



STYLE LIMITED

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AGREEMENT TO PURCHASE FOOD SERVICES DIVISION OF CRAIG MOSTYN GROUP

- Mareterram Trading (a subsidiary of Style) enters binding agreement to purchase the food services division of Craig Mostyn Group
- Craig Mostyn Group to become substantial shareholder in Style
- Building a high quality agri-business platform

Style Limited ("Style" or the "Company") is pleased to announce the Company and its wholly owned subsidiary Mareterram Trading Pty Ltd ("Mareterram Trading") have entered into a binding business purchase agreement ("BPA") with Craig Mostyn & Co Pty Ltd ("CMG") to purchase the business and assets of the food services division of CMG (the "FSD Business") (the "CMG Acquisition").

Pursuant to the BPA, Mareterram Trading will acquire the FSD Business for an initial consideration of \$3m in cash and \$4m worth of shares in Style (being 20m shares at an issue price of \$0.20 per share (post-consolidation)) ("Initial Consideration"), and an earn out amount. The Initial Consideration is subject to a working capital adjustment and an adjustment for inventory and receivables. The earn-out mechanism provides for a potential additional payment to CMG of between \$500,000 and \$750,000 based on the EBITDA of the FSD Business for the 12 months following completion, subject to the EBITDA being not less than \$1m.

As previously announced, Style will undertake a consolidation of its share capital on a 40:1 basis ("Consolidation"). The BPA is subject to the satisfaction or waiver of conditions precedent, including re-compliance with Chapters 1 and 2 of the ASX Listing Rules and completion of a proposed capital raising ("Capital Raising").

Based on the proposed minimum Capital Raising of \$16m, CMG would have a shareholding of approximately 16% in Style following the completion of the CMG Acquisition, the Consolidation and the NWS Acquisition (see below). In addition, the CEO of CMG, and well regarded agribusiness leader David Lock, will be invited to join the board of Style following completion of the CMG Acquisition, subject to shareholder approval.

Commenting on the transaction Peter Hutchinson, Chairman of Style Limited said:

"The Board of Style is delighted to announce this acquisition. It follows our agreement in June for the purchase of Nor-West Seafoods, and is the next step in building a vertically integrated and diversified agri-business. The proposed addition of the highly regarded David Lock to our Board strengthens Style's capacity to pursue our business model and strategy. We welcome David's commitment to Style and look forward to working closely together to grow the business".

David Lock, CEO of Craig Mostyn Group commented:

“Supply chain integration is a critical success factor in food and agribusiness companies. The sale of Craig Mostyn Group’s food service division brings an experienced national sales team, as well as a range of complementary products, to integrate with Nor-West Seafoods. Whilst it is sad for CMG to exit a business we have had for 50 years, I am delighted that our people now have an exciting future in the Style group.”

Overview of CMG and the FSD Business

On 9 June 2015 Style announced its entry (via its wholly owned subsidiary Mareterram Pty Ltd (“Mareterram”)) into the agri-business sector with the signing of an agreement to purchase the business operated by Nor-West Seafoods Pty Ltd and Tenereef Pty Ltd (together “NWS”) (the “NWS Acquisition”). NWS is the largest operator in the Shark Bay Prawn Fishery, using a fleet of 10 vessels and supporting infrastructure to supply domestic wholesale, retail and international markets. The CMG Acquisition complements and builds on the agri-business platform established by the NWS Acquisition and will provide Style with greater control and margin retention via vertical integration of the supply chain and sales function, together with other identified synergies.

The FSD Business has been part of CMG for 50 years. It distributes frozen seafood and potato products and a range of convenience foods to food service and retail customers in Australia and has been part of CMG for over 50 years. The FSD Business has:

- national coverage across Australia with a presence in WA, NSW, Queensland, Victoria and SA;
- FY15 turnover of approximately \$30m into the food service channel;
- key product categories of imported prawns, fish fillets and potato products; and
- key agency and/or supplier relationships with established brands including Sea Harvest, Top Hat, Royal Greenland and Mydibel.

Business Purchase Agreement

The BPA is subject to certain conditions precedent, including:

- Mareterram Trading completing due diligence on the FSD Business;
- the Boards of Mareterram Trading and Style approving the purchase of the FSD Business;
- Style obtaining all necessary shareholder approvals in relation to the acquisition of the FSD Business and the re-compliance, including;
 - for the change in nature and scale of its activities;
 - for the issue of shares to CMG;
 - to proceed with the Capital Raising;
 - for the Consolidation; and
 - for the election of a nominee of CMG as a non-executive director of Style;
- Style completing a capital raising to raise a minimum of \$16 million at an issue price of \$0.20 per share (on a post-consolidation basis);
- Style receiving in-principle approval from ASX for the re-admission of its securities to the official list of ASX on conditions acceptable to Style;
- the key suppliers of the FSD Business confirming they do not intend, as a result of the CMG Acquisition, to cease their custom with the FSD Business in any material respect and confirming the material terms of that custom;
- the novation to Mareterram Trading of the supply and distribution agreement with Sea Harvest;
- Mr David Durack entering into an employment contract with Mareterram Trading;
- completion occurring under the NWS Acquisition;
- there being no material adverse change to the FSD Business;
- there being no material adverse change in relation to Style and its subsidiaries or NWS or their respective businesses;
- no prescribed occurrence in relation to Style and its subsidiaries occurs; and
- the cancellation of the existing options in Style.

The BPA also contains a number of standard terms and conditions, including representations and warranties from each party, considered standard for an agreement of this nature. The Company has agreed to guarantee the obligations of Mareterram Trading under the BPA.

Transaction Change of Activities

The CMG Acquisition (together with the acquisition of NWS) will result in a change in Style's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will despatch to shareholders a notice of meeting seeking the relevant approvals to undertake this process, and which will contain detailed information relating to both the CMG Acquisition and the NWS Acquisition.

Change of Board

In addition to the proposed appointment of Mr Kel Brown to the Board as announced on 9 June 2015, the Company will also seek the approval of shareholders to appoint David Lock as a non-executive director effective on completion of the CMG Acquisition. Mr Lock is a chartered accountant and joined CMG in 1996. He was appointed CEO of CMG in 2004 and has overseen the growth each of CMG's key divisions for the past 11 years. He was appointed to the Board of Food Industry Association of WA in 2007, and chaired that body from 2008 to 2011. In 2012 he was appointed as Chairman of the WA Meat Industry Authority and in January 2014 was appointed as a non-executive director of Water Corporation. In 2012, Mr Lock was recognised as the Australian Agribusiness Leader of the year and in 2013 was inducted as an Australian Export Hero by the Export Council of Australia.

Indicative Capital Structure

The indicative capital structure of the Company following completion of the CMG Acquisition and the NWS Acquisition and its re-instatement to trading on ASX is set out below (on a post-consolidation basis). The Company notes the capital structure is indicative only and may be subject to change prior to completion of the CMG and NWS Acquisitions.

	Shares	Options	Performance Rights ² and Options
Current issued capital (prior to consolidation)	543,915,659	150,000,000 ¹	Nil
Estimated issued capital following the proposed Consolidation (40:1)	13,597,892	Nil ³	Nil
Proposed issue of shares to the vendor of NWS (at \$0.20 per share)	10,000,000	Nil	Nil
Proposed issue of shares to CMG (at \$0.20 per share)	20,000,000	Nil	Nil
Proposed minimum issue pursuant to the proposed Capital Raising (at \$0.20 per share)	80,000,000	Nil	Nil
Total estimated on completion of the matters contemplated by all Acquisition resolutions <u>on a post-Consolidation basis</u>	123,597,892	Nil	Nil

Notes:

1. Comprises (a) 50,000,000 options with an exercise price of \$0.005 (pre-Consolidation) and an expiry date of 16 May 2017; and (b) 100,000,000 options with an exercise price of \$0.01 (pre-Consolidation) and an expiry date of 16 May 2017. Subject to shareholder approval if necessary, it is proposed that these options be cancelled. As noted above, it is a condition precedent to the BPA that the options are cancelled.

2. Performance rights and options may be granted to directors and employees of Style and/or its subsidiaries prior to the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Full details of any options and performance rights will be disclosed to Style shareholders and any necessary shareholder approvals will be sought.

As the final quantum of the capital raising required to be completed to fund the NWS and CMG Acquisitions is not yet determined an unaudited pro-forma balance sheet showing the impact of the transaction will be included in the notice of meeting seeking shareholder approval for the acquisitions.

Euroz Securities Limited is acting as corporate advisor to Style in relation to the CMG and NWS Acquisitions and will manage the Capital Raising.

Indicative Timetable

An indicative timetable for the transactions is set out below. The Company notes the timetable may be subject to change.

Event	Date
Dispatch Notice of Meeting to Style shareholders	Late September 2015
Lodge prospectus with ASIC	Late September 2015
General Meeting of Style shareholders	Late October 2015
Prospectus offer closes	Early November 2015
Completion of Capital Raising, NWS Acquisition and CMG Acquisition	Mid- November 2015
Dispatch Holding Statements	End November 2015
Re-quotation of Style securities	End November 2015

Following completion of the CMG Acquisition, the NWS Acquisition and the Capital Raising (assuming shareholder approval is received and \$16 million is raised) the Company will have an implied pro-forma market capitalisation (at a \$0.20 post-consolidation share price) of \$24.72m. The Company and its subsidiaries will fund the acquisitions and working capital requirements via existing funds, funds raised under the Capital Raising and bank debt. The Company is continuing its discussions with the major lenders to agri-businesses in Australia, which have been positive to date.

For further information please contact:

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