

BEYOND SPORTSWEAR INTERNATIONAL LIMITED
(ASX: BSI)

ASX and Media Release

14 June 2012

- **Proposed Spin-Off of BSI businesses and assets into a public unlisted entity**

Beyond Sportswear International Limited (**BSI** or the **Company**) announces that it has received a proposal from Mr Rod Butterss and Mr Mark Kellett who collectively have a relevant interest in 2,232,425,152 BSI shares, representing 69.36% of the total issued share capital of the Company (**Majority Shareholders**).

The Majority Shareholders are of the view that the Company's businesses and operating subsidiaries would function more efficiently in a non-ASX listed public company.

The Majority Shareholders propose that the Company undertake a transaction, with the result that:

- a) the Company's businesses and operating subsidiaries be transferred to a wholly-owned public unlisted subsidiary of the Company, to be newly incorporated for the purposes of the transaction (such subsidiary to be **BSI2**);
- b) the Company's 100% shareholding in BSI2 be transferred to the Company's shareholders by way of a pro-rata in specie distribution, with the result that the Company's shareholders each hold shares in BSI2 in the same proportion as they do in the Company as at the relevant transaction record date; and
- c) the Company's shareholders' shareholdings in the Company remain unaffected by the proposed transaction,

(the **Spin Off**).

Subject to the completion of the Spinoff, the Majority Shareholders propose to divest themselves of their collective 69% shareholding in the Company through sale to a diverse range of investors. The Majority Shareholders will retain their collective 69% shareholding in BSI2.

The Company has been advised by the Majority Shareholders that none of these proposed investors will, as a consequence their acquisition of the Majority Shareholders' shareholding in the Company acquire a relevant interest in the Company's Shares exceeding 20%.

Accordingly, the proposed divestment of the Company's Shares by the Majority Shareholders will not result in any one person gaining control of voting power attached to more than 20% of the Company's Shares. On the contrary, the proposed divestment will remove the Majority Shareholders' present control over the Company.

As part of the proposal, once the divestment by the Majority Shareholders is complete, the Directors of the Company, who will also be the Directors of BSI2, intend that BSI2 will conduct a buyback offer for the BSI2 Shares in a manner designed to provide all minority shareholders of BSI2 with an opportunity to realise value in their BSI2 Shares in the event that they elect not to remain as shareholders in an unlisted entity. The proposed buyback will be conducted on terms and conditions to be notified to BSI2 shareholders at a later stage.

Under the proposal, the Majority Shareholders have requested that 3 candidates representing the investors who intend to purchase the Majority Shareholders' BSI shares be appointed to the Company's Board (**Incoming Board**), subject to shareholder approval and effective upon the completion of the Spinoff.

The Company has been advised that the Incoming Board intends to, upon completion of the Spinoff, undertake a non-renounceable pro-rata rights issue to raise approximately \$1 million and underwritten to the value of \$1 million.

The Company has received reassurances from the Incoming Board that it will use its best endeavours to secure a more appropriate and larger scale business suitable to an ASX-listed entity.

As many of the aspects of the proposed transaction require shareholder approval, the Company proposes to convene an extraordinary general meeting for this purpose in July 2012 and a notice for this meeting, together with an explanatory memorandum further detailing the proposed transaction, will be mailed to shareholders, and lodged with ASX, on or around Monday 18 June 2012.

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For further information please contact:

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