current growing, processing, and selling costs. The calculated crop value is then discounted to take into account its level of development, and then further discounted to take into account a suitable level of agricultural risk. The aggregate gain or loss arising on initial recognition and from changes in fair value less estimated point of sale costs is recognised as income or expense of the period. All the group's citrus trees and vines are classified as bearer plants.

10.2.4 Property, plant and equipment

Land, buildings and bearer plants are measured at their revalued amounts being fair value at the date of valuation. Fair value is determined on the basis of a Directors valuation which is regularly supported by an independent valuation prepared by external valuation experts. The valuation approach adopted is a direct comparison and discounted cash flow method.

The group's citrus trees and vines qualify as bearer plants. Bearer plants are solely used to grow produce over their productive lives and are seen to be similar to an item of machinery. However, agricultural produce growing on bearer plants will remain within the scope of AASB 141 Agriculture and continue to be measured at fair value less cost to sell at the point of harvest.

Any revaluation increase arising on the revaluation of land, buildings and bearer plants is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land, buildings and bearer plants is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and bearer plants is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any deferred taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and assets under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. All leased assets are depreciated over their useful life, or if shorter, the period of the lease.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment and tooling 3-7 years
- Bearer plants 25 years
- Equipment under finance lease 3-5 years
- Buildings & freehold improvements 50 years
- Office equipment 3-5 years
- Motor vehicles 3-5 years
- Properties under finance lease 25 years
- Leasehold improvements 3-10 years

10.2.5 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

10.2.6 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

10.2.7 Groups as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

10.2.8 Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

10.2.9 Water rights

Water rights recognised by the Group have an indefinite useful life and are not amortised. Each period, the useful life of these assets is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment.

10.3 Financial assets and liabilities

10.3.1 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

10.3.2 Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

10.3.3 Financial liability at Fair Value Through Profit or Loss (FVTPL)

The convertible note which Sornem Capital is a defined Borrower is designated as a financial liability at FVTPL as it forms part of a contract containing an embedded derivative and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

10.3.4 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

10.3.5 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

10.3.6 Derivative financial instruments

The Company enters into a derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are not designated as effective.

10.3.7 Foreign currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

10.4 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

10.4.1 Trust tax

No income tax is payable by the Murray River Organics Property Trust or MTOPT2, nor by the trustees of the trusts, provided the unitholders are presently entitled to the income of the trust as determined in accordance with the trust deed. When available, distributions are made to the beneficiaries of the trusts in accordance with the respective trust deed. Beneficiaries are liable for income tax applicable to the distributions made to them.

10.4.2 Tax consolidation

MROL was, for the period to 21 December 2015, part of a tax consolidated group under Australian taxation law, of which Sornem Group was the head entity (the **Sornem Group Tax Consolidated Group**).

The consolidated current and deferred tax amounts for the tax consolidated group are allocated to the members of the tax consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the company, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Due to the existence of a tax funding arrangement between the entities in the Sornem Group Tax Consolidated Group, amounts were recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement.

On 21 December 2015, MROL raised capital from third parties. This had the effect of causing MROL to exit the Sornem Group Tax Consolidated Group and, from that date onwards, became a taxpayer in its own right. The tax balances for MROL for the period ended 30 June 2016 therefore aggregate two distinct periods, being a period whereby MROL was part of a tax consolidated group and a period where it was its own taxpayer.

The Sornem Group Tax Consolidated Group ceased to exist upon implementation of the Restructure.

As at the date of the Prospectus, the Company and the Group are not an Australian income tax consolidated group. The Company and the Group may form a new Australian income tax consolidated group with effect from before or after Completion of the Offer. Formation of an income tax consolidated group would result in the tax base of various assets and liabilities being reset for income tax purposes. The Financial Information in Section 4 assumes the Group remains unconsolidated for income tax purposes (e.g. it does not incorporate any adjustments to the Group's tax bases that may result from income tax consolidation).

A full assessment of the income tax consolidation implications will be completed following Completion of the Offer and the Company will make a choice at that time whether it is in the best interests of the Group to form an income tax consolidated group. To the extent an income tax consolidated group is ultimately formed and this adjusts the tax bases of the Group's assets and liabilities, the impact will be ultimately reflected in the Group's FY2017 statutory results. It is, however, the Group's intention not to form an income tax consolidated group to the extent that it results in material adverse financial impacts to the Group.

To the extent that the Group forms a new tax consolidated group, the Group intends to enter into a tax funding agreement such that each entity in the tax consolidated group recognises the assets, liabilities, revenues and expenses in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances; and
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as intercompany payables or receivables.

The new tax consolidated group would also intend to enter into a tax sharing agreement to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

10.4.3 Current tax

The tax currently payable is based on taxable profit for the year for the Group. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

10.4.4 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

10.4.5 Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

10.4.6 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

10.5 Borrowing costs

Borrowing costs incurred for the construction or development of any qualifying asset (including vineyards) are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs, inclusive of all facility fees, bank charges, and interest, are expensed as incurred.

10.6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

10.6.1 Agricultural produce

The current year unharvested fruit and citrus crop is classified as a biological asset and valued in accordance with AASB 141 Agriculture. In applying this standard, the Group has made various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold.

10.6.2 Property, plant and equipment (including bearer plants)

Useful lives and residual value of property, plant and equipment (including bearer plants) are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Land, buildings and bearer plants are measured at fair value. Judgement is required in determining fair value.

10.6.3 Colignan lease

The property leases of Murray River Organics include a ~2,600 acre lease from Sandhurst Trustees Limited as custodian for the Arrow Primary Infrastructure Fund in which MROL has the right to harvest the vine fruit and citrus from the trees owned by the lessor for the term of the agreement. MROL also has first right of refusal to purchase the property in the event that the lessor wished to sell. The term of the lease is 25 years, which is consistent with the useful life of the bearer plants. The present value of the minimum lease payments is greater than the fair value of the asset.

Management have determined using judgement that this transaction constitutes a finance lease and accordingly has recognised the leased asset and corresponding liability in the balance sheet. A finance charge at the implied interest rate of the liability as well as depreciation of the leased asset is recognised in the statement of profit or loss.

10.6.4 Impairment of assets

The property leases of the company include a ~2,600 acre lease from Arrow Funds Management in which the Company has the right to harvest the vine fruit and citrus from the trees owned by the lessor for the term of the agreement. The Company also has first right of refusal to purchase the property in the event that the lessor wished to sell. The term of the lease is 25 years, which is consistent with the useful life of the bearer plants. The present value of the minimum lease payments is greater than the fair value of the asset.

10.6.5 Inventory

Valuation

Management's judgement is applied in determining the fair value of inventory. The valuation takes into account expected sales prices, yields, growth profile, picked fruit quality and expected incremental-cost related to the sale of the assets and management must make a judgement as to the trend in these factors.

Provision for obsolete stock

Management's judgement is applied in determining the provision for and recovery of that inventory obsolescence. If the estimated selling price of inventory is lower than the carrying value, the difference is recognised in the provision.

10.6.6 Leased water rights

The Group leases short-term temporary water rights. These are treated as operating leases on the basis that:

- the water rights do not transfer to the Group at the end of the lease;
- there are no option to purchase the water rights;
- the rights are temporary and short-term; and
- settlement of the contracts cannot be settled in cash on a net basis.

10.6.7 Employee entitlements

Entitlements are accrued for annual leave and long service leave. Management judgement is applied in determining the following key assumptions used in the calculation of employee entitlements at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

Appendix B – Supplementary reconciliations.

10.7 Table B1

Table B1 sets out the reconciliation from the statutory historical statement of profit or loss and other comprehensive income of the Food Source International Partnership to the FY2016 pro forma revenue, EBITDA and NPAT contributions included in this prospectus.

Table B1

		Historical
$m	Notes	FY2016
Statutory Revenue		**19.6**
Related party sales	1	(1.1)
Pro forma revenue		**18.5**
Statutory EBITDA		**1.0**
Pro forma adjustments		
Related party sales	1	(0.0)
Discontinued employee remuneration	2	0.1
Pro forma EBITDA		**1.0**
Statutory NPAT		**0.8**
Pro forma adjustments		
Related party sales	1	(0.0)
Discontinued employee remuneration	2	0.1
Finance costs	3	0.1
Pro forma NPAT		**0.9**

Notes

1. Adjust for revenue and earnings impact of related party sales. These sales were recognised at a gross margin of 1% in FY2016 and will not form part of FY2017 forecast earnings.
2. Adjustment to recognise the remuneration adjustment for three employees which will not form part of the cost base under ownership of the Group.
3. Adjustment to exclude costs of legacy financing arrangements and recognise the cost of the trade financing facility on a pro forma basis.

10.8 Table B2

Table B2 sets out the reconciliation from the statutory historical statement of profit or loss and other comprehensive income of Australian Organic Holdings to the FY2016 pro forma revenue, EBITDA and NPAT contributions included in this Prospectus.

Table B2

		Historical
$m	Notes	FY2016
Statutory Revenue		**22.4**
Forward currency contract close-out	1	(0.1)
Pro forma revenue		**22.2**
Statutory EBITDA	**2**	**1.6**
Pro forma adjustments		
Forward currency contract close-out	1	(0.1)
Discontinued employee remuneration	3	0.3
Leases severance payments	4	0.2
Pro forma EBITDA		**2.0**
Statutory NPAT		**1.0**
Pro forma adjustments		
Forward currency contract close-out	1	(0.1)
Discontinued employee remuneration	3	0.3
Lease severance payments	4	0.2
Finance costs	5	(0.1)
Impact of applying effective tax rate		0.4
Pro forma NPAT		**1.7**

Notes

1. Adjustment to remove $0.1m in gains arising from the cancellation of a number of forward foreign currency contracts not held until maturity.
2. Statutory EBITDA, as disclosed in Table B2, includes merchant transaction fees that were disclosed as finance costs in the statutory accounts of Australian Organic Holdings.
3. Adjustment to recognise the remuneration adjustment for the three employee which will not form part of the cost base under ownership of the Group.
4. Adjustment to remove once-off costs incurred in severing lease agreement on the facility in Silverwater, NSW.
5. Adjustment to exclude costs of legacy financing arrangements and recognise the cost of the trade financing facility on a pro forma basis.

The pro forma revenue, EBITDA and NPAT contributions as set out in tables B1 and B2 collectively represent the Acquisition Businesses as disclosed as pro forma adjustments to the statutory historical statements of profit or loss and other comprehensive income of Murray River Organics in Table 3 of the Financial Information section included in this Prospectus.

10.9 Table B3

Table B3 sets out the reconciliation from the statutory historical statement of profit and loss and other comprehensive income of the Sornem Entities to the FY2014, FY2015 and FY2016 pro forma EBITDA and NPAT contributions included in this Prospectus.

Table B3

		Historical		
$m	Notes	FY2014	FY2015	FY2016
Statutory Revenue		**-**	**-**	**-**
Pro forma revenue		**-**	**-**	**-**
Statutory EBITDA		**(0.8)**	**(4.9)**	**0.2**
Pro forma adjustments				
Related party receivables impairment	1	0.8	1.2	0.4
Related party debt forgiveness	2	-	(0.5)	-
Fair value loss on financial instrument	3	-	4.2	1.3
Gain on sales of shares controlled entity	4	-	-	(2.0)
Pro forma EBITDA		**(0.0)**	**(0.0)**	**(0.0)**
Statutory NPAT		**(0.8)**	**(5.8)**	**(0.3)**
Pro forma adjustments				
Related party receivables impairment	1	0.8	1.2	0.4
Related party debt forgiveness	2	-	(0.5)	-
Fair value loss on financial instrument	3	-	4.2	1.3
Gain on sales of shares in controlled entity	4	-	-	(2.0)
Impact of applying effective tax rate	5	(0.0)	0.8	0.5
Pro forma NPAT		**(0.0)**	**(0.0)**	**(0.0)**

Notes

1. Adjustment to exclude impairment charge relating to a related party receivable.
2. Adjustment to exclude the gain on debt forgiveness in relation to a related party liability (Sornem Group and MROL entered into an arrangement whereby a debt owed by MROL was forgiven).
3. Adjustment to exclude the accounting fair value loss in relation to converting loans.
4. Adjustment to exclude the gain on sale of shares in MROL.
5. Adjustment to reflect the net income tax expense effect of the pro forma adjustments and realign the pro forma income tax expense to the anticipated pro forma effective income tax expense rate.

10.10 Table B4

Table B4 sets out the reconciliation from the statutory historical statement of financial position of the Sornem Entities as at 30 June 2016 to the adjustments associated with the Restructure reflected in pro forma historical statement of financial position of Murray River Organics included in this Prospectus in Table 7 of the Financial Information section.

Table B4

		Historical
$m	Notes	FY2016
Statutory Net Assets		**(10.7)**
Pro forma adjustments		
Related party receivables	1	(1.6)
Related party payable	2	2.7
Fair value of financial instrument	3	8.0
Trade and other receivables	4	1.6
Deferred tax implications of restructure	5	(2.3)
Stamp duty implications of restructure	6	(1.0)
Pro forma net assets		**(3.2)**

Notes
1. Adjustment to exclude a related party receivable.
2. Adjustment to exclude a related party payable.
3. Adjustment to exclude the accounting fair value loss in relation to converting loans.
4. Adjustment to recognise a receivable from the Founders relating to the indemnification of certain tax liabilities resulting from activities undertaken by the Sornem Entities prior to the Offer.
5. Adjustment to recognise $2.3m of deferred tax liability on a pro forma basis to reflect the deferred tax impacts of restructuring undertaken by the Group prior to the Offer; specifically the deferred tax impacts of recognising fair value adjustments in the MROPT.
6. Adjustment to recognise stamp duty relating to the restructuring activities undertaken by Murray River Organics prior to the Offer.

10.11 Table B5

Table B5 sets out a reconciliation from the statutory historical net cash used in operating activities of Murray River Organics to the statutory historical movement in cash and cash equivalents for FY2014, FY2015 and FY2016.

Table B5

		Historical		
$m	Notes	FY2014	FY2015	FY2016
Statutory net cash flows from operating activities	**1**	**(3.2)**	**(2.0)**	**(3.7)**
Cash flows from investing activities				
Payments from property, plant and equipment	2	(4.3)	(6.0)	(12.8)
Other		(0.2)	0.3	0.8
Net cash used in investing activities		**(4.6)**	**(5.7)**	**(12.1)**
Cash flows from financing activities				
Net (payments to)/proceeds from related party borrowings		7.3	1.3	(4.9)
Net proceeds from third party borrowings		0.0	6.5	8.1
Net proceeds from issue of securities		0.3	-	14.7
Net cash used in financing activities		**7.6**	**7.8**	**17.9**
Net movement in statutory historical cash flows		**(0.0)**	**0.0**	**2.2**

Notes
1. As presented in Table 5 of the Financial Information section.
2. In FY2015 and FY2016, payments for Property, plant and equipment were presented inclusive of $0.2m and $0.4m of assets held for sale respectively.

11. Glossary.

$

Australian dollars

AASB or Australian Accounting Standards Board

Australian Accounting Standards Board, an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*

ABN

Australian Business Number

Acquisition Asset or Fifth Street vineyard

The 'Fifth Street' vineyard of 279 acres, which comprises approximately 179 acres of planted mature fresh grape vineyards, with capacity to plant an additional 80 acres

Acquisition Businesses

Businesses and operations of Food Source International Partnership (conducted in part through its agent Food Source International Pty Ltd (ACN 606 234 548)) and Australian Organic Holdings

Administrative Action

Any judicial decision, official administrative pronouncement by a governmental agency, or published or private ruling by a governmental agency that has a direct bearing on the Offer or the Joint Lead Managers' ability to make the Offer.

AFSL

Australian Financial Services Licence

Applicant

A person who submits an Application for Shares under this Prospectus

Application

An application made to subscribe for Shares under the Offer

Application Form

The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares

Application Monies

The amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for by the Applicant

ASIC

Australian Securities and Investments Commission

ASX

Australian Securities Exchange, as operated by ASX Limited (ABN 98 008 624 691)

ASX Listing Rules

The official listing rules of ASX

ASX Recommendations

The Corporate Governance Principles and Recommendations issued by the ASX

ASX Settlement

ASX Settlement Pty Limited (ABN 49 008 504 532)

ASX Settlement Operating Rules

The operating rules of ASX Settlement

ATO

Australian Taxation Office

Australian Accounting Standards

Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations

Australian Organic Holdings

Australian Organic Holdings Pty Ltd (ACN 112 481 633)

Board or Board of Directors

The Board of Directors of the Company

Broker

Any ASX participating organisation selected by the Joint Lead Managers to act as a Broker to the Offer

Broker Firm Offer

The offer of Shares under this Prospectus to Australian resident clients of Brokers who have received a firm allocation from their Broker as described in Section 7.3

Business Day

A day on which banks are open for business in Melbourne, Victoria, Australia and excluding Saturday, Sunday or public holidays

CAGR

Compound annual growth rate

Call Option Deeds

The call option deeds entered into between SaleCo and certain Existing Shareholders described in Section 9.5

Call Option Shares

Existing Shares which are the subject of the Call Option Deeds

CGT

Capital Gains Tax

Chair

In relation to the Company, Craig Farrow, or otherwise as the context requires

CHESS

Clearing House Electronic Sub-register System operated in accordance with the Corporations Act

Clusters

Dried vine fruit in its natural form, still attached to the stem.

Completion of the Offer

Completion in respect of the issue or transfer of Shares in accordance with the Offer and the Underwriting Agreement

Company

Murray River Organics Group Limited (ACN 614 651 473)

Constitution

The constitution of the Company

Corporations Act

Corporations Act 2001 (Cth)

Directors

Each of the directors of the Company from time to time

DRP

Dividend Reinvestment Plan

EBIT

Earnings before interest and tax

EBITDA

Earnings before interest, tax, depreciation and amortisation

Escrow Deeds

Has the meaning given in Section 7.9

Escrow Period

Has the meaning given in Section 7.9

Escrowed Shareholders

Each of the Existing Shareholders that have entered into an Escrow Deed in respect of their Shares held immediately prior to the Offer

Existing Securities

Units in MROPT stapled to shares in MROL or shares in Sornem Group

Existing Shares

Ordinary Shares in the Company that were on issue prior to the Offer

Existing Shareholders

Those persons holding Shares as at the Prospectus Date

Exposure Period

The period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the date of the Original Prospectus, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the date of the Original Prospectus

Financial Information

Has the meaning given in Section 4.1

Food Source International and Food Source International Partnership

The partnership of Baker Reeves FSI Pty Ltd (ACN 606 259 803) as trustee for Baker Reeve FSI Unit Trust and ElElqui Pty Ltd (ACN 606 259 643) as trustee for La Serena Discretionary Trust

Forecast Financial Information

Has the meaning given in Section 4.1

Founder

Each of Erling Sorensen and Jamie Nemtsas (and entities associated with each of them, as applicable)

FY2014

Financial year ending 30 June 2014

FY2015

Financial year ending 30 June 2015

FY2016

Financial year ending 30 June 2016

FY2017

Financial year ending 30 June 2017

FY2018

Financial year ending 30 June 2018

FY2019

Financial year ending 30 June 2019

Group or Murray River Organics

The corporate group described in Section 9.3 comprising the Company and each of its subsidiaries and, where relevant, means one or more of those subsidiaries, as the context requires

GST

Goods and services or similar tax imposed in Australia

Historical Financial Information

Has the meaning given in Section 4.1

IFRS

International Financial Reporting Standards

Institutional Offer

An investor:

- in Australia who is either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act; and

in certain other jurisdictions to whom offers or invitations of Shares can lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply)

Institutional Offer

The invitation to bid for Shares made to Institutional Investors under this Prospectus as described in Section 7.4

Investigating Accountant

Deloitte Corporate Finance Pty Limited (ACN 003 833 127)

Investigating Accountant's Report

The Investigating Accountant's Report set out in Section 8

IPO

Initial public offering

Joint Lead Managers or Underwriters

PAC Partners and Morgans

Key Management Personnel

Means Erling Sorensen (Managing Director), Jamie Nemtsas (Executive Director and Chief Operating Officer) and Matthew O'Brien (Chief Financial Officer)

Listing

The admission of the Company to the Official List of ASX

LTI Plan

Long Term Incentive Plan, as described in Section 6.3.3.2

Management Team

Means the management team listed in Section 6.2

Morgans

Morgans Corporate Limited

MROL

Murray River Organics Limited ACN 159 039 175

MRO Property

Murray River Organics Property Pty Ltd ACN 609 403 956

MRO Property 2

Murray River Organics Property 2 Pty Ltd ACN 146 378 449

MROPT

Murray River Organics Property Trust

MROPT 2

Murray River Organics Property Trust 2

National Employment Standards

The 10 minimum employment entitlements set out in the Fair Work Act 2009 (Cth)

New Share/s

Shares issued under the Offer

NPAT

Net profit after tax

Offer

The Offer under this Prospectus of New Shares to be issued by the Company, and Existing Shares to be transferred by SaleCo, at the Offer Price

Offer Price
$1.30 per Share

Officer
Has the meaning given in section 9 of the Corporations Act

Official List
The official list of entities that ASX has admitted and not removed

Original Prospectus
The Prospectus dated 24 November 2016 and lodged with ASIC on that date, and which this Prospectus replaces

PAC Partners
PAC Partners Pty Ltd (ACN 165 738 438)

Pro Forma Financial Information
The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information, as described in Section 4

Pro Forma Forecast Financial Information
Has the meaning given in Section 4.1

Pro Forma Historical Financial Information
Has the meaning given in Section 4.1

Prospectus
This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document

Prospectus Date
The date this Prospectus was lodged with the ASIC

R&D
Research and Development

Restructure
Has the meaning given in Section 9.3

SaleCo
Murray River Organics SaleCo Limited (ACN 615 516 562)

SaleCo Directors
Each of the directors of SaleCo from time to time

Selling Shareholder
Existing Shareholders who have granted an irrevocable call option to SaleCo in respect of their Call Option Shares as described in Section 9.5

Settlement
The settlement in respect of the New Shares to be issued and the Existing Shares to be sold by SaleCo, the subject of the Offer occurring under the Underwriting Agreement

Share
A fully paid ordinary share in the Company

Shareholder
The registered holder of a Share

Share Registry
Computershare Investor Services Pty Ltd (ACN 078 279 277)

Sornem Capital
Sornem Capital Pty Ltd ACN 145 887 681

Sornem Entities
Has the meaning given in Section 4.2.1

Sornem Group
Sornem Group Pty Ltd ACN 145 886 291

Statutory Financial Information

The Statutory Historical Financial Information and the Statutory Forecast Financial Information, as described in Section 4

Statutory Forecast Financial Information

Has the meaning given in Section 4.1

Statutory Historical Financial Information

Has the meaning given in Section 4.1

STI Plan

Short Term Incentive Plan, as described in Section 6.3.3.3

TFN

Tax file number

Underwriting Agreement

The underwriting agreement dated 24 November 2016 between the Company and the Joint Lead Managers in connection with the Offer, as described in Section 9.6.1

US Persons

Has the meaning given in Regulation S under the US Securities Act

US Securities Act

United States Securities Act of 1933

Vine Fruit and Citrus Business

The existing MROL food production/distribution and marketing business excluding the Acquisition Businesses. and the Acquisition Asset.

Corporate directory.

Company's Registered Office

Murray River Organics Group Limited

32 Crompton Way
Dandenong South, Victoria, 3175
Australia

Joint Lead Managers

PAC Partners Pty Ltd

10/330 Collins Street
Melbourne, Victoria, 3000
Australia

Morgans Corporate Limited

Level 29
123 Eagle Street
Brisbane, Queensland, 4000
Australia

Australian Legal Adviser

Clayton Utz

Level 18
333 Collins Street
Melbourne, Victoria, 3000
Australia

Investigating Accountant

Deloitte Corporate Finance Pty Limited

550 Bourke Street
Melbourne, Victoria, 3000
Australia

Auditor

Deloitte Touche Tohmatsu

550 Bourke Street
Melbourne, Victoria, 3000
Australia

Share Registry

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford, Victoria, 3067
Australia

Murray River Organics Offer Information Line

Within Australia - 1300 651 479 (toll free)

Outside Australia - +61 3 9415 4285

Between 8:30 and 5:00 (Melbourne time)

Company Website

www.murrayriverorganics.com.au

www.murrayriverorganicsinvestors.com.au


Murray
River
Organics™