

**SALMAT LIMITED**

**ACN 002 724 638**

## **Retail Entitlement Offer**

**1 for 4.7 pro rata accelerated non-renounceable entitlement offer of Salmat ordinary shares at \$0.43 per New Share**

**Retail Entitlement Offer closes: 5.00pm (Sydney time) on Monday, 7 November 2016**

**If you are an Eligible Retail Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**



## IMPORTANT NOTICES

This Information Booklet is dated Wednesday, 19 October 2016 and relates to the Retail Entitlement Offer, which is part of the Entitlement Offer by Salmat of New Shares to raise approximately \$15 million. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Retail Entitlement Offer is being made in accordance with section 708AA Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), which allows entitlement offers to be made to retail investors without a prospectus. This Information Booklet does not contain all of the information which an investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet should be read in its entirety (including the accompanying Entitlement and Acceptance Form) before you decide to participate in the Retail Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been, and will not be, lodged with ASIC. **Please contact your professional advisor or the Salmat offer information line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday during the period the Retail Entitlement Offer is open if you have any questions.**

### Documents relevant to the Retail Entitlement Offer

Before deciding to invest in New Shares and any Additional New Shares, you should carefully consider this Information Booklet (including the Investor Presentation); Salmat's constitution, which outlines the rights of New Shares and Additional New Shares; and Salmat's continuous disclosure notices lodged with ASX (available at [www.asx.com.au](http://www.asx.com.au)).

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and any Additional New Shares through BPAY<sup>®1</sup> in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet (including the Investor Presentation) and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Information Booklet.

### No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do 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. In particular, this Information Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares and Additional New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares and Additional New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares and any Additional New Shares, or otherwise permit the public offering of the New Shares and Additional New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your application for New Shares and any Additional New Shares is subject to all requisite authorities and clearances being obtained for Salmat to lawfully receive your application monies.

### New Zealand

The New Shares and any Additional New Shares in this Offer are not being offered to the public in New Zealand other than to existing Shareholders of Salmat with registered addresses in New Zealand to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Other than in the Retail Entitlement Offer, New Shares and any Additional New Shares may be offered and sold in New Zealand only to persons who meet the criteria for being a "wholesale investor" as defined in clause 3 of Schedule 2 to the Financial Markets Conduct Act 2013 (New Zealand).

This Information Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Information Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

It is a term of the Retail Entitlement Offer that the offer of New Shares and any Additional New Shares is made in compliance with the law of the country, state, territory, or province in which ASX is situated and any code, rules, or other requirements relating to the Entitlement Offer that apply in that country, state, territory, or province.

### United States disclaimer

None of the information in this booklet or the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this booklet (or any part of it), the accompanying ASX announcement nor the accompanying Entitlement and Acceptance Form may be released or distributed directly or indirectly, to persons in the United States.

The New Shares and any Additional New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares and any Additional New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

### Definitions, time and currency

Defined terms used in this Information Booklet are contained in section 6. All references to time are to Sydney time, unless otherwise indicated.

All references to '\$' are AUD unless otherwise noted.

### Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares and any Additional New Shares. Section 5 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Salmat recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

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<sup>1</sup> ® registered to BPAY Pty Ltd ABN 69 079 137 518.

## **Privacy**

Salmat collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's shareholding in Salmat.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Salmat (directly or through the Share Registry). Salmat collects, holds and will use that information to assess your application. Salmat collects your personal information to process and administer your shareholding in Salmat and to provide related services to you. Salmat may disclose your personal information for purposes related to your shareholding in Salmat, including to the Share Registry, Salmat's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Salmat holds about you. To make a request for access to your personal information held by (or on behalf of) Salmat, please contact Salmat through the Share Registry.

## **Governing law**

This Information Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the applications are governed by the law of New South Wales, Australia. Each applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

## **No representations**

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Salmat or any of its officers.

## **Past performance**

Investors should note that Salmat's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) Salmat's future performance including Salmat's future financial position or share price performance.

## **Future performance**

This Information Booklet contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of Salmat and certain plans and objectives of the management of Salmat. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may" "intends", "guidance", "project", "forecast", "target", "likely" and other similar expressions, and include, but are not limited to, statements regarding outcome and effects of the Retail Entitlement Offer. Any forward looking statements, opinions and estimates provided in this Information Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Salmat and the Lead Manager Parties (defined below) and cannot be predicted by Salmat. This includes any statements about market and industry trends, which are based on interpretations of current market conditions, and risks, circumstances and events specific to the industry, countries and markets in which Salmat and its related bodies corporate and associated undertakings operate. Forward looking statements may include projections, guidance on future revenues, earnings, dividends and estimates.

These forward-looking statements contained in this Information Booklet involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Salmat, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Salmat. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

The forward looking statements are based on information available to Salmat as at the date of this Information Booklet. Except as required by law or regulation (including the ASX Listing Rules), Salmat undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

You should consider any forward-looking statements in light of the risks of investing in New Shares and any Additional New Shares detailed in section 3 of this Information Booklet.

Neither the Lead Manager, nor any of its affiliates, related bodies corporate (as that term is defined in the Corporations Act), nor their respective directors, employees, officers, representatives, agents, partners, consultants and advisers (together the **Lead Manager Parties**), have authorised, approved or verified any forward-looking statements.

## **Lead Manager**

None of the Lead Manager Parties, nor the advisers to Salmat or any other person including clients named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Information Booklet (or any other materials released by Salmat, including the Investor Presentation) and, except to the extent referred to in this Information Booklet, none of them makes or purports to make any statement in this Information Booklet and there is no statement in this Information Booklet which is based on any statement by any of them.

The Lead Manager Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Salmat.

## **Disclaimer**

To the maximum extent permitted by law, the Lead Manager Parties disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Information Booklet (including the Investor Presentation) being inaccurate or due to information being omitted from this Information Booklet or the Investor Presentation, whether by way of negligence or otherwise, and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Information Booklet or the Investor Presentation.

The Lead Manager Parties take no responsibility for any part of this Information Booklet or the Investor Presentation or liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Information Booklet or the Investor Presentation or otherwise arising in connection with either of them.

The Lead Manager Parties make no recommendation as to whether you or your related parties should participate in the Retail Entitlement Offer nor do they make any representations or warranties, express or implied, to you concerning the Entitlement Offer or any such information, and by returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and any

Additional New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on any statements made by the Lead Manager Parties in relation to the New Shares and any Additional New Shares or the Entitlement Offer generally.

**Risks**

Refer to the 'Key risks' section of the Investor Presentation included in section 3 of this Information Booklet for a summary of general and specific risk factors that may affect Salmat. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

**No cooling off**

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw an application once it has been accepted.

**Trading New Shares and any Additional New Shares**

Salmat will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares and any Additional New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Salmat or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares and any Additional New Shares in error or which they do not hold or are not entitled to.

**No Entitlements trading**

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

**Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information Booklet.

Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by Salmat, or its related bodies corporate in connection with the Retail Entitlement Offer.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

## Chairman's letter

Wednesday, 19 October 2016

Dear Shareholder

As a valued Shareholder of Salmat Limited (**Salmat**), I am pleased to offer you the opportunity to participate in Salmat's recently announced fully underwritten 1 for 4.7 accelerated non-renounceable pro rata entitlement offer of new Salmat ordinary shares (**New Shares**) at an offer price of \$0.43 (**Offer Price**) per New Share.

### Entitlement Offer and Use of Proceeds

On Friday, 14 October 2016, Salmat announced its intention to raise \$15 million via an accelerated non-renounceable pro rata entitlement offer (the **Entitlement Offer**). The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed before trading in our shares recommenced on Monday, 17 October 2016.

Attached to this letter is the information booklet (**Information Booklet**) relating to the retail component of the Entitlement Offer (**Retail Entitlement Offer**).

The Company intends to use the net proceeds from the Entitlement Offer to fund the consideration relating to the acquisition of the remaining 50% of MicroSourcing International and its subsidiaries for US\$24.1 million (**Microsourcing**) (**Acquisition**), which was completed on 10 August 2016.

The Acquisition of MicroSourcing complements and expands Salmat's outsourcing capabilities whilst enhancing Salmat's scale in the Philippines. MicroSourcing's revenue has experienced year on year growth under Salmat's ownership, with a 35% revenue CAGR between FY2014 and FY2016.

The Directors of Salmat are supportive of the Entitlement Offer and all Directors who have a shareholding in Salmat intend to participate in the Entitlement Offer. Together with the Salter Family and certain other major shareholders, I have formally committed to take up my entitlement. I have also entered into an arm's length sub-underwriting agreement, to sub-underwrite the Entitlement Offer, along with another major shareholder (as described in more detail in Section 4.9 of this booklet).

### Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders have the opportunity to invest at the same price as the institutional investors who participated in the Institutional Entitlement Offer. The number of New Shares for which you are entitled to subscribe under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed in the Information Booklet. The Offer Price of \$0.43 per New Share represents a 8.7% discount to Theoretical Ex-Rights Price (**TERP**)<sup>2</sup> and 10.4% discount to the closing price of Salmat of \$0.48 per share on Thursday, 13 October 2016.

If you take up your full entitlement, you may also apply for additional New Shares (**Additional New Shares**) in excess of your Entitlement up to a maximum of 50% of your entitlement, at the Offer Price (**Top Up Facility**). Additional New Shares will only be available where there is a shortfall between applications received from Eligible Retail Shareholders and the number of New Shares proposed to be issued under the Retail Entitlement Offer. Salmat retains the flexibility to scale back applications for additional New Shares at its discretion (refer to section 2.11 of this Information Booklet for more information).

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable. I encourage you to consider this offer carefully.

### Other information

This Information Booklet contains important information, including:

- ASX announcements relating to the Entitlement Offer, including the investor presentation, which was released to the ASX on Friday, 14 October 2016, and provides information on Salmat, the Entitlement Offer and key risks for you to consider;

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<sup>2</sup> The Theoretical Ex-Rights Price (**TERP**) is calculated by reference to Salmat's closing price on Thursday, 13 October of \$0.48 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Salmat's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP.

- instructions on how to apply for New Shares and Additional New Shares, detailing how to participate in the Retail Entitlement Offer if you choose to do so, and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions in this Information Booklet and your personalised Entitlement and Acceptance Form; and
- instructions on how to take up all or part of your Entitlement via BPAY® or by cheque.

If you decide to take this opportunity to increase your investment in Salmat please ensure that, before 5.00pm (Sydney time) on Monday, 7 November 2016, you have paid your application monies preferably via BPAY® pursuant to the instructions that are set out in the enclosed Entitlement and Acceptance Form or your completed Entitlement and Acceptance Form and your application monies are received in cleared funds by the Share Registry.

**The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 7 November 2016.**

If you do not wish to take up any of your Entitlement, you do not have to take any action.

Please read in full the details on how to submit your application which are set out in this Information Booklet. For further information regarding the Retail Entitlement Offer, please call 1300 365 969 (within Australia) and +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday, or visit our website at [www.salmat.com.au](http://www.salmat.com.au).

If you are uncertain about taking up your Entitlement you should consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

On behalf of the board of Salmat, I have pleasure in inviting you to consider this investment opportunity and thank you for your ongoing support of the Company.

Yours sincerely



**Peter Mattick**  
Chairman

## Key dates

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| Activity  | Date                           |
|---|--------------------------------|
| Announcement of the Entitlement Offer   | Friday, 14 October 2016        |
| Record Date for Entitlement Offer (7.00pm Sydney time)  | Tuesday, 18 October 2016       |
| Information Booklet lodged with ASX   | Wednesday, 19 October 2016     |
| <b>Retail Entitlement Offer opens</b>   | <b>Friday, 21 October 2016</b> |
| Information Booklet and Entitlement & Acceptance Form dispatched  | Friday, 21 October 2016        |
| Settlement of New Shares under the Institutional Entitlement Offer  | Monday, 24 October 2016        |
| Issue and quotation of New Shares issued under the Institutional Entitlement Offer                                      | Tuesday, 25 October 2016       |
| <b>Retail Entitlement Offer closes (5.00pm Sydney Time)</b>   | <b>Monday, 7 November 2016</b> |
| Issue of New Shares (and any Additional New Shares) issued under the Retail Entitlement Offer                           | Tuesday, 15 November 2016      |
| Normal ASX trading for New Shares (and any Additional New Shares) issued under the Retail Entitlement Offer commences   | Wednesday, 16 November 2016    |
| Dispatch of holding statements for New Shares (and any Additional New Shares) issued under the Retail Entitlement Offer | Wednesday, 16 November 2016    |

*This Timetable above is indicative only and may change. Salmat reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Salmat reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares (and any Additional New Shares). The commencement of quotation of New Shares (and any Additional New Shares) is subject to confirmation from ASX.*

*Salmat also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants. Cooling off rights do not apply to an investment in New Shares or any Additional New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.*

## Enquiries

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Telephone: 1300 365 969 (within Australia) and +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.



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## 1 Summary of options available to you

If you are an Eligible Retail Shareholder (refer to Section 4.1), you may take one of the following actions:

- take up all of your Entitlement and also apply for Additional New Shares under the Top Up Facility;
- take up all of your Entitlement but not apply for any Additional New Shares under the Top Up Facility;
- take up part of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you are a retail Shareholder that is not an Eligible Retail Shareholder, you are an “**Ineligible Retail Shareholder**”. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer. Salmat reserves the right to determine whether a shareholder is an Ineligible Retail Shareholder or an Eligible Retail Shareholder.

| Options available to you   | Key considerations  |
|--|---|
| 1. Take up all of your Entitlement   | <ul style="list-style-type: none"> <li>• You may elect to purchase New Shares at the Offer Price (see section 2 “How to Apply” for instructions on how to take up your Entitlement).</li> <li>• The New Shares will rank equally in all respects with existing Shares.</li> <li>• The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 7 November 2016.</li> <li>• If you take up all of your Entitlement, you may also apply for Additional New Shares under the Top Up Facility. There is no guarantee that you will be allocated any Additional New Shares under the Top Up Facility. Any Additional New Shares issued under the Retail Entitlement Offer will rank equally in all respects with existing Shares.</li> </ul> |
| 2. Take up part of your Entitlement  | <ul style="list-style-type: none"> <li>• If you only take up part of your Entitlement, the part not taken up will lapse. You will not be entitled to apply for Additional New Shares under the Top Up Facility.</li> <li>• If you do not take up your Entitlement in full you will not receive any payment or value for those Entitlements not taken up.</li> <li>• If you do not take up your Entitlement in full, you will have your percentage holding in Salmat reduced as a result of the Entitlement Offer.</li> </ul>  |
| 3. Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements | <ul style="list-style-type: none"> <li>• If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable, which means they are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately</li> </ul>   |

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|--|--|
|  | <p>transferred.</p> <ul style="list-style-type: none"><li>• If you do not take up your Entitlement, you will have your percentage holding in Salmat reduced as a result of dilution by the New Shares issued under the Entitlement Offer</li></ul> |
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## 2 How to apply

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### 2.1 Important information

You should read the enclosed carefully and in their entirety before making a decision about your Entitlement:

- Important Notices;
- Chairman's letter;
- ASX Announcements, including the Investor Presentation<sup>3</sup> (an in particular the 'Key risks' section of the Investor Presentation);
- Additional Information;
- Entitlement and Application Form; and
- other information made publicly available by Salmat.

### 2.2 Overview

Salmat intends to raise approximately \$15 million under the Entitlement Offer.

Salmat will use the proceeds of the Entitlement Offer to:

- Fund the consideration relating to the acquisition of Salmat's remaining 50% stake in MicroSourcing International; and
- Pay for the costs of the acquisition and the Entitlement Offer.

The Entitlement Offer is an offer of approximately 35 million New Shares at \$0.43 per New Share.

The Entitlement Offer has two components:

- (a) the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as Entitlements of Ineligible Institutional Shareholders at the Offer Price was carried out, to raise approximately \$9.8 million. This process was completed on Friday, 14 October 2016; and
- (b) the Retail Entitlement Offer – Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. In addition, Eligible Retail Shareholders who take up their full Entitlement may also participate in the

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<sup>3</sup> The enclosed ASX Announcements, including the Investor Presentation are current as at Wednesday, 19 October 2016. There may be other announcements that have been made by Salmat after Wednesday, 19 October 2016 and, before the Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 7 November 2016 that may be relevant in your consideration of whether to take part in the Retail Entitlement Offer. Therefore, it is prudent that you check whether any further announcements have been made by Salmat before submitting an Application.

Top Up Facility by applying for Additional New Shares in excess of their Entitlement, at the Offer Price. The Retail Entitlement Offer is expected to raise an additional \$5.3 million.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable.

New Shares and any Additional New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Entitlement Offer is underwritten.

### **2.3 Institutional Entitlement Offer**

Salmat will raise approximately \$9.8 million from Eligible Institutional Shareholders and certain other eligible institutional investors as part of the Institutional Entitlement Offer, at \$0.43 per New Share. New Shares are expected to be issued under the Institutional Entitlement Offer on Tuesday, 25 October 2016.

Salmat's ASX announcement of Monday, 17 October 2016, in relation to completion of the Institutional Entitlement Offer, is set out in section 3.

### **2.4 Retail Entitlement Offer**

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, this offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on Salmat and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials enclosed in section 3, Salmat's interim and annual reports, other announcements made available at [www.salmat.com.au](http://www.salmat.com.au) or [www.asx.com.au](http://www.asx.com.au) (including Salmat's annual report for the year ended 30 June 2016 released to ASX on 29 August 2016) and all other parts of this Information Booklet carefully before making any decisions in relation to your Entitlement.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 4.7 Shares held on the Record Date. The Offer Price of \$0.43 per New Share represents a discount of 8.7% to TERP. Eligible Retail Shareholders who take up all of their Entitlement can also apply for Additional New Shares under the Top Up Facility.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

The Retail Entitlement Offer opens on Friday, 21 October 2016 and is expected to close at 5.00pm (Sydney time) on Monday, 7 November 2016.

### **2.5 Your Entitlement**

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 4.7 Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Information Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Any New Shares not taken up by the Closing Date may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for Additional New Shares under the

Top Up Facility. There is no guarantee that such Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. New Shares will only be allocated to Eligible Retail Shareholders if available and then only if and to the extent that Salmat so determines, in its absolute discretion.

Eligible Retail Shareholders should be aware that an investment in Salmat involves risks. The key risks identified by Salmat are set out in the section entitled "Risks" from page 26 of the Investor Presentation (enclosed in section 3).

## **2.6 Options available to you**

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the accompanying Entitlement and Acceptance Form. Eligible Retail Shareholders may:

- (a) take up their Entitlement in full and if they do so, they may apply for Additional New Shares under the Top Up Facility (refer to section 2.7);
- (b) take up part of the Entitlement, in which case the balance of the Entitlement would lapse (refer to section 2.8); or
- (c) allow their Entitlement to lapse (refer to section 2.9).

Ineligible Retail Shareholders may not participate in the Retail Entitlement Offer.

Salmat reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (Sydney time) on Monday, 7 November 2016 (however, that date may be varied by Salmat, in accordance with the ASX Listing Rules and the Underwriting Agreement).

## **2.7 Taking up all of your Entitlement and / or participating in the Top Up Facility**

If you wish to take up all or part of your Entitlement, payment must be made via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on Monday, 7 November 2016.

If you apply to take up all of your Entitlement, you may also apply for Additional New Shares under the Top Up Facility. For further details on the Top Up Facility, please see Section 2.11.

If you are a New Zealand Shareholder who does not have an Australian bank account or is otherwise unable to pay by BPAY®, please call the Salmat offer information line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (and refer to Section 2.13 below).

Amounts received by Salmat in excess of the Offer Price multiplied by your Entitlement may be treated as an application to apply for as many Additional New Shares as your application monies will pay for in full.

If you apply for Additional New Shares under the Top Up Facility and if your application is successful (in whole or in part), your Additional New Shares will be issued to you at the same time that other New Shares are issued under the Retail Entitlement Offer. Additional New Shares will only be allocated to Eligible Retail Shareholders if available. If you apply for Additional New Shares, there is no guarantee that you will be allocated any Additional New Shares.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). If you wish to advise or change your banking instructions with the Share Registry you may do so by going to [www.linkmarketservices.com](http://www.linkmarketservices.com) and logging into the Investor Centre.

## **2.8 Taking up part of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement, payment must be made via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form. If you are a New Zealand Shareholder who does not have an Australian bank account or is otherwise unable to pay by BPAY®, please call the Salmat offer information line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (and refer to Section 2.13 below). If Salmat receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an application for as many New Shares (and Additional New Shares) as your application monies will pay for in full.

## **2.9 Allowing your Entitlement to lapse**

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

## **2.10 Consequences of not accepting all or part of your Entitlement**

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, those New Shares for which you would have otherwise been entitled under the Retail Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by Eligible Retail Shareholders who have applied for Additional New Shares through the Top Up Facility, the Underwriter or sub-underwriters.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Your interest in Salmat will also be further diluted as a result of the Entitlement Offer.

## **2.11 Top Up Facility**

Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement at the same issue price of \$0.43 per New Share up to 50% of their Entitlement, subject to pro rata scale-back at Salmat's discretion under a Top Up Facility.

Additional New Shares will be drawn from New Shares that relate to Entitlements which have not been taken up under the Entitlement Offer.

There is no guarantee regarding the number of Additional New Shares (if any) that will be available to Eligible Retail Shareholders under the Top Up Facility, in addition to their Entitlement under the Retail Entitlement Offer. This will depend on how many Entitlements are taken up. If all Entitlements are taken up under the Retail Entitlement Offer then there will be no Additional New Shares available.

An Eligible Retail Shareholder will not be issued any Additional New Shares under the Top Up Facility if the issue of such Additional New Shares would cause Salmat or that Eligible Retail Shareholder to breach any applicable law, including section 606 of the Corporations Act.

In the event that demand for Additional New Shares under the Top Up Facility exceeds the number of Additional New Shares that are available then, subject to the above, the number of Additional New Shares issued to Eligible Retail Shareholders under the Top Up Facility will be scaled back on a pro-rata basis.

Decisions regarding the operation of the Top Up Facility (including the issue of any Additional New Shares) and any necessary scale back will be made by the Directors in their absolute discretion.

If there is any shortfall under the Retail Entitlement Offer (following the issue of New Shares and any Additional New Shares), subject to the Corporations Act and the ASX Listing Rules, the Directors reserve the right to issue New Shares under that shortfall to any other parties in their absolute discretion.

## 2.12 Payment

Payment should be made using BPAY® if possible. New Zealand Shareholders who do not have an Australian bank account will be able to pay by cheque (see below at 2.13).

Cash payments will not be accepted. Receipts for payment will not be issued.

Salmat will treat you as applying for as many New Shares (up to your Entitlement) or Additional New Shares as your payment will pay for in full up to your Entitlement.

Any application monies received for more than your final allocation of New Shares and any Additional New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any application monies received or refunded.

If you are unable to pay by BPAY® please call the Salmat Limited offer information line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday and refer below to Section 2.13.

## 2.13 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that by paying by BPAY®:

- (a) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in section 2.14; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on Monday, 7 November 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

## 2.14 If you are unable to pay by BPAY®

If you are a New Zealand Shareholder and are unable to pay by BPAY® please call the Salmat Limited offer information line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Salmat encourages payments by BPAY® if possible.

If you are a New Zealand Shareholder who is completing a payment by cheque, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the application monies, payable to 'Salmat Limited Offer' and crossed 'Not Negotiable'.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (Sydney time) on Monday, 7 November 2016. You must ensure cleared

funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque must be:

- a) for an amount equal to \$0.43 multiplied by the number of New Shares and any Additional New Shares that you are applying for; and
- b) in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident Shareholders must arrange for payment to be made in Australian dollars.

Please return your completed application form and cheque to the address below:

**Mailing Address**

Salmat Limited  
C/- Link Market Services Limited or  
GPO Box 3560  
Sydney NSW 2001

**Hand Delivery**

Salmat Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138  
**(Please do not use this address for mailing purposes)**

You should ensure that sufficient funds are held in relevant account(s) to cover the application monies as your cheque will be processed on the day of receipt. If the amount of your cheque for application monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares and any Additional New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares and any Additional New Shares as your cleared application monies will pay for (and to have specified that number of New Shares and any Additional New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

## **2.15 Entitlement and Acceptance Form is binding**

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite application monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. Salmat's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPAY® or by completing and returning your personalised Entitlement and Acceptance Form with the requisite application monies, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you have read and understand this Information Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (b) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Information Booklet, and Salmat's constitution;
- (c) you authorise Salmat to register you as the holder(s) of New Shares and any Additional New Shares issued to you;
- (d) all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- (e) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;



- (f) once Salmat receives your personalised Entitlement and Acceptance Form or any payment of application monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (g) you agree to apply for and be issued up to the number of New Shares and any Additional New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY®, at the Offer Price per New Share;
- (h) you authorise Salmat, the Lead Manager, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares and any Additional New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- (i) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) the information contained in this Information Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares and any Additional New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) this Information Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Salmat and is given in the context of Salmat's past and ongoing continuous disclosure announcements to ASX;
- (l) you have read the statement of risks in the "Risks" section of the Investor Presentation included in the Section 3 of this Information Booklet, and that investments in Salmat are subject to risk;
- (m) none of Salmat, the Lead Manager, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Salmat, nor do they guarantee the repayment of capital;
- (n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and, should you choose to do so, the Top Up Facility, and of your holding of Shares on the Record Date;
- (o) you authorise Salmat to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (p) for the benefit of Salmat, the Lead Manager and its respective related bodies corporate and affiliates, you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (q) the law of any place does not prohibit you from being given this Information Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares or Additional New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (r) you are an Eligible Retail Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares or Additional New Shares under the Retail Entitlement Offer;
- (s) you acknowledge that the New Shares and any Additional New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other

jurisdiction outside Australia or New Zealand and may not be offered or sold, directly or indirectly, in the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

- (t) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (u) if in the future you decide to sell or otherwise transfer the New Shares or any Additional New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.

## **2.16 Brokerage**

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Retail Entitlement Offer or for Additional New Shares under the Top Up Facility.

## **2.17 Notice to nominees and custodians**

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

**IMPORTANT NOTE: Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Salmat. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:**

- (a) **beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;**
- (b) **Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);**
- (c) **Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or**
- (d) **Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.**

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

Salmat is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Nominees and custodians are advised to seek independent legal advice as to how to proceed in this regard and please note that neither Salmat nor the Lead Manager are able to advise on foreign laws.

## **2.18 Withdrawal of the Entitlement Offer**

Subject to applicable law, Salmat reserves the right to withdraw all or part of the Entitlement Offer and this Information booklet at any time before the issue of New Shares and any Additional New

Shares, in which case Salmat will refund any application monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants. In circumstances where issue under the Institutional Entitlement Offer has occurred, Salmat may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any application monies paid by you to Salmat will not entitle you to receive any interest and that any interest earned in respect of application monies will belong to Salmat.

## **2.19 Enquiries**

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Salmat Offer Information Line on 1300 365 969 (within Australia) and +61 1300 365 969 (outside of Australia) at any time from 8.30am to 5.30pm (Sydney time) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 7 November 2016. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Eligible Retail Shareholders should be aware that an investment in Salmat involves risks. The key risks identified by Salmat are set out from page 26 of the Investor Presentation (in section 3).

### **3 ASX ANNOUNCEMENTS AND INVESTOR PRESENTATION**

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**3.1 SLM Equity Raising Announcement      14 October 2016**

**3.2 SLM Investor Presentation              14 October 2016**

**3.3 Completion of Institutional Offer      17 October 2016**

## 3.1 SLM Equity Raising Announcement 14 October 2016

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OF AMERICA (“USA”)

14 October 2016

### Salmat (ASX:SLM) launches equity raising via entitlement offer for \$15 million

**Salmat Limited (“Salmat”) today announces the launch of a \$15 million raising via a fully underwritten accelerated non-renounceable entitlement offer (“equity raising”). The equity raising is being undertaken to fund consideration relating to the acquisition of MicroSourcing International (“MicroSourcing”), acquired in August 2016.**

The raising includes an offer to eligible institutional shareholders (“Institutional Entitlement Offer”) and an offer to eligible retail shareholders (“Retail Entitlement Offer”).

All eligible shareholders are entitled to 1 new fully paid ordinary share for every 4.7 shares held, at an issue price of 43 cents per share. A total of approximately 35 million shares will be offered under the equity raising. Eligible shareholders can choose to take up their entitlements in whole, in part or not at all. Shares issued pursuant to the offer will rank equally with all shares on issue.

#### MicroSourcing acquisition

Salmat acquired the remaining 50% of MicroSourcing International on 10 August 2016. This completed the transaction that commenced with the acquisition of an initial 50% share and full management control in February 2014.

MicroSourcing is a Philippines-based outsourced services business that has expanded Salmat’s capabilities and scale in the Philippines. MicroSourcing has experienced 35% compound annual growth (CAGR)<sup>1</sup> in revenue under Salmat’s control since 2014, and contributed \$64.1 million to Salmat’s FY16 revenue<sup>2</sup>.

The first 50% was acquired for US\$7.75 million plus US\$3.02 million in performance-related deferred consideration. The final 50% was acquired for US\$24.1 million. A total of US\$15.3 million cash and US\$1.7 million in shares was paid on 10th August 2016. The remaining amount of US\$7.1 million will be in the form

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<sup>1</sup> Compound Annual Growth Rate. Assumed an average AUD/USD of 1.13375 in 2014.

<sup>2</sup> MicroSourcing revenue before intercompany eliminations

of deferred payments in either cash or shares, to be completed by August 2017 (“Acquisition”). Further details on MicroSourcing are contained in the investor presentation to be released to the ASX today.

## **Impact and Outlook**

MicroSourcing is already 100% consolidated in Salmat’s FY16 Financial Statements. The final 50% acquisition eliminated any non-controlling interest in MicroSourcing, which will continue to operate under the MicroSourcing name and existing management.

Salmat’s key agenda for FY17 is driving sales and growing profitable revenue, with positive operating cash flow. Salmat expects EBITDA growth in FY17.

## **Equity Raising**

Salmat is undertaking a fully underwritten Equity Raising comprising a 1 for 4.7 accelerated non-renounceable entitlement offer to raise approximately \$15 million at the Offer Price of \$0.43 per New Share. Shareholders Proceeds of the Equity Raising will fund the Acquisition.

The Offer Price represents:

- 8.7% discount to TERP of \$0.47<sup>3</sup>, and
- 10.4% discount to the \$0.48 closing price on Thursday, 13 October 2016

Peter Mattick, the Salter family and other major shareholders (representing approximately 83% of existing shares on issue) have committed to take up their pro-rata entitlement in the Equity Raising. Peter Mattick and a major shareholder have also entered into an arms length sub-underwriting agreement to sub-underwrite up to \$2.1 million of the Equity Raising at the Offer Price.<sup>4</sup>

The Equity Raising is non-renounceable and rights will not be traded on the ASX or be otherwise transferable. Eligible Shareholders who do not take up their entitlement under the Equity Raising in full or in part, will not receive any value in respect of those entitlements not taken up.

New Shares will rank pari passu with existing shares on issue.

The Offer is fully underwritten by Macquarie Capital (Australia) Limited as Lead Manager and Underwriter.

All eligible Salmat Directors intend to take up their entitlement in full.

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<sup>3</sup> The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Salmat securities should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Salmat securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated exclusive of the Institutional Placement, and by reference to Salmat’s last closing price on Thursday 13 October 2016.

<sup>4</sup> Existing shareholders, including Peter Mattick, who have pre-committed to take up their pro rata entitlements and/or sub-underwrite the Equity Raising will be paid market based fees by the Underwriter

### **Institutional Entitlement Offer**

Eligible Institutional Shareholders will be invited to participate in the Institutional Entitlement Offer which is being conducted today Friday, 14 October 2016. Eligible Institutional Shareholders can choose to take up all, part or none of their entitlement. Institutional entitlements cannot be traded on market.

Institutional entitlements that Eligible Institutional Shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to Ineligible Institutional Shareholders, will be offered to Eligible Institutional Shareholders who apply for New Shares in excess of their entitlement, as well as to certain other Institutional Investors.

### **Retail Entitlement Offer**

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on 9:00am (Sydney time) on Friday 21 October 2016 and close at 5.00pm (Sydney time) on Monday, 7 November 2016. Under the Retail Entitlement Offer, Eligible Retail Shareholders may also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement. The allocation of additional shares and any scale back will be at the Board’s absolute discretion.

Further details about the Retail Entitlement Offer will be set out in a booklet (Retail Offer Booklet), which Salmat expects to lodge with the ASX on Tuesday, 18 October 2016, in advance of the despatch date (as detailed further below). For Eligible Retail Shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or by cheque by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on Monday, 7 November 2016. The Retail Offer Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on Friday, 21 October 2016.

### **Key Dates\***

| <i>Key event</i>  | <i>Date</i>             |
|---|-------------------------|
| Trading halt and announcement of Offer  | Friday, 14 October 2016 |
| Institutional Entitlement Offer conducted   | Friday, 14 October 2016 |
| Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis | Monday, 17 October 2016 |

|   |                                 |
|---|---------------------------------|
| Record date for determining entitlement to subscribe for New Shares                                       | 7:00pm Tuesday, 18 October 2016 |
| Retail Entitlement Offer opens  | 9:00am Friday, 21 October 2016  |
| Retail Offer Booklet despatched   | Friday, 21 October 2016         |
| Settlement of Institutional Entitlement Offer   | Monday, 24 October 2016         |
| Allotment and normal trading of New Shares under the Institutional Entitlement Offer                      | Tuesday, 25 October 2016        |
| Retail Entitlement Offer closes   | Monday, 7 November 2016         |
| Allotment of New Shares under the Retail Entitlement Offer  | Tuesday, 15 November 2016       |
| Despatch of holding statements and normal trading of New Shares issued under the Retail Entitlement Offer | Wednesday, 16 November 2016     |

\* All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Salmat reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Salmat reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for New Shares under the Retail Entitlement Offer.

Salmat also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

### **Additional Information**

Additional information regarding the Acquisitions and Entitlement Offer is contained in the investor presentation released to the ASX today. The Retail Offer Booklet will be released to the ASX separately and mailed to Eligible Retail Shareholders.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Salmat's Offer Information Line on 1300 365 969 (from within Australia) or +61 1300 365 969 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

**-ENDS-**

*For further information, please contact:*

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Chief Executive Officer  
+612 9928 6500

Peter Mattick  
Chairman  
+612 9928 6500



## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States.

The entitlements may not be taken up by, and the New Shares may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **Forward looking statements**

Certain statements contained in this announcement are “forward-looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “anticipate”, “expect”, “likely”, “intend”, “should”, “could”, “may”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition of the MicroSourcing International, the future performance of Salmat and the outcome and effects of the Entitlement Offer and use of proceeds. Forward-looking statements, opinions and estimates provided in this announcement are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Salmat and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

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# Salmat Limited Equity Raising

October 2016

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1

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## Important notice and disclaimer

### Overview

This investor presentation and its appendices ("Presentation") is dated 14 October 2016 and has been prepared by Salmat Limited (ABN 11 002 724 638) ("Salmat").

This Presentation has been prepared in relation to an accelerated non-renounceable entitlement offer of fully paid ordinary shares ("New Shares") in Salmat under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act") as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 ("Offer"). By receiving this Presentation, you are agreeing to the following restrictions and limitations.

### Summary Information

This Presentation contains summary information about Salmat and is dated as at 14 October 2016. The information is subject to change without notice and does not purport to be complete or comprehensive. It does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Salmat's other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

The information in this Presentation has been obtained from or based on sources believed by Salmat to be reliable. To the maximum extent permitted by law, Salmat, Macquarie Capital (Australia) Limited ("MCAL" or the "Underwriter") the underwriter or their respective affiliates, officers, employees, agents and advisers do not make any warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all responsibility and liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

None of the Underwriter, nor any of its affiliates, related bodies corporate, directors, officers, employees, agents or advisers have authorised, caused or permitted the issue, submission or dispatch of this Presentation or any other document prepared in connection with the Offer ("Offer Documents") nor do they make any recommendation as to whether any potential investor should participate in the Offer of securities referred to in this Presentation or the Offer Documents. None of them makes or purports to make any statement in this Presentation or the Offer Documents and there is no statement in this Presentation or the Offer Documents which is based on any statement by them. Further, none of them accept any fiduciary obligation to or relationship with any investor in connection with the offer of securities or otherwise. Salmat reserves the right to withdraw the Offer or vary the timetable included in this Presentation without notice.

### Participation in the Offer

Determination of eligibility of investors for the purposes of the institutional and retail components of the Offer will be by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Salmat and Underwriter. Each of Salmat, the Underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

### Not Financial Product Advice

This Presentation is not and should not be considered, and does not contain or purport to contain, an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any New Securities nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs financial product advice or a recommendation to acquire New Shares. It has been prepared without taking into account any investor's objectives, financial position, situation or needs. Therefore, before making an investment decision, investors should consider the appropriateness of the information in this Presentation and have regard to their own objectives, financial situation and needs. Investors should seek such financial, legal or tax advice as they deem necessary or consider appropriate. Salmat is not licensed to provide financial product advice in relation to the Offer of New Shares. Cooling off rights do not apply to the acquisition of the New Shares. Neither this Presentation nor anything contained in it shall form the basis of any contract or commitment and it is not intended to induce or solicit any person to engage in, or refrain from engaging in, any transaction.

### Financial Information

This presentation sets out the financial information referred to in this Presentation. This presentation includes audited historical financial information for Salmat and reviewed historical financial information for MicroSourcing International Limited that has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards ("AAS"), including Australian equivalents to International Financial Reporting Standards ("AIFRS") as described in the Basis of Preparation.

Also presented is Pro forma Historical Financial Information which has been prepared to reflect the impact of the Offer as if it had occurred at 30 June 2016. The Pro forma Historical Financial Information has been prepared by Salmat in accordance with the recognition and measurement requirements of AAS Australian Accounting Standards ("AAS"), including AIFRS Australian equivalents to International Financial Reporting Standards ("AIFRS"). Investors should note that this information has not been audited and is based on management accounts and estimates. The Pro forma Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Salmat's views on its future financial condition and/or performance.

All information is in Australian dollars unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding. All references to financial years ("FY") appearing in this Presentation are to the financial years ended on 30 June of the indicated year.

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# Important notice and disclaimer

## Future Performance

This Presentation contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", "guidance", "forecast", "estimates", "could", "may", "target", "consider", "will" and other similar expressions and include, but are not limited to, earnings and distributions guidance, the outcome and effects of the Offer, and the use of proceeds. Forward looking statements, opinions and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, Salmat and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in the New Shares and the outcome of the matters referred to in forward-looking statements are subject to investment and other known and unknown risks, some of which are beyond the control of Salmat. Please see the key risks section of this Presentation for further details. Salmat does not guarantee any particular rate of return or the performance of Salmat nor does it guarantee the repayment of capital from Salmat or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

## Past Performance

Past performance information given in this Presentation is given for illustration purposes only and should not be relied upon as (and is not) an indication of future performance. Actual results could differ materially from those referred to in this Presentation.

## Underwriter's Disclaimer

Neither the underwriter, nor any of its affiliates or related bodies corporate, nor any of its directors, officers, partners, employees, agents or advisers ("Underwriter Parties") have caused, permitted or authorised the issue, submission, dispatch or provision of this Presentation. For the avoidance of doubt, the Underwriter Parties have not made or purported to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred as a result of participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. The Underwriter Parties make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and take no responsibility for any part of this Presentation or the Offer. The Underwriter Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer.

## Investment Risk

An investment in securities in Salmat is subject to investment and other known and unknown risks, some of which are beyond the control of Salmat. Salmat does not guarantee any particular rate of return or the performance of Salmat. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

## Not An Offer

This Presentation is not an offer or an invitation to acquire New Shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only.

See "International Selling Restrictions" for restrictions on participation in the Offer by residents of the United States and certain other jurisdictions outside of Australia and New Zealand.

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- 01** Salmat update
- 02** Equity Raising highlights and strategic rationale
- 03** Overview of MicroSourcing International
- 04** Financial impact
- 05** Details of the Equity Raising
- A** Appendices

01.

# Salmat update

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## BUSINESS TRANSFORMATION COMMENCED JANUARY 2015



### FOCUS

... energy and investment in areas where we are - or can be - the clear market leader



### SIMPLIFY

...every aspect of our business so we become more agile, responsive, efficient and effective



### GROW

...our business in a targeted, connected and profitable manner

Major change program to optimise the business, driving operational effectiveness, targeted growth and increased profitability

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# PROGRESS AND OUTLOOK

## > Transformation delivering results

We are focussed on the right products and services; we have simplified the business; now it is time to grow.

## > Getting the fundamentals right

Focus on effectiveness in operations, sales and marketing.

## > Cost base restructured

Moving towards less capital intensive and more variable cost model through cloud adoption.

## > Growth is our clear priority

Short and medium-term initiatives now in play, targeting quality, profitable sales revenue growth.

## > Positive cash flow

Returned to positive operating cash flow in FY16 and targeting that to continue in FY17.

## > EBITDA growth in FY17

Expect EBITDA growth in FY17.

02.

# Equity Raising highlights and strategic rationale

## EXECUTIVE SUMMARY

### Salmat launches equity raising to fund consideration relating to the Microsourcing Acquisition

#### Overview

- Salmat Limited ("**Salmat**", ASX:SLM) has completed the acquisition of the remaining 50% of MicroSourcing International Limited and its subsidiaries ("**MicroSourcing**") for US\$24.1 million ("**Acquisition**"), as announced to the market on Wednesday, 10 August 2016
  - Deferred consideration of US\$7.1 million to be paid by August 2017
- MicroSourcing operates a Philippines-based outsourced services business capturing the growing trend in demand for offshore services
  - Service delivery model expands Salmat's offerings
  - Established customer base across USA and Australia
  - Revenue of AU\$64.1 million and profit after tax of AU\$8.0 million for FY16
- MicroSourcing will continue to operate under the MicroSourcing name and current management

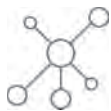
#### Equity raising

- 1 for 4.7 accelerated non-renounceable entitlement offer to raise approximately \$15 million at the offer price of \$0.43 per share ("**Equity Raising**") to fund the consideration relating to the Acquisition

#### Expected financial impact

- MicroSourcing is already 100% consolidated in Salmat's FY16 financial statements
- Elimination of non-controlling interest in MicroSourcing

## STRATEGIC RATIONALE



- MicroSourcing complements and expands Salmat's outsourcing capabilities



- Enhances Salmat's scale in the Philippines



- MicroSourcing's operations have shown growth year on year

# PHILIPPINES OUTSOURCING INDUSTRY



Global call centre outsourcing



IT and specialised outsourcing



Employed in outsourcing industry

03.

## Overview of MicroSourcing



# OVERVIEW OF MICROSOURCING

- MicroSourcing enables foreign companies to establish and run business operations in the Philippines in an easy and effective way
- MicroSourcing has local skills in facilities sourcing and management, HR management, finance and expatriate support
- The business specialises in a wide variety of disciplines and workflow processes and offers services through a number of service delivery models, each targeted towards a specific market segment
- MicroSourcing's managed operations model offers the flexibility of outsourcing where the client chooses their preferred level of involvement and control

# MICROSOURCING SERVICE DISCIPLINES

English-speaking workforce provides a wide range of skills



### Contact centre services

Inbound and outbound call centre, customer support and telemarketing



### Back office processes and English language services

Data entry and data processing, HR, finance and accounting, virtual assistance, medical encoding, copywriting and creative writing, proofing and editing, transcription, content moderation, game moderation and community moderation



### Digital creative and development services

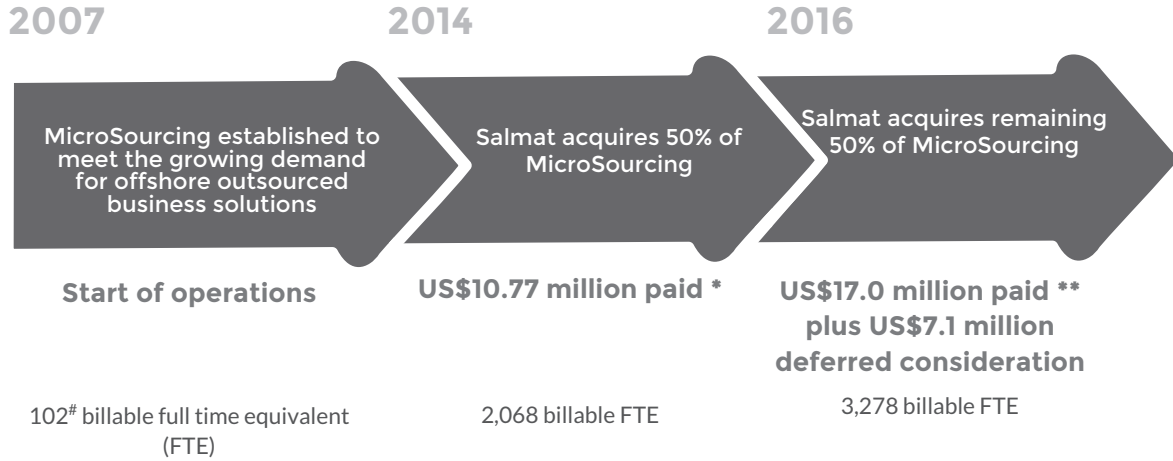
Web development, software development, mobile app and game development, search engine optimisation, search engine marketing, social media marketing, technical support, web design, graphic design, advertising design, print and prepress design, flash design and animation, 3D modelling, game design

### Provided via a range of service delivery models

This range of services can be delivered via a number of different service delivery models, including project outsourcing, offshore staff leasing, virtual captives, joint ventures and build-operate-transfer agreement

# MICROSOURCING GROWTH

Growth since establishment



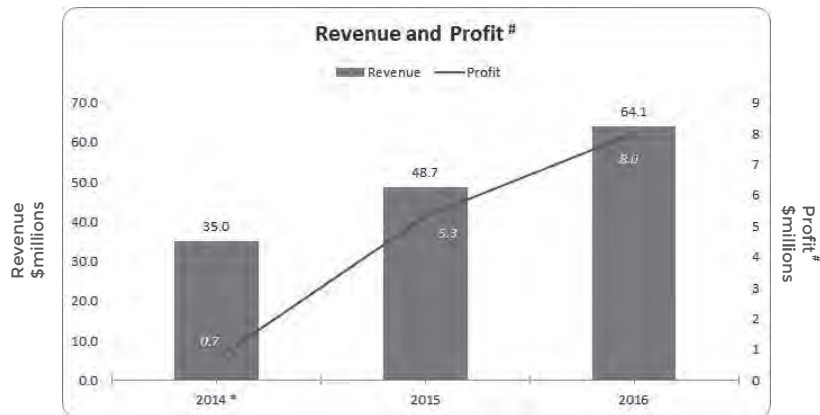
# - Billable FTE noted here is at end of first reporting period - 31st March 2009.

\* - Paid US\$7.75m on acquisition followed by deferred considerations totalling US\$3.02m in FY15 and FY16. Total amount paid for first 50% was US\$10.77m.

\*\* - Paid US\$15.3m in cash, and US\$1.7m settled through the issue of shares in Salmat Ltd.

# MICROSOURCING FINANCIAL PROFILE

MicroSourcing's operations have experienced continued growth year on year under Salmat's control



**35% compound annual revenue growth**

Note: \* - assumed average AUD/USD rate of 1.138375, and an effective tax rate based on rate as per 31 March 2014 audited financial statements.  
# - MicroSourcing revenue and profit after tax is before intercompany eliminations.

04.

## Financial impact and outlook

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### OVERVIEW OF SALMAT FY16 RESULTS

Full year to 30 June 2016

| \$ million                                 | 2016** | 2015** | % change |
|--|--------|--------|----------|
| Revenue                                    | 450.8  | 498.1  | -9.5%    |
| Underlying EBITDA <sup>#</sup>             | 19.6   | 13.3   | +47.4%   |
| Depreciation & Amortisation                | (13.6) | (14.7) | -7.5%    |
| Net interest                               | (1.8)  | (1.7)  | +5.9%    |
| Underlying profit/(loss) before income tax | 4.2    | (3.1)  | *        |
| Significant items <sup>##</sup>            | (6.8)  | (91.3) | -92.6%   |
| (Loss) before income tax                   | (2.6)  | (94.4) | +97.2%   |
| Income tax expense                         | (3.4)  | (3.6)  | -5.6%    |
| Net (loss) after tax                       | (6.0)  | (98.0) | +93.9%   |

\* - No meaningful figure

\*\* - Results as per FY16 financial report (no pro-forma adjustments included)

# - Underlying EBITDA excludes significant items

## - Non-Recurring expenditure such as restructuring costs, impairment, adjustments to contingent considerations, profit on sale of shares in an associate and other income.

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## SALMAT FINANCIAL IMPACT AND OUTLOOK

- MicroSourcing is already 100% consolidated in Salmat's FY16 financial statements
- Elimination of non-controlling interest in MicroSourcing
- Salmat on track for improved performance in FY17:
  - Key agenda for FY17 is driving sales and growing profitable revenue
  - Targeting positive operating cashflow in FY17
  - Expect EBITDA growth in FY17

## MICROSOURCING ACQUISITION SUMMARY

- Below is a summary of transactions relating to the Acquisition funding of US\$24.1 million equivalent to AU\$32.3 million:

|   |        | Cash A\$m       | Liability A\$m  | Equity A\$m   |
|---|--------|-----------------|-----------------|---------------|
| Cash payment made                             | Aug-16 | \$(20.0)        | \$(20.0)        | -             |
| Issue of new shares                           | Aug-16 | -               | \$(2.3)         | \$2.3         |
| Funds received from equity raising            | Nov-16 | \$15.1          | -               | \$15.1        |
| Expenses paid relating to equity raising      | Nov-16 | \$(1.1)         | -               | \$(1.1)       |
| Settlement of deferred consideration - part 1 | Apr-17 | *\$(5.0)        | *\$(5.0)        | -             |
| Settlement of deferred consideration - part 2 | Aug-17 | *\$(5.0)        | *\$(5.0)        | -             |
| <b>TOTAL</b>                                  |        | <b>\$(16.0)</b> | <b>\$(32.3)</b> | <b>\$16.3</b> |

Note: \* - assumed AUD/USD rate of 1.4069

## SOURCES AND USES OF FUNDS RELATING TO ACQUISITION

| Sources              | A\$m          | Uses   | A\$m          |
|----------------------|---------------|--|---------------|
| Equity raising       | \$15.1        | Initial cash payment to vendor               | \$20.0        |
| Issue of new shares  | \$2.3         | Settlement in shares to vendor               | \$2.3         |
| Cash/debt            | \$16.0        | Expenses relating to equity raising          | \$1.1         |
|                      |               | Payment of deferred considerations to vendor | \$10.0        |
| <b>Total sources</b> | <b>\$33.4</b> | <b>Total uses</b>                            | <b>\$33.4</b> |

## SALMAT PRO FORMA BALANCE SHEET

| \$ million                    | 30 Jun 16 (\$m) <sup>2</sup> | Adjustments (\$m)         | Pro Forma (\$m) |
|-------------------------------|------------------------------|---------------------------|-----------------|
| Cash and cash equivalents     | 42.9                         | (16.0) <sup>1,3</sup>     | 26.9            |
| Trade and other receivables   | 56.2                         |                           | 56.2            |
| Fixed assets                  | 13.4                         |                           | 13.4            |
| Goodwill and intangibles      | 91.2                         |                           | 91.2            |
| Other                         | 23.2                         |                           | 23.2            |
| <b>Total assets</b>           | <b>226.9</b>                 | <b>(16.0)</b>             | <b>210.9</b>    |
| Current liabilities           | 91.8                         | (32.3) <sup>5</sup>       | 59.5            |
| Borrowings                    | 28.3                         |                           | 28.3            |
| Other non-current liabilities | 8.9                          |                           | 8.9             |
| <b>Total liabilities</b>      | <b>129.0</b>                 | <b>(32.3)</b>             | <b>96.7</b>     |
| <b>Equity</b>                 | <b>97.9</b>                  | <b>16.3<sup>1,4</sup></b> | <b>114.2</b>    |

- Cash and equity are net of \$1.1m transaction costs
- 30 June 2016 Group numbers include 100% of MicroSourcing
- Total net outflow agrees to the MicroSourcing acquisition summary as shown on slide 20
- Total change in equity agrees to the MicroSourcing acquisition summary as shown on slide 20
- Total change in current liabilities agrees to the MicroSourcing acquisition summary as shown on slide 20

05.

# Details of the Equity Raising

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## DETAILS OF THE EQUITY RAISING

### Equity Raising structure and size

- Fully underwritten 1 for 4.7 accelerated non-renounceable entitlement offer to raise approximately \$15 million
- Approximately 35 million new shares ("New Shares") to be issued (equivalent to approximately 21.3% of existing shares on issue)

### Offer price

- Equity raising will be conducted at \$0.43 per New Share ("Offer Price")
  - 10.4% discount to the last traded price of \$0.48 on Thursday 13 October 2016
  - 8.7% discount to TERP<sup>1</sup> of \$0.47

### Use of proceeds

- Proceeds from the Equity Raising will be used to fund the 50% Acquisition of MicroSourcing and pay equity raising costs

### Ranking

- New Shares issued will rank pari passu with existing shares

1. "Theoretical ex-rights price" The theoretical ex-rights price is the theoretical price at which Salmat shares should trade immediately after the ex-date for the Equity Raising. The TERP is the theoretical calculation only and the actual price at which Salmat shares trade immediately after the ex-date for the Equity Raising may vary from TERP. TERP is calculated by reference to Salmat's closing price of \$0.48 per share on Thursday 13 October 2016, being last trading day prior to the announcement of the Equity Raising.

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# DETAILS OF THE EQUITY RAISING

## Underwriting

- Offer is fully underwritten by Macquarie Capital (Australia) Limited (“Underwriter”)

## Major shareholder participation

- All Directors who have a shareholding in Salmat intend to participate in the Equity Raising
- Entities relating to the Co-Founders, Peter Mattick and the Salter Family, as well as certain other major shareholders (representing approximately 83% of existing shares on issue), have committed to take up their pro-rata entitlements in the Equity Raising<sup>2</sup>
- The Chairman, Mr Peter Mattick, and another major shareholder have also entered into arms length sub-underwriting agreements to sub-underwrite up to \$2.1 million of the Equity Raising at the Offer Price<sup>2</sup>

1. “Theoretical ex-rights price” The theoretical ex-rights price is the theoretical price at which Salmat shares should trade immediately after the ex-date for the Equity Raising. The TERP is the theoretical calculation only and the actual price at which Salmat shares trade immediately after the ex-date for the Equity Raising may vary from TERP. TERP is calculated by reference to Salmat’s closing price of \$0.48 per share on Thursday 13 October 2016, being last trading day prior to the announcement of the Equity Raising.

2.Existing shareholders, including Mr Peter Mattick, who have pre-committed to take up their pro rata entitlements and/or sub-underwrite the Equity Raising will be paid market based fees by the Underwriter. Mr Mattick’s proportionate holding in Salmat would increase by approximately 1.75% (from 22.45%) if required to subscribe for all his sub-underwritten securities. The sub-underwriting agreements are on terms set out above, and customary ECM Master Terms published by the Australian Financial Markets Association.

## Appendix 1.

# Key risks

## Key risks

Investors should carefully consider the risk factors described below, in addition to the other information in this document and publicly available information of Salmat, before making an investment decision. If you require further information regarding the appropriateness or potential risks of this investment, you should seek appropriate financial advice. An investment in Salmat is subject to risks, both specific to Salmat and more general risks. Many of these risks are beyond the control of Salmat and, if they were to eventuate, may impact adversely on the performance, or value, of an investment in Salmat. This summary details some of the major risks that you should be aware of when investing in Salmat, however it is not intended to be exhaustive.

Investors should be aware that the list of risks described below may not cover all possibilities and should also consider risks specific to their situation. Additional risk factors and uncertainties that are not known to Salmat at the time of this Offer, or which are considered immaterial, may in the future materially impact Salmat's assets, financial condition or operations and may have an adverse effect on an investment in Salmat. None of Salmat nor its directors, management or any related entities, nor any party associated with the preparation of this document, is able to guarantee that any specific objectives of Salmat or any particular performance of Salmat will be achieved.

## Key risks

### KEY RISK RELATING TO SALMAT

| Risks   | Details   |
|---|---|
| New business growth   | Salmat's growth is dependent on its ability to win new business, and its ability to increase the volume and profitability of services provided to its clients. The rate at which Salmat is able to expand is dependent on execution of its growth strategy, which is subject to operational risks and market forces. There is no guarantee that any growth strategy will be successfully executed. To the extent Salmat is not able to execute its strategy, its business and growth prospects may be adversely impacted.   |
| Concentrated customer base and ability to retain existing customers | Key to Salmat's business is the ongoing delivery of customer contractual commitments, meeting competitive challenges, and ensuring product offerings are market competitive. A material proportion of Salmat's revenue is dependent on a concentrated number of key customer contracts that become due for renewal from time to time. While Salmat is not aware that any significant customer does not intend to renew their contract with Salmat, two are presently in a tender scenario. There is always a risk that existing customers may terminate their contracts on notice, may choose not to renew their contracts with Salmat upon expiration, or may seek to renew such contracts on less favourable terms. Any inability to retain existing customers may adversely impact Salmat's future operating and financial performance, its cash flow and, depending on the reason for the loss, may have an adverse impact on its reputation. |
| Changes in retail demand and spending                               | Salmat's sales volumes and profitability is linked to the level of retail sales achieved by retail clients in certain parts of the business. Therefore Salmat is exposed to retail spending cycles and changes in retail demand. A reduction in retail spending and demand may lead to an adverse effect on Salmat's sales and profitability. A failure in Salmat's ability to mitigate reliance on major retailers and diversify its customer base may increase Salmat's exposure to the retail spending cycle, and lead to adverse effect on revenue, profitability and cashflow should there be a downturn.  |
| Advertising spend   | A portion of Salmat's revenues are derived from clients' direct marketing expenditures. In the event that relevant advertising spend of Salmat's clients is reduced for any reason, or the composition of that advertising spend shifts away from Salmat's product/service offering, there is a risk that Salmat's revenue, profitability and cashflow could be adversely affected.   |



# Key risks

## KEY RISK RELATING TO SALMAT

| Risks   | Details   |
|---|---|
| Information security and operational service risk | <p>Although Salmat implements technology security policies to ensure information managed is secure from destruction, corruption, unauthorised access and breach of confidentiality whether unintentional or malicious, these policies and protections may not be entirely successful. A potential breach of such measures could reduce the attractiveness of Salmat's products and services to its clients and/or may subject Salmat to reputational damage, a loss of confidence in the services it provides, claims by clients, loss of existing and potential clients, a disruption of services to clients, legal action and/or additional regulatory scrutiny. Such circumstances could negatively impact Salmat's business and future financial performance.</p> <p>There is no guarantee that insurance cover will be available and adequate to cover all financial exposure arising from one or more of the circumstances described above. In addition, any significant claim against such a policy may lead to either or both of increased premium on renewal and additional exclusions to the terms of future policies.</p> <p>In addition, any interruption or exploitation of Salmat's systems may result in breach of contract with clients and they may terminate engaging Salmat in the provision of such services.</p> |
| Reliance on key personnel                         | <p>Execution of Salmat's growth strategy and transformation initiatives are dependent on the ongoing services of its senior management team and other key personnel. Notwithstanding the contractual agreements with respect to their tenure, the loss of the services of existing key personnel, as well as the failure to recruit additional key technical, managerial and other personnel in a timely manner could restrict the pace of Salmat's future growth, and reduce the quality of its products and services, which may have an adverse impact on Salmat's business.</p>  |

# Key risks

## KEY RISK RELATING TO SALMAT

| Risks                                   | Details   |
|---|---|
| Competition risk                        | <p>The industry in which Salmat operates is competitive. Salmat's performance could be adversely affected if existing or new competitors reduce Salmat's market share, margins, or its ability to expand into new market segments. Salmat's existing or new competitors may have substantially greater resources and access to more markets than Salmat. Competitors may develop new technologies or win customers with more cost effective solutions than those that have been or may be provided by Salmat. This may place pricing pressure on Salmat's service/product offering and may impact on Salmat's ability to retain existing clients, as well as Salmat's ability to attract new clients. If Salmat cannot compete successfully, Salmat's business, cashflow, operating results and financial position could be adversely impacted.</p>   |
| Dependence on contractors               | <p>Salmat's media business is dependent on attracting a large number of contractors across Australia to ensure it has the requisite distribution network to service its clients' needs. Salmat may not be able to attract and retain at economic rates the quantity of contracted walkers, or other contractors necessary for the continued operation and development of its business. The use of contractors also carries a risk of claims under the Independent Contractors Act and other laws. Any inability to attract or maintain contractors at economic rates may adversely impact Salmat's financial performance.</p>   |
| Execution of transformation initiatives | <p>Salmat is currently in the process of implementing a major transformation program under a new management team, which commenced in January 2015. Whilst the transformation program has to date been successful in reducing Salmat's cost base, Salmat's future financial performance and position is dependent on completing the transformation program to provide the necessary platform for future growth.</p>  |
| Additional requirements for capital     | <p>Salmat's capital requirements depend on numerous factors. Depending on the amount of income generated from its operations, Salmat may require further financing in the form of debt or equity. Further, Salmat may issue securities to finance future acquisitions which may, under certain circumstances, dilute the value of shareholders' interests in Salmat and the proportional beneficial ownership in the underlying assets of Salmat. While Salmat is subject to the ASX Listing Rules regarding the percentage of 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 capital raisings and issues of Shares. If Salmat is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back development and production programs, as the case may be.</p> |

# Key risks

## KEY RISK RELATING TO MICROSOURCING

| Risks                                   | Details  |
|---|--|
| Multijurisdictional and regulatory risk | <p>As Salmat currently conducts business in Australia, New Zealand, Philippines and other Asian countries, Salmat is also exposed to a range of multijurisdictional risks. These risks may relate to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation, foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which Salmat operates.</p> <p>In particular, as MicroSourcing and Salmat Services Inc is Philippines-based, the business is subject to regulations relating to repatriation of proceeds as well as different economic, financial, natural environment and weather, geopolitical, regulatory and foreign ownership conditions, to the rest of the Salmat's Australian and New Zealand business. Given MicroSourcing's contribution to Salmat's performance, any adverse change in the operating or regulatory environment of MicroSourcing may adversely impact on Salmat's financial and operating performance.</p> |

# Key risks

## KEY RISK RELATING TO EQUITY RAISING

| Risks                              | Details   |
|------------------------------------|---|
| Equity Raising and regulatory risk | <p>Salmat has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement between the parties. If the underwriting agreement is terminated, there is a risk that Salmat would need to issue scrip to vendors to fund deferred consideration relating to the Acquisition. Termination of the underwriting agreement could materially adversely affect Salmat's share price should vendors who have been issued scrip choose to sell their share consideration on market given the quantum of holdings relative to Salmat's low levels of trading liquidity.</p> |
| Dilution Risk                      | <p>Investors who do not participate in the Offer, or who do not take up all of their entitlement under the Offer, will have their investment in Salmat diluted and receive no value for their entitlement.</p>  |

# Key risks

## GENERAL RISKS AND REGULATORY RISKS

| Risks                       | Details  |
|-----------------------------|--|
| General Economic conditions | Salmat may be adversely impacted by fluctuations in general economic conditions and/or consumer confidence levels. A prolonged deterioration in general economic conditions, and/or movements of international and domestic stock markets, commodity or oil prices, interest rates, exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events, retail sector demand, and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes or changes in law may adversely affect demand for Salmat's products and services, and may have an adverse impact on the Group's business or financial condition. .  |
| Market and share price risk | <p>There are general risks associated with an investment in the share market. Some of the factors which may affect the price of shares include investor perceptions, fluctuations in the domestic and international market for listed stocks and general economic conditions (described in the risk above), inclusion in or removal from market indices, the nature of the markets in which Salmat operates and general operational and business risks.</p> <p>Other factors which may negatively affect investor sentiment and influence Salmat specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters. Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including the ASX. Continued volatility in global markets could negatively impact the value of shares and Salmat's ability to issue new shares and raise capital in the future.</p> |
| Liquidity risk              | Prior to the Offer, trading in Salmat's shares was relatively illiquid. There can be no assurance that there will be an active market for shares following the offer. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of 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 [New Shares] that is less or more than the Offer price.   |

# Key risks

## GENERAL RISKS AND REGULATORY RISKS

| Risks                          | Details   |
|--------------------------------|---|
| Interest rate risk             | <p>Salmat will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis. To the extent that Salmat does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect Salmat's results.</p> <p>Further, the risk that changes in prevailing market interest rates and the strength of capital markets will influence Salmat's interest costs and its ability to refinance debt respectively.</p>   |
| Inflation risk                 | Lower than expected inflation rates generally or specific to the sectors in which Salmat operates could reduce the rate of increase in inflation-linked revenues. Higher than expected inflation is likely to increase operating and development costs. Such changes could adversely impact Salmat's financial performance.   |
| Tax/accounting risk            | <p>The Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Salmat's financial statements. Refer to note 1.(a)(ii) of the 30 June 2016 Financial Report for further details.</p> <p>Future changes in taxation law in Australia, and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the future tax liabilities of Salmat or may affect taxation treatment of an investment in Salmat shares, or the holding or disposal of those shares.</p> |
| Sell down and controller risks | There is a risk that existing substantial shareholders (including directors) may seek to sell-down their holdings in Salmat. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the price of Salmat's shares.   |

# Key risks

## GENERAL RISKS AND REGULATORY RISKS

| Risks               | Details   |
|---------------------|---|
| Absence of dividend | Salmat does not expect to pay dividends in the near term. Salmat intends to reinvest capital back into its businesses during the transformation process rather than distribute profits in the form of dividends. The ability of Salmat to pay any dividend in the future is dependent on many factors. The Board has not given any assurance regarding the payment of dividends in the future, and reviews payments of dividends at each half and full year period.   |
| Regulatory Matters  | Salmat complies with a wide range of laws and regulations. Future changes to these laws and regulations, or a change to the interpretation of laws and regulations could adversely affect Salmat's future financial performance and position.   |
| Litigation          | Claims, disputes or legal proceedings may arise from time to time in the ordinary course of Salmat's business and may result in high legal costs, adverse monetary judgments and/or damage to Salmat's reputation which could have an adverse impact on Salmat's financial position and financial performance, prospects, and the price of its shares. There is also a risk that Salmat may be subject to claims, regulatory investigations or changes, sanctions or fines by government agencies, in the event of non-compliance with relevant statutory or regulatory requirements. Such litigation, claims, disputes or investigations, including the costs of settling claims or paying sanctions or fines, and any associated operational impacts, may be costly and damaging to Salmat's reputation and business relationships, any of which could have a material adverse effect on Salmat's financial performance, position or industry standing. |
| Other risks         | The above risks should not be taken as a complete list of the risks associated with an investment in Salmat. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Salmat shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Salmat in respect of Salmat shares.  |

# Offer timetable

| Event   | Date                            |
|---|---------------------------------|
| Trading halt and announcement of Equity Raising, Institutional Entitlement Offer opens                    | Friday, 14 October 2016         |
| Institutional Entitlement Offer closes  | Friday, 14 October 2016         |
| Trading halt lifted - shares recommence trading on ASX on an "ex-entitlement" basis                       | Monday, 17 October 2016         |
| Record Date for determining entitlement to subscribe for New Shares                                       | 7:00pm Tuesday, 18 October 2016 |
| Retail Entitlement Offer opens  | 9:00am Friday, 21 October 2016  |
| Retail Offer Booklet despatched   | Friday, 21 October 2016         |
| Settlement of Institutional Entitlement Offer   | Monday, 24 October 2016         |
| Issue and normal trading of New Shares under the Institutional Entitlement Offer                          | Tuesday, 25 October 2016        |
| Retail Entitlement Offer closes   | 5:00pm Monday, 7 November 2016  |
| Issue of New Shares under the Retail Entitlement Offer  | Tuesday, 15 November 2016       |
| Despatch of holding statements and normal trading of New Shares issued under the retail entitlement offer | Wednesday, 16 November 2016     |

## Appendix 2.

# Offer Jurisdictions

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

## Offer jurisdictions

### International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country 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 New 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 New 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 New 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 New 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.

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## Offer jurisdictions

### Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

### Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority. The New Shares in the Offer are not being offered to the public in New Zealand other than to existing shareholders of Salmat Limited with registered addresses in New Zealand to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Other than in this Offer, the New Shares may be offered and sold in New Zealand only to persons who meet the criteria for being a "wholesale investor" as defined in clause 3 of Schedule 2 to the Financial Markets Conduct Act 2013 (New Zealand).

## Offer jurisdictions

### Singapore

This document and any other materials relating to the New 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 New Shares, may not be issued, circulated or distributed, nor may the New 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 New 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 New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Offer jurisdictions

### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

# Thank you

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OF AMERICA (“USA”)

## 17 October 2016

# Salmat (ASX:SLM) successful completion of institutional entitlement offer

**Salmat Limited (“Salmat”) is pleased to announce the successful completion of the \$9.8m institutional component of the 1 for 4.7 pro-rata accelerated non-renounceable entitlement offer (“Institutional Entitlement Offer”).**

### Highlights

- Institutional Entitlement Offer successfully completed at an offer price of \$0.43 per share, representing a 10.4% discount to the last close price on 13 October 2016 and a 8.7% discount to TERP<sup>1</sup> as at 13 October 2016.
- Institutional Entitlement Offer raised approximately \$9.8 million and received strong support from eligible institutional shareholders with a take-up rate of approximately 94%.
- Retail Entitlement Offer will open on Friday 21st October 2016 and is expected to raise an additional \$5.3 million.

### Institutional Entitlement Offer

The Institutional Entitlement Offer was well supported by major institutional shareholders, including Mr Peter Mattick and those who had pre-committed to take up their entitlements, reflecting their support for the acquisition of the remaining 50% of MicroSourcing.

Craig Dower, Chief Executive Officer of Salmat said:

*“I would like to extend our thanks to both our existing and new investors for their support as we continue to execute upon our transformation program which began in January 2015. We are well on our way to delivering on that program and the acquisition of the remaining 50% of MicroSourcing was another significant milestone for the company and its future growth prospects.”*

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<sup>1</sup> The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Salmat securities should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Salmat securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated exclusive of the Institutional Placement, and by reference to Salmat’s last closing price on Thursday 13 October 2016.

New shares subscribed for under the Institutional Entitlement Offer (“New Shares”) are expected to be settled on Monday, 24 October 2016, with issue and normal trading of New Shares expected to commence on Tuesday, 25 October 2016. Salmat expects that its trading halt will be lifted and its shares will recommence trading today.

### **Retail Entitlement Offer**

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 21 October 2016 and close at 5.00pm (Sydney time) on Monday, 7 November 2016.

Under the Retail Entitlement Offer, Eligible Retail Shareholders may also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement. The allocation of additional shares and any scale back will be at the Board’s absolute discretion.

Further details about the Retail Entitlement Offer will be set out in a booklet (Retail Offer Booklet), which Salmat expects to lodge with the ASX on Tuesday, 18 October 2016, in advance of the despatch date (as detailed further below). For Eligible Retail Shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or by cheque by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on Monday, 7 November 2016. The Retail Offer Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on Friday, 21 October 2016.

### **Key Dates\***

| <i>Key event</i>  | <i>Date</i>                     |
|---|---------------------------------|
| Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis                       | Monday, 17 October 2016         |
| Record date for determining entitlement to subscribe for New Shares                                       | 7:00pm Tuesday, 18 October 2016 |
| Retail Entitlement Offer opens  | Friday, 21 October 2016         |
| Retail Offer Booklet despatched   | Friday, 21 October 2016         |
| Settlement of Institutional Entitlement Offer   | Monday, 24 October 2016         |
| Allotment and normal trading of New Shares under the Institutional Entitlement Offer                      | Tuesday, 25 October 2016        |
| Retail Entitlement Offer closes   | 5.00pm Monday, 7 November 2016  |
| Allotment of New Shares under the Retail Entitlement Offer  | Tuesday, 15 November 2016       |
| Despatch of holding statements and normal trading of New Shares issued under the Retail Entitlement Offer | Wednesday, 16 November 2016     |



\* All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Salmat reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Salmat reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for New Shares under the Retail Entitlement Offer.

Salmat also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

### **Additional Information**

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Salmat's Offer Information Line on 1300 365 969 (from within Australia) or +61 1300 365 969 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

**-ENDS-**

*For further information, please contact:*

Craig Dower  
Chief Executive Officer  
+612 9928 6500

Peter Mattick  
Chairman  
+612 9928 6500

## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States.

The entitlements may not be taken up by, and the New Shares may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **Forward looking statements**

Certain statements contained in this announcement are “forward-looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “anticipate”, “expect”, “likely”, “intend”, “should”, “could”, “may”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition of the MicroSourcing International, the future performance of Salmat and the outcome and effects of the Entitlement Offer and use of proceeds. Forward-looking statements, opinions and estimates provided in this announcement are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Salmat and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

## **4 Additional information**

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### **4.1 Eligibility of Retail Shareholders**

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- (a) are registered as a holder of existing Salmat shares;
- (b) have a registered address in Australia or New Zealand or are a Shareholder that Salmat has otherwise determined is eligible to participate;
- (c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Salmat reserves the right determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

Salmat has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the New Shares that they would be offered, and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand. Salmat reserves the right (in its absolute discretion) to extend the Retail Entitlement Offer to Shareholders who have registered addresses outside Australia or New Zealand (subject to compliance with relevant laws)

### **4.2 Ranking of New Shares and any Additional New Shares**

The New Shares and any Additional New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with existing Shares.

### **4.3 Issue of New Shares and any Additional New Shares, quotation and trading**

Salmat has applied for quotation of the New Shares and any Additional New Shares on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares, or any Additional New Shares, Salmat will repay all application monies (without interest).

It is expected that trading of New Shares and any Additional New Shares will, subject to ASX approval, occur shortly after issue. It is expected that the issue of the New Shares and any Additional New Shares under the Retail Entitlement Offer will take place on Tuesday, 15 November 2016. Application monies will be held by Salmat on trust for applicants until the New Shares are issued. No interest will be paid on application monies.

Subject to approval being granted, it is expected that the New Shares and any Additional New Shares issued under the Retail Entitlement Offer will commence trading on a normal basis on Wednesday, 16 November 2016.

It is the responsibility of applicants to determine the number of New Shares and any Additional New Shares issued to them prior to trading in the New Shares or Additional New Shares. The sale by an applicant of New Shares or Additional New Shares prior to receiving their holding statement is at the applicant's own risk.

#### **4.4 Rounding of Entitlements**

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

Where fractions arising in the calculation of Additional New Shares for which Eligible Retail Shareholders may apply (by application of any pro rata scale back), the Additional New Shares will be rounded up to the nearest whole number of Additional New Shares.

#### **4.5 Capital structure**

After the issue of New Shares under the Entitlement Offer, the capital structure of the Group is expected to be as follows (subject to rounding of fractional Entitlements, and rounding generally):

|   |               |
|---|---------------|
| Shares on issue as at Record Date                             | 164.6 million |
| Number of New Shares to be issued under the Entitlement Offer | 35.0 million  |
| Shares on issue on completion of the Entitlement Offer        | 199.7 million |

#### **4.6 Potential dilution**

You should note that if you do not participate in the Retail Entitlement Offer, your holdings may be diluted (as compared to your holdings and number of Shares on issue as at the date of this Information Booklet).

#### **4.7 Reconciliation**

In any entitlement offer, investors may believe that they own more or less existing Shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all eligible Shareholders have the opportunity to receive their full Entitlement.

Salmat may need to issue a small quantity of additional New Shares to ensure all eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Salmat also reserves the right to reduce the number of an Entitlement or New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

#### **4.8 Underwriting arrangements**

Salmat and the Lead Manager have entered into an Underwriting Agreement. The Lead Manager has agreed to underwrite the Entitlement Offer on the terms and conditions set out in the Underwriting Agreement. The obligations of the Lead Manager are subject to the satisfaction of

certain conditions precedent documented in the Underwriting Agreement. Furthermore, in accordance with the Underwriting Agreement, as is customary with these types of underwriting arrangements:

- (a) Salmat has (subject to certain limitations) agreed to indemnify the Lead Manager, its affiliates and its related bodies corporate and their respective officers, directors, agents, representatives, advisers or employees or any of their respective affiliates, successors or related bodies corporate against losses in connection with the Entitlement Offer;
- (b) Salmat and the Lead Manager have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer;
- (c) the Lead Manager may terminate the Underwriting Agreement and be released from its obligations on the occurrence of certain events (in some cases, subject to the materiality of the relevant event), including (but not limited to) where:
  - (i) the S&P/ASX All Ordinaries Index is, at any time until close of trading on the date the Retail Entitlement Offer settles, lower than 87.5% of the level of that index as at close of normal trading on ASX on the trading day preceding the date of the Underwriting Agreement;
  - (ii) ASX advises Salmat in writing that official quotation of the New Shares will not be granted, or such official quotation is granted but subsequently withdrawn, qualified or withheld or ASX suspends trading in the Shares (other than the trading halt required in respect of the Entitlement Offer or to facilitate the Entitlement Offer);
  - (iii) Salmat ceases to be admitted to the official list of ASX;
  - (iv) ASIC applies for an order under section 1324 or 1325, of the Corporations Act, or an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or the Offer Materials; holds or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Material under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth); prosecutes or gives notice of an intention to prosecute; or commences proceedings against, or gives notice of an intention to commence proceedings against, Salmat or any of its officers, employees or agents in relation to the Offer or any Offer Material;
  - (v) there are certain delays in the timetable for the Entitlement Offer without the Lead Manager's consent;
  - (vi) there is a disruption in political or financial or economic conditions in key markets, or hostilities not presently existing commence or a major terrorist act is perpetrated on or in certain key countries; and
  - (vii) Salmat withdraws the Entitlement Offer or the invitations to apply for New Shares under the Offer Materials;
- (d) the Lead Manager will receive a financial benefit as a result of its engagement as the underwriter to the Entitlement Offer by Salmat; and
- (e) without limiting any other express provisions of the Underwriting Agreement, notwithstanding that the Lead Manager may have assisted, and may continue to assist,

Salmat in the preparation of the Offer Materials and in connection with promotional activities in relation to the Entitlement Offer, Salmat is responsible for the contents of, or omissions from, the final form of the Offer Materials (including this Information Booklet) and agrees to ensure that they comply with all applicable laws in relation to the Entitlement Offer.

#### **4.9 Pre-commitments and sub-underwriting**

If all Eligible Shareholders take up their entitlement, the Entitlement Offer will have no material effect on the control of Salmat as Eligible Shareholders will continue to hold the same percentage interest in the Salmat.

Salmat has 5 major Shareholders who hold in aggregate approximately 83% of Salmat's fully paid ordinary shares on issue. Each of these Shareholders made binding commitments to take up their Entitlements under the Entitlement Offer.

Mr Mattick and another major shareholder have also entered into arms length sub-underwriting agreements to sub-underwrite up to \$2.1 million of the Entitlement Offer at the Offer Price. Existing shareholders, including Mr Mattick, who pre-committed to take up their Entitlements, and/or sub-underwrite the Entitlement Offer will be paid market based fees by the Underwriter. Mr Mattick's proportionate holding in Salmat would increase by no more than 1.75% (from 22.45%) if required to subscribe for all his sub-underwritten securities. The sub-underwriting agreements are on terms set out above, and customary ECM Master Terms published by the Australian Financial Markets Association.

The Lead Manager may also before or after the date of this Information Booklet enter into sub-underwriting agreements with third party sub-underwriters to subscribe for certain shortfall shares.

#### **4.10 Participation of Directors**

The Directors (and their representatives) may acquire New Shares under the Entitlement Offer to the extent they are eligible Shareholders. Holdings of Shares are subject to the ASX Listing Rules. Details of Directors' holdings of Shares and other securities of Salmat are disclosed to, and available from, ASX at [www.asx.com.au](http://www.asx.com.au).

As at the date of this Information Booklet, each of the Directors who hold Shares in Salmat intends to participate in the Entitlement Offer.

#### **4.11 Continuous Disclosure**

Salmat is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Salmat is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Salmat has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Salmat shares. That information is available to the public from ASX.



## **5 Australian taxation consequences**

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Below is a general guide to the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their New Shares or Additional New Shares.

The guide below applies only to Eligible Retail Shareholders who are Australian resident individuals, companies or complying superannuation entities. The guide does not apply to Eligible Retail Shareholders who:

- acquired, or were taken to have acquired, their Shares before 20 September 1985;
- are not a resident for Australian income tax purposes;
- hold their Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme

The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of the Retail Entitlement Offer and is intended as a general guide to the Australian tax implications. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the tax implications of the Retail Entitlement Offer based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 9.00am (Sydney time) on Friday, 14 October 2016. Other than as expressly discussed, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time unless otherwise specified. The comments also do not take into account tax legislation of any country other than Australia.

Neither Salmat, nor any of its officers or employees, nor its taxation or other advisors accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Retail Entitlement Offer.

### **5.1 Issue of Entitlement**

The issue of the Entitlement will not in itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

### **5.2 Exercise of Entitlement and applying for Additional New Shares**

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer. Additional New Shares will be acquired where the Eligible Retail Shareholder acquires Additional New Shares under the Top Up Facility.

An Eligible Retail Shareholder will not derive any assessable income, or make any capital gain or capital loss at the time of exercising their Entitlement under the Retail Entitlement Offer or acquiring Additional New Shares under the Top Up Facility.

For Australian capital gains tax (**CGT**) purposes, New Shares will be taken to have been acquired on the day that an Eligible Retail Shareholder exercises their Entitlement and Additional New Shares will be taken to have been acquired on the date the Additional New Shares were issued to the Eligible Retail Shareholder. The cost base of each New Share and Additional New Share will be equal to the Offer Price payable for each New Share and Additional New Share respectively

(plus any non-deductible incidental costs the Eligible Retail Shareholder incurs in acquiring the New Shares and Additional New Shares).

### **5.3 Lapse of Entitlement**

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement.

### **5.4 Taxation in respect of Dividends on New Shares or Additional New Shares**

Any future dividends or other distributions made in respect of New Shares or Additional New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

### **5.5 Disposal of New Shares or Additional New Shares**

The disposal of New Shares or Additional New Shares will constitute a disposal for CGT purposes.

On disposal of a New Share or an Additional New Share, an Eligible Retail Shareholder will make a net capital gain if the capital proceeds received on disposal exceed the total cost base of the New Share or Additional New Share. An Eligible Retail Shareholder will make a net capital loss if the capital proceeds are less than the total reduced cost base of the New Share or Additional New Share.

Eligible Retail Shareholders that are individuals or complying superannuation entities and that have held their New Shares or Additional New Shares for 12 months or more (excluding the date of acquisition and the date of disposal) at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and 33.33% for complying superannuation entities.

For the purposes of the CGT discount, New Shares will be treated as having been acquired when the Eligible Retail Shareholder exercised their Entitlement. Accordingly, in order to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date that the Entitlement was exercised.

Eligible Retail Shareholders that make a capital loss can only use that loss to offset other capital gains from other sources i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, provided certain loss utilisation tests are satisfied.

### **5.6 Taxation of Financial Arrangements**

The application of the Taxation of Financial Arrangements (**TOFA**) provisions depends on the specific facts and circumstances of the Eligible Retail Shareholder. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the implications of the TOFA provisions.

### **5.7 GST**

Australian GST should not be payable in respect of the taking up of the New Shares and Additional New Shares under the Retail Entitlement Offer. Eligible Retail Shareholders may be restricted in their ability to claim input tax credits for any GST incurred on costs associated with the acquisition of New Shares or Additional New Shares depending on their particular circumstances.

## 5.8 Stamp duty

Stamp duty will not be payable in respect of the taking up of New Shares or Additional New Shares on the assumption that no Shareholder, together with any associated person(s) will hold an interest of 90% or more in Salmat.

## 6 Definitions

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**Additional New Shares** means New Shares which Eligible Retail Shareholders are able to apply for in excess of their Entitlement under the Top Up facility.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 and the securities exchange operated by it.

**Listing Rules** means the official listing rules of ASX.

**Business Day** has the same meaning as in the ASX Listing Rules.

**Closing Date** means 5.00pm (Sydney time) on Monday, 7 November 2016, the day the Retail Entitlement Offer closes.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Eligible Institutional Shareholder** means an institutional Shareholder to whom the Lead manager made an offer on behalf of Salmat under the Institutional Entitlement Offer (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).

**Eligible Retail Shareholder** means a Shareholder on the Record Date who:

- (a) is registered as a holder of existing Salmat shares;
- (b) has a registered address in Australia or New Zealand or is a Shareholder that Salmat has otherwise determined is eligible to participate;
- (c) is not in the United States and is not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States;
- (d) was not invited to participate in the Institutional Entitlement Offer and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

**Entitlement** means the right to subscribe for 1 New Shares for every 4.7 Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this Information Booklet.

**Entitlement Offer** means the Institutional Entitlement Offer and the Retail Entitlement Offer.

**Ineligible Institutional Shareholder** means an institutional Shareholder who is not an Eligible Institutional Shareholder.

**Ineligible Retail Shareholder** means a retail Shareholder who is not an Eligible Retail Shareholder.

**Institutional Entitlement Offer** means the accelerated pro rata non-renounceable entitlement offer to Eligible Institutional Shareholders under the Entitlement Offer.

**Information Booklet** means this document.

**Investor Presentation** means the presentation to investors released to the ASX on Friday, 14 October 2016, incorporated in section 3 of this Information Booklet.

**Lead Manager** means Macquarie Capital (Australia) Limited ABN 79 123 199 548.

**New Shares** means Shares to be issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer (but excludes any Additional Shares offered pursuant to the Top Up Facility).

**Salmat** means Salmat Limited ACN 002 724 638.

**Offer Materials** has the same meaning given in the Underwriting Agreement.

**Offer Price** means \$0.43 per New Share.

**Record Date** means 7.00pm (Sydney time) on Tuesday, 18 October 2016.

**Retail Entitlement Offer** means the pro rata non-renounceable entitlement offer to Eligible Retail Shareholders under the Entitlement Offer.

**Share** means a fully paid ordinary share in the capital of Salmat.

**Share Registry** means Link Market Services Limited ACN 083 214 537.

**Shareholder** means a holder of Shares.

**TERP** means the theoretical price at which Salmat shares should trade immediately after the ex-date of the Entitlement Offer.

**Timetable** means the indicative table set out in the 'key dates' section of this Information Booklet.

**Top Up Facility** means the facility described in section 2.6(a) under which certain Eligible Retail Shareholders may apply for Additional New Shares in excess of their Entitlement.

**Underwriting Agreement** means the underwriting agreement dated Friday, 14 October 2016 between Salmat and the Lead Manager.

**US Securities Act** means the US Securities Act of 1933, as amended.

## **Corporate information**

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### **Company**

Salmat Limited ACN 002 724 638  
Level 3, 116 Miller St  
North Sydney NSW 2060

Tel +61 2 9928 6500  
[www.Salmat.com.au](http://www.Salmat.com.au)

### **Lead Manager**

Macquarie Capital (Australia) Limited  
No. 50 Martin Place  
Sydney NSW 2000

### **Share Registry**

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

### **Legal Adviser**

Clayton Utz  
Level 15, 1 Bligh Street  
Sydney NSW 2000  
Australia

### **Salmat Retail Entitlement offer information line**

Australia: 1300 365 969  
International: +61 1300 365 969  
Open 8.30am to 5.30pm (Sydney time) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 7 November 2016.

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