

23rd October 2015

## **LODGEMENT OF PROSPECTUS**

Style Limited (**Company**) (to be renamed Mareterram Ltd, subject to Shareholder approval) is pleased to present the Prospectus for the Offer of 90,000,000 Shares (post consolidation) at a price of \$0.20 per share to raise \$18,000,000 (before costs and expenses) and subject to a minimum subscription of \$16,000,000 (**Offer**).

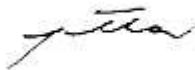
As previously announced the Company proposes to enter into the agri-business sector by acquiring (through its wholly owned subsidiaries Mareterram Pty Ltd and Mareterram Trading Pty Ltd) two complementary businesses:

- the commercial fishing business in Shark Bay Carnarvon in WA owned by Nor-West; and
- the food services division of the Craig Mostyn Group.

Shareholders of the Company as at the record date of the 16<sup>th</sup> October 2015 will be eligible to participate in the Priority Offer (as defined in the Prospectus). The Offer also comprises an Offer to the general public. The Company is delighted to have already advised the market that the South African based Sea Harvest Group has recently provided the Company with a Notice of Intention to subscribe for up to 19.9% of the Company via the Offer to the general public.

The Prospectus includes details of the Offer, the Company, the acquisitions and the proposed operations together with an overview of the key risks associated with investing in the Company. I urge you to read the Prospectus carefully and seek professional advice to determine whether this investment is appropriate for you.

On behalf of the Directors I recommend the Offer.



**Peter Hutchinson**  
**Chairman**

[peter.hutchinson@mareterram.com.au](mailto:peter.hutchinson@mareterram.com.au)

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# Mareterram

# PROSPECTUS



**FOR THE OFFER OF 90,000,000 SHARES (POST-CONSOLIDATION) AT A PRICE OF \$0.20 PER SHARE TO RAISE \$18,000,000 (BEFORE COSTS AND EXPENSES), SUBJECT TO A MINIMUM SUBSCRIPTION OF \$16,000,000 (OFFER).**

## THE OFFER COMPRISES:

- a priority offer to Eligible Shareholders of the Company as at the Record Date (**Priority Offer**); and
- an offer to the general public (**Public Offer**).

The Offer is scheduled to close at 5:00pm (WST) on 30 November 2015 unless extended or withdrawn.

## IMPORTANT NOTICE

### Re-compliance with Chapters 1 and 2

This Prospectus is a re-compliance Prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

### Conditional Offer

The Offer is subject to certain conditions precedent. Please refer to Section 2.2 of this Prospectus for further details.  
No Shares will be issued under this Prospectus until such time as the conditions precedent are satisfied.

### Ancillary Offers

This Prospectus also contains ancillary offers of Incentive Options and Performance Rights. Please refer to Section 11.4 of this Prospectus for further details.

### Other Important Information

The Securities offered by this Prospectus should be considered as speculative. This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

EUROZ

Lead Manager to the Offer

STYLE LIMITED

ACN 009 248 720  
(to be renamed Mareterram Limited)

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## Contents

Important Notices	3
Key Offer Information and Indicative Timetable	7
Letter from the Chairman	8
1 Investment Overview	9
2 Details of the Offer	34
3 Company and Acquisitions Overview	42
4 The Shark Bay Managed Fisheries	52
5 Industry Overview	57
6 Directors, Senior Management and Corporate Governance	67
7 Risk Factors	84
8 Financial Information	100
9 Investigating Accountant's Report	130
10 Material Contracts	138
11 Additional Information	156
12 Directors' Consent	176
13 Definitions	177
14 Summary of Significant Accounting Policies	182
Corporate Directory	191

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## Important Notices

This Prospectus is dated 22 October 2015 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the date this Prospectus was lodged with ASIC (Expiry Date). No Securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Application will be made for the listing of the Shares offered by this Prospectus on the ASX within 7 days after the date of this Prospectus. The fact that ASX may list the Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the listed Shares. ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form, which accompanies this Prospectus.

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

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

### Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation of particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.3 and 7. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus. This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

### No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

### Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.stylelimited.com/>. Any person

accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

### **Foreign Jurisdictions**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Securities or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

### **New Zealand**

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and

compensation arrangements for New Zealand financial products. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars. If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### **South Africa**

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act and may not be distributed to the public in South Africa.

An entity or institution resident in South Africa may not implement participation in the Offer unless (i) permitted under the South African Exchange Control Regulations or (ii) a specific approval has been obtained from an authorised foreign exchange dealer in South Africa or the Financial Surveillance Department of the South African Reserve.

### **United Kingdom**

Neither the information in this Prospectus 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 Shares. This Prospectus is issued on a confidential basis to qualified investors (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the Shares may not be offered or

sold in the United Kingdom by means of this Prospectus, 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 FSMA. This Prospectus 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.

The Company is not required to issue a prospectus under the requirements of the EU Prospectus Directive (as implemented in the United Kingdom by the FSMA) in connection with this offer and no such prospectus has been issued.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the 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 FSMA does not apply to the Company. In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (a) 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), (b) who are certified high net worth individuals within Article 48 of the FPO, (c) 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 (d) to whom it may otherwise be lawfully communicated (together, relevant persons). The investments to which this Prospectus 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 Prospectus or any of its contents.

## **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

The Company does not propose to give any taxation advice and, to the maximum extent permitted by law, the Company, its Directors, officers and each of their respective advisers accept no responsibility or liability for any taxation consequences of subscribing for Securities under this Prospectus. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offer.

## **Website**

No document or information included on our website is incorporated by reference into this Prospectus.

## **Forward-looking statements**

This Prospectus contains forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 1.3 and 7.

## **Photographs and diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## **Conditional Offer**

The Offer under this Prospectus is subject to and conditional on a number of conditions including Shareholders approving various resolutions at the Annual General Meeting, the Company achieving the Minimum Subscription, the conditions precedent to the Nor-West BPA and the FSD BPA being satisfied or waived (other than the condition for completion of the capital raising the subject of the Offer), the Company receiving conditional approval for re-quotation of the Shares on ASX and the conditions to draw down of the New Debt Facilities being satisfied or waived (other than the condition for the completion of the capital raising the subject of the Offer). Please refer to

Section 2.2 of this Prospectus for details of the conditions to the Offer.

### **Consolidation**

At the Annual General Meeting, Shareholder approval will be sought to consolidate the capital of the Company on the basis that every 40 Securities are consolidated into 1 Security. Unless otherwise stated, all references to Securities of the Company as set out in this Prospectus are on the basis that the Consolidation is approved and has occurred.

### **Governing law**

The Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Western Australia and each applicant and bidder submits to the exclusive jurisdiction of the courts of Western Australia.

### **Defined terms and interpretation**

Certain terms or abbreviations used in this Prospectus have defined meanings which are explained in Section 13. A reference to a Section is a reference to a Section in this Prospectus.



## Key Offer Information and Indicative Timetable

The Offer	
Offer price per Share	\$0.20
Shares to be issued under the Offer (assuming Full Subscription)	90,000,000
Amount to be raised under the Offer (assuming Full Subscription) (before costs and expenses)	\$18,000,000
Shares to be issued under the Offer (assuming Minimum Subscription)	80,000,000
Amount to be raised (assuming Minimum Subscription) (before costs and expenses)	\$16,000,000
Shares to be issued to Nor-West under the Nor-West BPA	10,000,000
Shares to be issued to Craig Mostyn under the FSD BPA	20,000,000
Shares to be issued on exercise of the \$0.005 Options	1,250,000
Total number of Shares on issue post Consolidation, completion of Acquisitions and the Offer and issue of Shares on exercise of the \$0.005 Options (assuming Full Subscription)	134,847,891
Market Capitalisation at the Offer Price (assuming Full Subscription) <sup>1</sup>	\$26,969,578
Total number of Shares on issue post Consolidation, completion of Acquisitions and Offer and issue of Shares on exercise of the \$0.005 Options (assuming Minimum Subscription)	124,847,891
Market capitalisation at the Offer Price (assuming Minimum Subscription) <sup>2</sup>	\$24,969,578

Note: All figures above are on a post Consolidation basis. Refer to Section 1.5 for further details relating to the Company's proposed capital structure.

Event	Date
Lodgement of this Prospectus with ASIC	22 October 2015
Opening Date of the Offer	22 October 2015
Annual General Meeting of Shareholders	23 November 2015
Closing Date of the Offer	30 November 2015
Issue of Shares under this Prospectus	11 December 2015
Completion of the Acquisitions and issue of Shares to Nor-West and Craig Mostyn	11 December 2015
Despatch of holding statements	17 December 2015
Expected date for Shares to be reinstated to trading on the ASX	17 December 2015

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice (in its absolute discretion).

<sup>1</sup> Based on the Offer Price and assuming 134,847,891 Shares on issue following completion of the Offer.

<sup>2</sup> Based on the Offer Price and assuming 124,847,891 Shares on issue following completion of the Offer.



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## Letter from the Chairman

Dear Investor,

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Style Limited, to be renamed Mareterram Limited (the **Company**).

Style Limited is a public company listed on the ASX with a historical focus on bamboo flooring products. On 30 April 2012, the Company's board of directors resolved to place the Company in voluntary administration. In July 2012 the Company entered in to a deed of company arrangement, which was completed in February 2013, and by which the pre-administration debts of the Company were extinguished. In May 2013, the Company was recapitalised through the issue of recapitalisation securities. Since this time, the Board has been exploring different opportunities to generate Shareholder value.

Earlier this year non-executive Director James Clement introduced the Company to the Nor-West Seafoods business and its owner Mr Kelvin Waldron-Brown. Representatives of the Company subsequently visited Carnarvon, inspected the fishing fleet and undertook initial due diligence. Several meetings were held with industry specialists and other vertically integrated opportunities began to emerge. The idea of selling Nor-West prawns direct to market rather than via third party distributors appealed to the Board and this in turn led us to approach Craig Mostyn Group to enquire about purchasing their long established and reputable food services division. These two proposed acquisitions have provided us with the new opportunity your Board has been searching for to increase Shareholder value.

At the Annual General Meeting scheduled to be held on 23 November 2015, the Company is seeking shareholder consent to change the name of the Company to Mareterram Ltd. Latin for Sea (Mare) and Land (Terram), it has been used by the Royal Marines as their motto (Per Mare Per Terram), since the 18th century. We believe that this new name will better reflect your company's values, strategy and core business investments. The logo has been developed to reflect the beginnings of our new company by using the rich and earthy colours of the Gascoyne region of Western Australia with the many shades of sea blue.

This Prospectus has been issued by the Company for a public offering of 90,000,000 Shares at a price of \$0.20 per Share to raise \$18,000,000 (before costs and expenses), subject to a Minimum Subscription of \$16,000,000 (the **Offer**).

In addition to the purpose of raising funds under the Offer, this Prospectus is issued for the purpose of enabling the Company to re-comply with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules following a change to the nature and scale of the Company's activities from bamboo flooring to agribusiness.

This Prospectus includes details of the Offer, the Company, the Acquisitions and the proposed operations together with an overview of the key risks associated with investing in the Company. I urge you to read this Prospectus carefully and seek professional advice to determine whether this investment is appropriate for you.

On behalf of the Directors I recommend this Offer. We look forward to the continuing support of existing Shareholders and welcoming new Shareholders to our Company.

Yours faithfully,



Peter Hutchinson  
Executive Chairman  
Style Limited (to be renamed Mareterram Limited)

# 1 Investment Overview

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends nor can any guarantee be given about the future value of the Shares.

## 1.1 Introduction and the Acquisitions

Item	Summary	Further information
Who is the issuer of this Prospectus?	Style Limited ACN 009 248 740 ( <b>Company</b> ) (to be renamed Mareterram Limited, subject to Shareholder approval at the Annual General Meeting).	Section 3.1
Who is the Company and what does it do?	<p>The Company is a public company listed on the ASX. The Company's historical focus was on the research, development, manufacturing and marketing of green flooring products based on its strand woven technologies. The Company was incorporated in June 1987 and was admitted to the Official List of ASX on 7 April 2004.</p> <p>On 30 April 2012, the Company's board of directors resolved to place the Company in voluntary administration. In July 2012 the Company entered into a deed of company arrangement, which was completed in February 2013, and by which the pre-administration debts of the Company were extinguished. In May 2013, a new Board was appointed and the Company was recapitalised through the issue of recapitalisation securities. Following the recapitalisation process, the Board (at that time) began exploring different opportunities to generate Shareholder value.</p> <p>The Company now proposes to enter the agribusiness sector by acquiring (through its wholly owned subsidiaries Mareterram P/L and Mareterram Trading) two complementary businesses:</p> <ul style="list-style-type: none"><li>• the commercial fishing business in Shark Bay, Carnarvon, Western Australia owned by Nor-West (<b>Nor-West Business</b>); and</li><li>• the food services division of the Craig Mostyn Group (<b>FSD</b>),</li></ul> <p>(together, the <b>Acquisitions</b>).</p>	Section 3.1

Item	Summary	Further information
What is the Nor-West Business?	<p>The Nor-West Business is a well-established business controlled by Mr Kelvin Waldron-Brown.</p> <p>Nor-West holds and operates 10 of 18 Shark Bay Prawn managed fishery licences relating to the Shark Bay Prawn Managed Fishery (<b>SBPMF</b>) in Shark Bay, Carnarvon, Western Australia making it the largest single operator in the fishery.</p> <p>The Nor-West Business also holds and operates 10 Shark Bay Scallop B class managed fishery licences.</p> <p>The SBPMF fleet targets two major species, king and tiger prawns, with several material by-catches including coral and endeavour prawns, scallops, blue swimmer crabs, squid and cuttlefish. The Nor-West Business currently supplies product direct to domestic major wholesale customers and retail outlets as well as wholesale customers in South East Asia and Europe.</p> <p>The Nor-West Business' fleet is supported by significant infrastructure in Carnarvon, Western Australia. This consists of administration, engineering and slipway facilities in the Carnarvon Small Boat Harbour. In addition Nor-West operates an accommodation facility on Babbage Island, where Nor-West staff and contractors are periodically accommodated (<b>Accommodation Facility</b>).</p>	Section 3.2
What is the FSD?	<p>The FSD is a division of the Craig Mostyn Group. The FSD is an importing and trading business that buys product from overseas producers and local manufacturers and sells to wholesalers, distributors, retailers or end-users in the food service channel. It has:</p> <ul style="list-style-type: none"> <li>• a national sales presence in Western Australia, New South Wales, Queensland, Victoria and South Australia;</li> <li>• key product categories of frozen seafood and potato products; and</li> <li>• key agency and/or supplier relationships with established brands including Sea Harvest, Top Hat and Mydibel.</li> </ul>	Section 3.3
What are the key terms of the Acquisitions?	<p>Under the Nor-West BPA, Mareterram P/L will acquire the Nor-West Business (which excludes certain assets as detailed in Sections 3.2(c)) for consideration of \$18 million cash and 10,000,000 Shares.</p> <p>Under the FSD BPA, Mareterram Trading will acquire the FSD (excluding certain assets as detailed in Section 3.3(d)) for \$3 million cash (subject to the working capital, inventory and receivables adjustments referred to in Section 10.2(b)) and 20,000,000 Shares. Further, if the EBITDA of the FSD is \$1 million or more in the 12 months following completion, Craig Mostyn will be entitled to an amount of \$500,000 plus \$0.50 for each dollar of EBITDA in excess of \$1 million, up to a maximum of \$750,000.</p>	Section 10.2

Item	Summary	Further information
	Completion under the Nor-West BPA and the FSD BPA is subject to satisfaction or waiver of a number of conditions precedent. The conditions which remain outstanding as at the date of this Prospectus are set out in Section 10.2(a) and 10.2(b).	
What is the effect of the Acquisitions and the Offer on the Company?	<p>Completion of the Acquisitions will result in a change in the nature and scale of the Company's activities which requires Shareholder approval under the ASX Listing Rules. The Company will also need to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.</p> <p>Shareholder approval with respect to all resolutions relating to the Acquisitions and the Re-Compliance will be sought at the Company's Annual General Meeting to be held on 23 November 2015.</p> <p>The Company's Shares will be suspended from trading from the time of the Annual General Meeting and will not be reinstated until the Company has satisfied the conditions of the Offer, including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. In the event the conditions of the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offer and will repay all Application Monies received (without interest).</p>	Section 2.2
What approvals will be sought at the Annual General Meeting?	<p>At the Annual General Meeting to be held on 23 November 2015, the Company will seek Shareholder approval for (among other matters):</p> <ul style="list-style-type: none"> <li>• a change in the nature and scale of the Company's activities as a result of the Acquisitions;</li> <li>• the Consolidation;</li> <li>• the issue of Shares the subject to the Offer;</li> <li>• the issue of 10,000,000 Shares as part consideration under the Nor-West BPA;</li> <li>• the issue of 20,000,000 Shares as part consideration under the FSD BPA; and</li> <li>• the change of the Company's name from Style Limited to Mareterram Limited.</li> </ul>	Section 2.2(a)

## 1.2 The Company post-Offer and Acquisitions

The Company intends to complete the Acquisitions and become a vertically integrated agribusiness. Key aspects of the Company, assuming completion of the Acquisitions and the Offer, are set out below:

Item	Summary	Further information
What sector will the Company operate in?	Upon completion of the Acquisitions, the Company will operate a vertically integrated agribusiness with commercial fishing and food distribution operations.	Section 3.4(b)
How does the Company intend to generate its revenue and what are the Company's significant costs?	<p>The Company intends to generate future revenue from continuing the existing Nor-West Business and the FSD, being:</p> <ul style="list-style-type: none"> <li>• sales of frozen prawns and by-catch and value-added products from the commercial fishing operations; and</li> <li>• from the purchase and sale of food products through the FSD,</li> </ul> <p>and integrating these operations so that each will be able to leverage the other and benefit from vertical integration of the supply chain and sales function, operational efficiencies and their combined synergies.</p> <p>The Company's significant operating costs and capital expenditure items will include:</p> <ul style="list-style-type: none"> <li>• annual Fishing Licence renewal fees;</li> <li>• purchase of products for the FSD;</li> <li>• payments under annual sharefishing arrangements;</li> <li>• diesel fuel for the Vessels;</li> <li>• insurance premiums;</li> <li>• payments under the VFAS;</li> <li>• repairs and on-going maintenance of the Vessels;</li> <li>• Vessel refits;</li> <li>• cold storage;</li> <li>• salaries and wages; and</li> <li>• office accommodation and corporate overheads.</li> </ul>	Section 3.5

Item	Summary	Further information
Who will be the Company's key suppliers?	<p>The only key supplier of products to the Nor-West Business is the current supplier of diesel fuel.</p> <p>The initial key suppliers of the FSD of the Company will be:</p> <ul style="list-style-type: none"> <li>• Sea Harvest;</li> <li>• Mydibel; and</li> <li>• Top Hat.</li> </ul> <p>The Company may enter into additional key supply arrangements over time.</p>	Section 3.3(d)
Who will be the Company's key customers?	<p>The initial key customers of the Company will be:</p> <ul style="list-style-type: none"> <li>• domestic food wholesalers and distributors;</li> <li>• domestic general and seafood specialist retailers;</li> <li>• domestic supermarkets; and</li> <li>• Asian and European seafood wholesalers.</li> </ul> <p>The Company will seek to supply products to additional customers over time.</p>	Section 3.3(c)
What will be the Company's key features?	<p>The key features of the Company following completion of the Acquisitions will include:</p> <ul style="list-style-type: none"> <li>• two operating businesses with long operating histories;</li> <li>• access to a sustainable fishery;</li> <li>• holder of the majority of Shark Bay Prawn managed fishery licences, providing the Company with scale;</li> <li>• vertically integrated supply chain;</li> <li>• experienced Board, management and sales team;</li> <li>• access to infrastructure and logistics;</li> <li>• product range and market presence in the premium seafood sector;</li> <li>• established distribution channels; and</li> <li>• established supplier and agency relationships.</li> </ul>	Section 3.4

Item	Summary	Further information
What is the Company's strategy?	<p>The Board believes that combining the Nor-West Business and the FSD into a vertically integrated agribusiness will:</p> <ul style="list-style-type: none"> <li>• enable each business to access and leverage the resources of the other;</li> <li>• enable the Company to benefit from vertical integration of the supply chain and sales function, operational efficiencies and their combined synergies; and</li> <li>• create a platform to leverage opportunities within the seafood, broader agricultural and food sectors that were not available to the Nor-West Business or the FSD as stand-alone operations.</li> </ul> <p>Following completion of the Offer and the Acquisitions, the Company will focus on combining the two businesses into a vertically integrated agribusiness and will consider additional avenues for maximising Shareholder value, including by:</p> <ul style="list-style-type: none"> <li>• improving brand recognition;</li> <li>• niche product development;</li> <li>• value-add processing;</li> <li>• new agencies;</li> <li>• cold storage and logistics;</li> <li>• increased utilisation; and</li> <li>• productivity improvements.</li> </ul>	Section 3.4
What are the Company's growth plans?	<p>The Company intends to pursue growth both organically and by acquisition.</p> <p>The Company's overall growth strategy is to build a diversified agribusiness with a suite of businesses in Australia (and potentially overseas). The Company will examine a range of growth options and intends to leverage its core competencies to identify acquisition opportunities in the broader agricultural and food sectors. Further information on the Company's growth strategy is set out in Section 3.6.</p>	Section 3.6



### 1.3 Key Risks

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks and uncertainties. The risk factors set out in Section 7, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. An investment in the Shares should be considered speculative.

Based on the information available, a non-exhaustive list summarising the key risk factors affecting the Company is set out below. Investors should refer to the more comprehensive list of risks is set out in Section 7. Where relevant, the risks below assume completion of the Acquisitions and the Offer has occurred, with the effect that the Company is operating the Nor-West Business and the FSD. The occurrence of any one of the risks below could adversely impact the Company's operating or financial performance.

Risk	Summary	More information
Completion of the Offer, the Acquisitions and re-quotation of securities on the ASX	<p>As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company's Shares will be suspended from trading from the time of the Annual General Meeting and will not be reinstated until the Company has satisfied the conditions of the Offer and met the requirements for re-compliance of the Company's securities under with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>In the event the conditions of the Offer are not satisfied or the Company does not meet the requirements for re-quotation of the Company's securities on ASX then the Company will not proceed with the Offer and the Acquisitions will not complete.</p>	Section 7.2(a)
Acquisition Completion Risk	<p>Completion under the Nor-West BPA and FSD BPA is subject to the satisfaction or waiver of various conditions precedent, a number of which remain outstanding as at the date of this Prospectus (refer to Sections 10.2(a) and 10.2(b)). Some of these conditions are outside the control of the Company. For example, completion under the Nor-West BPA is conditional upon the assignment of the Carnarvon Small Boat Harbour Leases and transfer of the Fishing Licences to Mareterram. The consent of the Department of Transport and the Department of Fisheries, respectively, is required for this purpose.</p> <p>Further, the conditions under both the Nor-West BPA and the FSD BPA must be met or waived by 24 December 2015. If all of the conditions are not met or waived by this date, the Nor-West BPA and the FSD BPA may be terminated, and completion will not occur.</p> <p>Further, if final documentation for the New Debt Facilities is not entered into and/or the conditions precedent to the New Debt Facilities are not satisfied, the Offer and the Acquisitions will not complete.</p>	Section 7.2(b)

Risk	Summary	More information
Competition Risk	<p>The Australian seafood market is highly competitive with numerous alternative suppliers of local seafood and a substantial volume of imported wild caught and aquaculture product.</p> <p>In the export market, the Company faces strong competition from the increasing volume and improving quality of aquaculture products (particularly from Asia), as well as other established international wild capture seafood suppliers.</p> <p>There is no guarantee that the Company will be able to compete effectively with existing and new competitors in the future.</p>	Section 7.2(e)
Product Pricing Risk	<p>The Company negotiates prices based on measures of supply and demand and the exchange rate position and it is therefore not able to guarantee the prices and terms of future transactions.</p>	Section 7.2(f)
Key Customer Risk	<p>The Company depends on securing and maintaining major customers and placing product into the market at competitive prices to achieve acceptable margins and trading terms. From completion of the Acquisitions, there will be no written agreements in place in relation to export distribution or sales. As a result it is not possible to guarantee continuation of, or consistency in respect of prices or terms for, future customer transactions.</p>	Section 7.2(h)
Seasonal, Environmental, and Disease Risks	<p>As an agribusiness, the Company is exposed to volatility in supply caused by seasonal weather and environmental conditions and the risk of the outbreak of disease, all of which could adversely impact on the fish stocks and biomass growth in the relevant source fisheries or the harvest of various seafood and vegetables.</p>	Sections 7.2(i) and 7.2(l)
Security of Supply Chain	<p>There is a risk that the supply chain for one or more of the Company's products could be materially disrupted for various reasons including natural disasters and changes in regulation with the result that sufficient quantities of the Company's products are not available or delivered on time.</p>	Section 7.2(j)
Key Suppliers Risk	<p>The financial performance of the Company is subject to the performance of supply obligations under contracts and arrangements with key suppliers, most of which are not the subject of written agreements (except for the Sea Harvest Supply and Distribution Agreement).</p> <p>If the Company or one of its counterparties fails to adequately perform their obligations this may result in loss of supply, inability to service sales demand, termination of contracts, disputes and/or litigation, all of which could impact the Company's operating and financial performance.</p>	Section 7.2(k)

Risk	Summary	More information
Securing skippers and crew	The operation of the Nor-West Business's fishing fleet requires the contracting of skippers and crew for each fishing season. There is a risk that suitably experienced and licensed skippers and crew will not be sourced and contracted for one or more Vessels in a particular fishing season, which could prevent or restrict the operation of that Vessel during that season.	Section 7.2(p)
Diesel price risk	Diesel fuel is one of the largest operating costs of the Nor-West Business and will continue to be for the Company. The price of diesel is volatile and subject to market conditions. An increase in the price of diesel which cannot be hedged at a reasonable cost would have a materially negative impact on the Company's business operations and financial performance.	Section 7.2(q)
Fishing Licences and regulation in Western Australia	<p>The Company is required to adhere to numerous legislative and regulatory requirements when undertaking commercial fishing in Western Australia, including, but not limited to the FRM Act, the FRM Regulations and the relevant managed fishery plans, such as the SBPMF Management Plan. The Fishing Licences are also issued subject to certain conditions, including fishing gear restrictions and the payment of licence fees. Further, under the FRM Act, fishing licences are granted for a limited time only (usually 12 months) and the holder must therefore apply to renew them.</p> <p>There is no guarantee that the Fishing Licences will be renewed from year to year (whether on the same terms or otherwise), that the Shark Bay crab managed fishery licences will be granted to Tennereef (and therefore transferred to Mareterram P/L) or that the Fishing Licences will remain in full force and effect.</p>	Section 7.2(v)
Change in fishing policy and regulation	<p>In addition to the FRM Act and FRM Regulations, fishing in Western Australia is regulated by various legislative instruments, including the management plans, notices, orders and determinations, which are able to be varied, repealed or revoked.</p> <p>Changes to the Western Australian Government's policy in relation to fishing or to any of this legislation or legislative instruments has the potential to materially impact the Company's operational and financial performance.</p>	Section 7.2(x)
Closure of fisheries	The fisheries in which the Company will operate are subject to seasonal closure, monthly moon closures and specific area closures which reduce the effective fishing effort in those fisheries. In addition, a significant environmental or biological event may have a substantial impact on the sustainable biomass of the fisheries in which the Company operates and could cause an extended or permanent closure. These closures will materially affect the volume of catch in any season.	Section 7.2(z)

Risk	Summary	More information
Export	To export seafood products out of the country, authorisations and permits are required from the Australian Government. The Company will need to apply for these authorisations and permits and there is a risk that the relevant Governments will not issue these authorisations and permits to the Company on acceptable terms, in a timely manner or at all.	Section 7.2(aa)
Occupational health and safety	<p>The commercial fishing industry is a high risk industry. Given the nature of the industry that the Company operates in, the Company's employees and contractors are at risk of workplace accidents and incidents.</p> <p>In the event that an employee of the Company is injured during the course of their employment, the Company may be liable for penalties or damages under the relevant occupation health and safety regulations.</p>	Section 7.2(dd)
Financial Forecast Information risk	The Company has made a number of assumptions in preparing the Forecast Financial Information in Section 8. There is a risk that the assumptions do not occur as forecast and that the Company's actual results may differ materially from the forecast financial information.	Section 7.2(hh)
Risk that growth plans cannot be effected	As described in Section 3.6, the Company's future growth strategy is to build a diversified agribusiness with a suite of businesses in Australia (and potentially overseas). The Company will examine a range of growth options. There is no guarantee that suitable opportunities will be identified, or completed, or that the Company will be able to access additional capital required for this growth.	Section 7.2(II)

## 1.4 Key Investment and Financial Metrics and Dividends

Item	Summary	Further information																		
What are the Company's key investment metrics?	<p>The following table contains summary Financial Information (including Forecast Financial Information) only and should be read in conjunction with the more detailed discussion of the Historical Financial Information and the Forecast Financial Information in Section 8 including assumptions, management discussion and analysis and sensitivity analysis. It should also be read in conjunction with the key risks set out in Section 7.</p> <table border="1"> <thead> <tr> <th>Key Investment Metrics</th><th>Minimum Subscription</th><th>Full Subscription</th></tr> </thead> <tbody> <tr> <td>Market capitalisation at the Offer Price<sup>1</sup></td><td>\$24,969,578</td><td>\$26,969,578</td></tr> <tr> <td>Pro forma net debt<sup>2</sup></td><td>\$6,400,000</td><td>\$4,480,000</td></tr> <tr> <td>Enterprise Value at the Offer Price<sup>3</sup></td><td>\$31,369,578</td><td>\$31,449,578</td></tr> <tr> <td>Enterprise Value/ FY2016 pro forma forecast EBITDA<sup>3</sup></td><td>4.82x</td><td>4.84x</td></tr> <tr> <td>Offer Price/ FY2016 pro forma forecast underlying EPS<sup>4</sup></td><td>6.53x</td><td>7.06x</td></tr> </tbody> </table> <p>1. Based on the Offer Price and assuming exercise of all the \$0.005 Options prior to completion of the Offer.</p> <p>2. Assumes \$12,000,000 draw down of New Debt Facilities less total cash on completion of the Offer (after costs and expenses) and the Acquisitions and exercise of all the \$0.005 Options prior to completion of the Offer.</p> <p>3. Enterprise Value is calculated as the sum of market capitalisation at the Offer Price and pro forma net debt. FY2016 pro forma forecast EBITDA is set out in Section 8.3 (being \$6,503,000).</p> <p>4. This ratio is commonly referred to as the underlying price earnings or PE ratio. This ratio is calculated based on the Offer Price divided by the Pro forma FY 2016 forecast Underlying Net Profit After Tax (being \$3,822,000), then divided by total Shares on issue immediately after completion of the Offer (assuming the exercise of all \$0.005 Options).</p> <p>The pro forma forecast EBITDA and pro forma forecast underlying EPS for FY16 are included to illustrate the financial results of the Company as if the Offer, the Acquisitions and the New Debt Facilities had completed prior to the commencement of FY 2016 (commencing on 1 July 2015). Pro forma forecast EBITDA and pro forma forecast underlying EPS excludes transaction costs and other significant items which are unrelated to the underlying earnings, including non-recurring director compensation and incoming executive costs. Please refer to Section 8.2 for additional information in relation to the basis of preparation and presentation of the Financial Information, including the Forecast Financial Information.</p>	Key Investment Metrics	Minimum Subscription	Full Subscription	Market capitalisation at the Offer Price <sup>1</sup>	\$24,969,578	\$26,969,578	Pro forma net debt <sup>2</sup>	\$6,400,000	\$4,480,000	Enterprise Value at the Offer Price <sup>3</sup>	\$31,369,578	\$31,449,578	Enterprise Value/ FY2016 pro forma forecast EBITDA <sup>3</sup>	4.82x	4.84x	Offer Price/ FY2016 pro forma forecast underlying EPS <sup>4</sup>	6.53x	7.06x	Section 8
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Item	Summary	Further information																																										
What is the Company's pro forma historical and forecast statutory and pro forma future financial performance?	<p>The following table contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Historical Financial Information and the Forecast Financial Information in Section 8 including assumptions, management discussion and analysis and sensitivity analysis. It should also be read in conjunction with the key risks set out in Section 7.</p> <table><tr><th></th><th colspan="3">Pro Forma Historical</th><th>Pro Forma Forecast</th><th>Statutory Forecast</th></tr><tr><th></th><th>FY13 (A\$'000)</th><th>FY14 (A\$'000)</th><th>FY15 (A\$'000)</th><th>FY16 (A\$'000)</th><th>FY16 (A\$'000)</th></tr><tr><td>Revenue</td><td>52,700</td><td>47,393</td><td>48,558</td><td>46,044</td><td>21,250</td></tr><tr><td>EBITDA</td><td>3,307</td><td>1,662</td><td>2,404</td><td>6,503</td><td>214</td></tr><tr><td>EBIT</td><td>2,584</td><td>983</td><td>1,766</td><td>5,893</td><td>(193)</td></tr><tr><td>Underlying NPAT</td><td>1,431</td><td>310</td><td>858</td><td>3,822</td><td>(371)</td></tr><tr><td>NPAT</td><td>1,003</td><td>(117)</td><td>517</td><td>3,545</td><td>(2,972)</td></tr></table> <p>The table above represents a summary of certain Historical Financial Information and certain Forecast Financial Information.</p> <p>The Pro Forma Forecast results differ from the Statutory Forecast results for FY16 as the Pro Forma Forecast results reflect the full year effect of the Acquisitions and operating and capital structure of the Company following completion of the Offer and securing of the New Debt Facilities, assuming this to be in place from 1 July 2015. Underlying NPAT excludes transaction costs and other significant items which are unrelated to the underlying earnings, including non-recurring director compensation and incoming executive costs.</p> <p>The Statutory Forecast results have been prepared on a basis consistent with how the Company's Statutory results will be prepared for future financial periods and represents the Company's forecast reportable results for FY16 comprising the Company for the full year, the Nor-West Business and FSD from the date of acquisition (assumed to be 1 December 2015) to 30 June 2016. NPAT includes transaction costs and other significant items, including non-recurring director compensation and incoming executive costs.</p> <p>The reconciliation between the pro forma and statutory results is set out in Section 8.</p> <p>The increase in EBITDA in pro forma FY16 compared to pro forma FY15 is the result of higher prawn catch and sales volumes in the Nor-West Business in conjunction with improved product sales prices together with the earnings from the available scallop allocation in the 2015 fishing season. In addition, earnings</p>		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast		FY13 (A\$'000)	FY14 (A\$'000)	FY15 (A\$'000)	FY16 (A\$'000)	FY16 (A\$'000)	Revenue	52,700	47,393	48,558	46,044	21,250	EBITDA	3,307	1,662	2,404	6,503	214	EBIT	2,584	983	1,766	5,893	(193)	Underlying NPAT	1,431	310	858	3,822	(371)	NPAT	1,003	(117)	517	3,545	(2,972)	Section 8
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Item	Summary	Further information
	<p>improve with FSD refining its product sales mix to focus on marketing a core range of premium products with higher margins while also leveraging its distribution network to sell the Nor-West Business prawn product and retaining a wholesaler margin.</p> <p>The Statutory Forecast results will not include any revenue for the Nor-West Business from the 2015 fishing season as the acquisition of the Nor-West Business concludes post season.</p> <p>Investors should read Section 8 for full details of the Company's pro forma and statutory results, the assumptions underlying this information and the sensitivity analysis.</p>	
What is the Company's dividend policy?	<p>Under the terms of the New Debt Facilities the Company must obtain the consent of NAB in order to make dividend payments during the two year interest only period under Facility 1, commencing on the completion of the Acquisitions.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results the financial condition of the Company, future capital requirements and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	



## 1.5 Proposed use of Funds and Capital Structure

Item	Summary	Further information																																																					
How will existing funds, the funds raised under the Offer and the funds available under the New Debt Facilities be used?	<p>The Company intends to apply funds raised from the Offer, together with existing cash reserves and the funds to be raised under the New Debt Facilities (subject to full documentation being entered into and satisfaction of certain conditions) following re-admission to the Official List as follows:</p> <table><tr><th>Source of Funds</th><th>Minimum Subscription \$000s</th><th>Full Subscription \$000s</th></tr><tr><td>Existing cash reserves<sup>1</sup></td><td>1,134</td><td>1,134</td></tr><tr><td>Funds raised under the New Debt Facilities<sup>2</sup></td><td>12,000</td><td>12,000</td></tr><tr><td>Funds raised under the exercise of the \$0.005 Options<sup>3</sup></td><td>250</td><td>250</td></tr><tr><td>Funds raised from the Offer</td><td>16,000</td><td>18,000</td></tr><tr><td><b>Total Funds Available</b></td><td><b>29,384</b></td><td><b>31,384</b></td></tr><tr><th>Use of Funds</th><th>\$000s</th><th>%</th><th>\$000s</th><th>%</th></tr><tr><td>Acquisition of Nor-West Business<sup>4</sup></td><td>18,000</td><td>61.26%</td><td>18,000</td><td>57.35%</td></tr><tr><td>Acquisition of FSD<sup>4</sup></td><td>3,000</td><td>10.21%</td><td>3,000</td><td>9.56%</td></tr><tr><td>VFAS<sup>5</sup></td><td>2,157</td><td>7.34%</td><td>2,157</td><td>6.87%</td></tr><tr><td>Working capital and operating expenses<sup>6</sup></td><td>3,443</td><td>11.72%</td><td>5,363</td><td>17.09%</td></tr><tr><td>Expenses of the Acquisitions and the Offer<sup>7</sup></td><td>2,784</td><td>9.47%</td><td>2,864</td><td>9.13%</td></tr><tr><td><b>Total</b></td><td><b>29,384</b></td><td><b>100.00%</b></td><td><b>31,384</b></td><td><b>100.00%</b></td></tr></table> <p>1. This is the Company's audited cash balance as at 30 June 2015. The cash balance at the date of this Prospectus was approximately \$632,000 with balance of the funds having been used to pay operating costs of the Company and certain costs of the Acquisitions and the Offer (item 7 below).</p> <p>2. The availability of funds under the New Debt Facilities is subject to full documentation being entered into and the satisfaction of certain conditions. Refer to Section 10.2 (e) for further details of the New Debt Facilities, including the conditions.</p> <p>3. It is anticipated that all the \$0.005 Options will be exercised prior to completion of the Offer.</p> <p>4. Further details of the cash consideration payable for the acquisition of Nor-West Business and the FSD are set out in Sections 10.2(a) and 10.2(b).</p> <p>5. This relates to the 2016 annual payment under the VFAS. Further details of the VFAS are set out in Sections 4.3 and 8.</p> <p>6. This item includes the funding for operating costs such as vessel refits, employee costs, and other items of a general administrative nature until the Nor-West Business starts to generate cash-flow from product sales from the 2016 fishing season, together with the build-up of inventory and debtors required for the Nor-West Business which is being acquired with no working capital. The undrawn working capital facility (Facility 2 in Section 10.2 (e) ) is available to assist in funding the working capital investment required to support the FSD and seasonal peak demands.</p> <p>7. Expenses of the Acquisitions and the Offer include accounting fees, legal fees, ASX listing fees, corporate advisory fees, brokerage commissions,</p>	Source of Funds	Minimum Subscription \$000s	Full Subscription \$000s	Existing cash reserves <sup>1</sup>	1,134	1,134	Funds raised under the New Debt Facilities <sup>2</sup>	12,000	12,000	Funds raised under the exercise of the \$0.005 Options <sup>3</sup>	250	250	Funds raised from the Offer	16,000	18,000	<b>Total Funds Available</b>	<b>29,384</b>	<b>31,384</b>	Use of Funds	\$000s	%	\$000s	%	Acquisition of Nor-West Business <sup>4</sup>	18,000	61.26%	18,000	57.35%	Acquisition of FSD <sup>4</sup>	3,000	10.21%	3,000	9.56%	VFAS <sup>5</sup>	2,157	7.34%	2,157	6.87%	Working capital and operating expenses <sup>6</sup>	3,443	11.72%	5,363	17.09%	Expenses of the Acquisitions and the Offer <sup>7</sup>	2,784	9.47%	2,864	9.13%	<b>Total</b>	<b>29,384</b>	<b>100.00%</b>	<b>31,384</b>	<b>100.00%</b>	Section 2.10
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Item	Summary	Further information
	<p><i>stamp duty, auditing fees, share registry fees, printing fees and other miscellaneous expenses associated with the Offer. Further information on the expenses of the Acquisitions and the Offer is set out in the pro forma balance sheet in Section 8.6 and also in Sections 8.7 and 11.12.</i></p> <p>The table above represents the Company's current intentions as at the date of this Prospectus based on the current business plan of the Company and business conditions. The amount and timing of the actual expenditure may vary and will depend upon numerous factors, including the timing and success of the Company's activities and revenue from sales and the risk factors outlined in Section 7.</p>	
How does the Company expect to fund its operations?	<p>The Company expects to fund its on-going operations through both cash flow generated from operations and also through external financing provided by the New Debt Facilities.</p> <p>The Company may also enter into additional debt facilities and/or raise additional equity in the future to fund its operations.</p>	Sections 3.4(b) and 3.6
Does the Company currently have any debt facilities?	<p>The Company, Mareterram P/L and Mareterram Trading have entered into a term sheet outlining a credit approved conditional offer from NAB for the New Debt Facilities. The New Debt Facilities will be utilised to assist with funding the purchase of the Nor-West Business, for working capital and to enable the issuance of bank guarantees to the Department of Transport.</p> <p>The availability of funding under the New Debt Facilities is subject to execution of final documentation and satisfaction of conditions precedent, including the Company raising the Minimum Subscription of \$16 million under the Offer and other conditions precedent set out NAB's general conditions.</p>	Section 10.2(e)

Item	Summary	Further information																																
What will be the proposed pro forma capital structure of the Company following completion of the Offer and the Acquisitions?	<p>The effect of the Acquisitions and the Offer on the capital structure of the Company (on a post-Consolidation basis) can be summarised as follows:</p> <table><tr><th>Capital Structure</th><th>Securities</th></tr><tr><td>Existing Shares on issue as at the date of this Prospectus (pre-Consolidation)</td><td>543,915,659</td></tr><tr><td>Shares on issue post-Consolidation (1:40 basis)</td><td>13,597,891</td></tr><tr><td>Shares to be issued on exercise of \$0.005 Options<sup>1</sup></td><td>1,250,000</td></tr><tr><td>Shares to be issued under the Nor-West BPA</td><td>10,000,000</td></tr><tr><td>Shares to be issued under the FSD BPA</td><td>20,000,000</td></tr><tr><td>Shares to be issued under the Offer (assuming Full Subscription )</td><td>90,000,000</td></tr><tr><td>Shares to be issued under the Offer (assuming Minimum Subscription)</td><td>80,000,000</td></tr><tr><td><b>Total Shares on issue post Consolidation, completion of Acquisitions and the Offer (undiluted and assuming Full Subscription)</b></td><td><b>134,847,891</b></td></tr><tr><td><b>Total Shares on issue post Consolidation, completion of Acquisitions and Offer (undiluted and assuming Minimum Subscription)</b></td><td><b>124,847,891</b></td></tr><tr><td>Existing Options on issue as at the date of this Prospectus (pre-Consolidation)<sup>2</sup></td><td>150,000,000</td></tr><tr><td>Incentive Options to be issued to Peter Hutchinson (or his nominees)</td><td>5,000,000</td></tr><tr><td><b>Total Options on issue post Consolidation, completion of Acquisitions and the Offer<sup>3</sup></b></td><td><b>5,000,000</b></td></tr><tr><td>Existing Performance Rights on issue</td><td>Nil</td></tr><tr><td>Performance Rights to be issued to Mr James Clement and Mr David Lock (or their nominees)</td><td>9,375,000</td></tr><tr><td><b>Total Performance Rights on issue post Consolidation, completion of Acquisitions and the Offer</b></td><td><b>9,375,000</b></td></tr></table> <p>1. It is anticipated the \$0.005 Options will be exercised prior to completion of the Offer.</p> <p>2. This comprises 50,000,000 \$0.005 Options and 100,000,000 \$0.01 Options. Subject to Shareholder approval, all of the \$0.01 Options will be cancelled, and it is anticipated the \$0.005 Options will be exercised prior to completion of the Offer.</p> <p>3. This assumes the cancellation of all of the \$0.01 Options, which is subject to Shareholder approval to be sought at the Annual General Meeting, and all \$0.005 Options are exercised.</p>	Capital Structure	Securities	Existing Shares on issue as at the date of this Prospectus (pre-Consolidation)	543,915,659	Shares on issue post-Consolidation (1:40 basis)	13,597,891	Shares to be issued on exercise of \$0.005 Options <sup>1</sup>	1,250,000	Shares to be issued under the Nor-West BPA	10,000,000	Shares to be issued under the FSD BPA	20,000,000	Shares to be issued under the Offer (assuming Full Subscription )	90,000,000	Shares to be issued under the Offer (assuming Minimum Subscription)	80,000,000	<b>Total Shares on issue post Consolidation, completion of Acquisitions and the Offer (undiluted and assuming Full Subscription)</b>	<b>134,847,891</b>	<b>Total Shares on issue post Consolidation, completion of Acquisitions and Offer (undiluted and assuming Minimum Subscription)</b>	<b>124,847,891</b>	Existing Options on issue as at the date of this Prospectus (pre-Consolidation) <sup>2</sup>	150,000,000	Incentive Options to be issued to Peter Hutchinson (or his nominees)	5,000,000	<b>Total Options on issue post Consolidation, completion of Acquisitions and the Offer<sup>3</sup></b>	<b>5,000,000</b>	Existing Performance Rights on issue	Nil	Performance Rights to be issued to Mr James Clement and Mr David Lock (or their nominees)	9,375,000	<b>Total Performance Rights on issue post Consolidation, completion of Acquisitions and the Offer</b>	<b>9,375,000</b>	
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<b>Total Performance Rights on issue post Consolidation, completion of Acquisitions and the Offer</b>	<b>9,375,000</b>																																	

Item	Summary	Further information																					
Who are the Company's substantial shareholders?	<p>As at the date of this Prospectus, the following Shareholders hold 5% or more of the total Shares on issue (on a pre-Consolidation basis):</p> <table><tr><th>Shareholder</th><th>Number of Shares held</th><th>%</th></tr><tr><td>Molonglo Pty Ltd &lt;P &amp; J Hutchinson S/F A/C&gt;<sup>1</sup></td><td>136,250,000</td><td>25.05</td></tr><tr><td>Gayle E. Cardaci and Pollara Pty Ltd ATF The Pollara Trust and Malvasia Pty Ltd ATF The Spyder Superfund</td><td>136,250,000</td><td>25.05</td></tr></table> <p>1. <i>Mr Hutchinson, a Director, is a director and shareholder of Molonglo Pty Ltd.</i></p> <p>2. <i>Gayle E. Cardaci is the sole shareholder and a director of Pollara Pty Ltd and the sole shareholder and a director of Malvasia Pty Ltd. Ms Cardaci is the spouse of former Director Marcello Cardaci. Mr Cardaci ceased to be a Director of the Company on 10 August 2015.</i></p> <p>On completion of the Acquisitions and the Offer, the following Shareholders are expected to hold 5% or more of the total number of Shares on issue (on a post-Consolidation basis):</p> <table><tr><th>Shareholder</th><th>Number of Shares held</th><th>% (assuming Minimum Subscription)<sup>1</sup></th><th>% (assuming Full Subscription)<sup>1</sup></th></tr><tr><td>Craig Mostyn</td><td>20,000,000</td><td>16.02</td><td>14.83</td></tr><tr><td>Nor-West</td><td>10,000,000</td><td>8.01</td><td>7.42</td></tr></table> <p>1. <i>Assumes exercise of all the \$0.005 Options prior to completion of the Offer.</i></p> <p>As detailed in Section 10.2(c), under the Sea Harvest Earn Out and Equity Participation Agreement, Sea Harvest has the right to subscribe for Shares under the Offer. Sea Harvest has given the Company irrevocable notice that it intends to exercise this right in full. Further, Sea Harvest has given notice that it intends to subscribe for additional Shares under the Offer. Upon completing its intended subscription and the issue of the Shares on completion of the Offer, Sea Harvest's voting power in the Company will be 19.9%.</p>	Shareholder	Number of Shares held	%	Molonglo Pty Ltd <P & J Hutchinson S/F A/C> <sup>1</sup>	136,250,000	25.05	Gayle E. Cardaci and Pollara Pty Ltd ATF The Pollara Trust and Malvasia Pty Ltd ATF The Spyder Superfund	136,250,000	25.05	Shareholder	Number of Shares held	% (assuming Minimum Subscription) <sup>1</sup>	% (assuming Full Subscription) <sup>1</sup>	Craig Mostyn	20,000,000	16.02	14.83	Nor-West	10,000,000	8.01	7.42	
Shareholder	Number of Shares held	%																					
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Shareholder	Number of Shares held	% (assuming Minimum Subscription) <sup>1</sup>	% (assuming Full Subscription) <sup>1</sup>																				
Craig Mostyn	20,000,000	16.02	14.83																				
Nor-West	10,000,000	8.01	7.42																				

## 1.6 Overview of the Offer

Item	Summary	Further information
What is the Offer?	<p>By this Prospectus, the Company is undertaking an offer of 90,000,000 Shares (post-Consolidation) at the Offer Price of \$0.20 per Share to raise \$18,000,000 (before costs and expenses), subject to a Minimum Subscription of \$16,000,000.</p> <p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>• Public Offer – an offer to the general public; and</li> <li>• Priority Offer – an offer to Shareholders of the Company with a registered address in Australia and New Zealand on the Record Date of 16 October 2015 (<b>Eligible Shareholders</b>) under which Eligible Shareholders who validly apply are guaranteed an allocation of 10,000 Shares (equivalent to \$2,000) each under the Offer. Eligible Shareholders can apply for more than 10,000 Shares under the Priority Offer, but there is no guarantee of any further allocation of Shares.</li> </ul> <p>This Prospectus also contains Ancillary Offers of Options and Performance Rights to Directors (and proposed Director) of the Company. Details of the Ancillary Offers are set out in Section 11.4.</p>	Section 2.1
Is there a Minimum Subscription?	<p>Yes. The Minimum Subscription is 80 million Shares at the Offer Price of \$0.20 per Share to raise \$16 million.</p> <p>If the Minimum Subscription is not raised within four months after the date of this Prospectus (or such period as varied by ASIC), the Company will not proceed with the Offer and will repay all Application Monies (without interest) as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest in accordance with the Corporations Act.</p>	Section 2.4
What is the minimum Application size under the Priority Offer and the Public Offer?	<p>The minimum Application size for Applicants under both the Priority Offer and the Public Offer is 10,000 Shares (equivalent to \$2,000) and thereafter in multiples of 5,000 shares (equivalent to \$1,000).</p>	Section 2.6
How do I apply for Shares under the Offer?	<p>The process for applying for Shares under the Offer is set out in Section 2.6.</p> <p>Investors wishing to apply for Shares under this Prospectus should use the relevant Application Form as follows:</p> <ul style="list-style-type: none"> <li>• Priority Offer Application Form – for Applicants who are Eligible Shareholders to apply under the Priority Offer; and</li> </ul>	Sections 2.6

Item	Summary	Further information
	<ul style="list-style-type: none"> <li>Public Offer Application Form – for all other Applicants.</li> </ul> <p>Application Forms must be completed in accordance with the instruction accompanying the relevant Application Form.</p> <p><b>Priority Offer</b></p> <p>If you are an Eligible Shareholder applying for Shares under the Priority Offer you can apply and pay for Shares by either:</p> <ul style="list-style-type: none"> <li>payment by BPAY® option - please follow the instructions on the Priority Offer Application Form to make a BPAY® payment; or</li> <li>payment by cheque - manually completing the Priority Offer Application Form and returning it accompanied by a cheque in Australian dollars for the full amount of the application being \$0.20 per Share multiplied by the number of Shares applied for. Cheques must be made payable to “Style Limited Share Offer Account” and should be crossed “Not Negotiable”.</li> </ul> <p><b>Public Offer</b></p> <p>Application Forms for the Public Offer must be manually completed. Applicants under the Public Offer may pay by cheque or electronic funds transfer. If an Applicant is paying by:</p> <ul style="list-style-type: none"> <li>cheque the cheque must be in Australian dollars for the full amount of the application being \$0.20 per Share multiplied by the number of Shares applied for. Cheques must be made payable to “Style Limited Share Offer Account” and should be crossed “Not Negotiable”; or</li> <li>electronic funds transfer (<b>EFT</b>), funds must be transferred to the Style Share Offer Account in Australian dollars for the full amount of the application being \$0.20 per Share multiplied by the number of Shares applied for. To pay by EFT the Applicant must first email the completed Application Form to the Company's Registry (Automic Registry Services) at <a href="mailto:info@automic.com.au">info@automic.com.au</a> with the subject line of “Style Limited Share Offer”. The Company's Registry will then contact the Applicant regarding the procedure for making payment by EFT.</li> </ul> <p>Completed Application Forms and cheques, EFT payments and BPAY® payments must be received by 5pm WST on the Closing Date of 30 November 2015. The Company reserves the right to extend the Closing Date or close the Offer early without notice (in its absolute discretion).</p>	

Item	Summary	Further information
What is the allocation policy of Shares under the Offer?	<p>Eligible Shareholders who validly apply under the Priority Offer will receive a guaranteed allocation of 10,000 Shares (equivalent to \$2,000). Eligible Shareholders can apply for more than 10,000 shares under the Priority Offer, but there is no guarantee of any further allocation of Shares.</p> <p>Following the allocation of the guaranteed minimum allocation of Shares to validly applying Eligible Shareholders under the Priority Offer, the remaining Shares will be allocated to Applicants under both the Priority Offer and the Public Offer as determined by the Company and the Lead Manager.</p>	Section 2.8(c)
When will I know if my Application was successful?	It is expected that holding statements will be sent to successful Applicants by post on or about 17 December 2015.	Section 2.8(c)
What are the conditions of the Offer?	<p>The Offer is conditional on the following:</p> <ul style="list-style-type: none"> <li>the Company raising the Minimum Subscription of \$16,000,000;</li> <li>ASX providing conditional approval for re-quotation of the Company's Shares on the ASX;</li> <li>Shareholders approving certain resolutions at the Annual General Meeting set out in Section 2.2, including approval to proceed with the Consolidation (on the basis of 1 Security for every 40 Securities held);</li> <li>the conditions precedent to the Nor-West BPA and the FSD BPA being satisfied or waived, other than the condition for the completion of the capital raising the subject of the Offer; and</li> <li>the conditions to the draw down of the New Debt Facilities being satisfied, other than the condition for the completion of the capital raising the subject of the Offer.</li> </ul> <p>If any of the conditions of the Offer are not satisfied or waived then the Company will not proceed with the Offer and the Company will repay all Application Monies received without interest.</p>	Section 2.2
What rights and liabilities attach to the Shares being offered?	All Shares issued under the Offer will rank equally in all respects with the existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 11.3.	Section 11.3



Item	Summary	Further information
Is there a cooling off period?	No.	
Who is the Lead Manager of the Offer?	The Lead Manager is Euroz Securities Limited (AFSL 243302).	Section 2.5
Is the Offer underwritten?	No.	
Will the Shares be quoted on the ASX?	Yes. However, there is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders will be prevented from trading their Shares following the suspension of the Company on the date of the Annual General Meeting and the Company's Shares will remain suspended until such time as it does re-comply with the ASX Listing Rules.	Sections 2.8(b) and 7.2(a)
Will any Shares be subject to escrow?	<p>The Company will enter into the following voluntary escrow arrangements:</p> <ul style="list-style-type: none"> <li>(a) under the Nor-West BPA, the 10 million consideration Shares to be issued to Nor-West will be voluntarily escrowed for a period of 24 months from the date they are issued;</li> <li>(b) under the FSD BPA, the 20 million consideration Shares to be issued to Craig Mostyn will be voluntarily escrowed for a period of 24 months from the date they are issued; and</li> <li>(c) under the FSD BPA, 3,406,250 (post-Consolidation) Shares held by Mr Hutchinson will be voluntarily escrowed for a period of 12 months from the date the Shares are re-admitted to quotation on the Official List of the ASX.</li> </ul> <p>The voluntary escrow arrangements will result in:</p> <ul style="list-style-type: none"> <li>(a) 30,000,000 Shares (representing approximately 22.2% of the Shares on issue immediately post Offer assuming Full Subscription and exercise of all the \$0.005 Options and approximately 24.0% of the Shares on issue immediately post Offer assuming Minimum Subscription and exercise of all the \$0.005 Options) being subject to escrow for 24 months from the date of completion of the Nor-West BPA, and FSD BPA; and</li> <li>(b) 3,406,250 Shares (representing approximately 2.5% of the Shares on issue immediately post Offer assuming Full Subscription and exercise of all the \$0.005 Options and approximately 2.7% of the Shares on issue immediately post Offer assuming Minimum Subscription and exercise of all the</li> </ul>	Section 2.11

Item	Summary	Further information
	<p>\$0.005 Options) being subject to escrow for 12 months from the date the Shares are re-admitted to quotation on the Official List of the ASX.</p> <p>The Company has applied to ASX for confirmation that the Nor-West Business and the FSD have a track record of revenue and profitability which is acceptable to ASX for the purposes of ASX Listing Rule 9.1.3. If ASX provides this confirmation, no existing Securities or Securities to be issued by the Company in connection with the Re-Compliance will be subject to escrow under the ASX Listing Rules. If ASX does not provide this confirmation, the Shares to be issued to Nor-West under the Nor-West BPA, the Shares to be issued to Craig Mostyn under the FSD BPA, the Incentive Options and the Performance Rights may be classified by ASX as restricted securities and may be required to be held in escrow for a period of up to 24 months.</p>	
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty should be payable by Applicants on acquisition of Shares under the Offer.	Section 2.6(b)
Where can I find out more information about the Offer?	Questions relating to the Offer can be directed to the Lead Manager, Euroz Securities, on +61 8 9488 1400.	Section 2.16
How can I obtain further advice?	<p>By speaking to your accountant, stockbroker or other professional adviser.</p> <p>If you require further assistance or additional copies of this Prospectus, please contact the Lead Manager, Euroz Securities on +61 8 9488 1400.</p>	Section 2.16

## 1.7 Board, management and key shareholders

Item	Summary	Further information
Who are the Directors of the Company?	<p>The current Directors of the Company are:</p> <ul style="list-style-type: none"> <li>• Mr Peter Hutchinson: Executive Chairman;</li> <li>• Mr James Clement: Non-Executive Director; and</li> <li>• Mr Mark Pitts: Non-Executive Director and Company Secretary.</li> </ul> <p>Mr Hutchison will move into the role of Non-Executive Chairman with effect from 1 January 2016.</p> <p>The Company has entered into an employment agreement to appoint Mr Clement as Chief Operating Officer and Executive Director with effect from 1 January 2016.</p>	Section 6.1
Who are the proposed Directors of the Company?	<p>The Company has entered into an employment agreement to appoint Mr David Lock as Managing Director and Chief Executive Officer with effect from 1 January 2016.</p> <p>As detailed in Sections 10.2(b) and 10.2(c), subject to certain conditions, Craig Mostyn and Sea Harvest each have the right to appoint a Non-Executive Director to the Board under the FSD BPA and Sea Harvest Earn Out and Equity Participation Agreement (respectively).</p>	Sections 6.1
Who are the key management personnel?	<p>The Company (or its subsidiaries, as noted below) have entered into employment agreements with the following proposed key management personnel:</p> <ul style="list-style-type: none"> <li>• Mr David Lock: Chief Executive Officer and Managing Director of the Company from 1 January 2016;</li> <li>• Mr James Clement: Chief Operating Officer and Executive Director of the Company from 1 January 2016; and</li> <li>• Mr David Durack: General Manager of Mareterram Trading from completion under the Nor-West BPA and FSD BPA.</li> </ul>	Section 6.2

Item	Summary	Further information
Will the vendors of the Nor-West Business and the FSD be shareholders in the Company after the Acquisitions and the Offer complete?	<p>Yes. The vendor of the Nor-West Business, Nor-West (or its nominee), will hold 10,000,000 Shares in the Company (approximate 7.4% interest assuming Full Subscription and the exercise of all the \$0.005 Options and approximate 8.0% interest assuming Minimum Subscription and the exercise of all the \$0.005 Options).</p> <p>The vendor of the FSD, Craig Mostyn, will hold 20,000,000 Shares in the Company (approximate 14.8% interest assuming Full Subscription and the exercise of all the \$0.005 Options and approximate 16.0% interest assuming the Minimum Subscription and the exercise of all the \$0.005 Options). Craig Mostyn is wholly owned by Craig Mostyn Holding Pty Ltd, a private company owned by the extended Mostyn family. Robert McKenzie Mostyn holds approximately 33.99% of the issued shares in Craig Mostyn Holdings Pty Ltd.</p>	
Who is Sea Harvest and will they be a shareholder in the Company after completion of the Offer?	<p>Sea Harvest is one of the largest vertically integrated fishing companies in South Africa, and is a key supplier of hake products to the FSD. Craig Mostyn and Sea Harvest Corporation are parties to the Sea Harvest Supply and Distribution Agreement which will be novated from Craig Mostyn to Mareterram Trading, subject to completion under the FSD BPA.</p> <p>In addition, the Company and Sea Harvest Holdings and Sea Harvest Corporation are parties to the Sea Harvest Earn Out and Participation Agreement under which Sea Harvest has the right to acquire Shares under the Offer which when aggregated with the maximum number of Consideration Shares which may be issued under the Sea Harvest Earn Out and Participation Agreement, is not more than 19.9% of the issued capital of the Company (on an undiluted basis).</p> <p>Sea Harvest has given the Company irrevocable notice that it intends to exercise this right in full. Further, Sea Harvest has given notice that it intends to subscribe for additional Shares under the Offer. Upon completing its intended subscription and the issue of the Shares on completion of the Offer, Sea Harvest's voting power in the Company will be 19.9%.Details of the Sea Harvest Supply and Distribution Agreement and the Sea Harvest Earn Out and Participation Agreement are provided in Sections 10.3(c) and 10.4(a).</p>	Section 3.3(c)

Item	Summary	Further information																																																		
What are the current relevant interests in Securities the Company held by the Directors (and the proposed Director) and what is their proposed participation in the Offer?	<p>The Directors and the proposed Director’s current relevant interests in Securities in the Company are:</p> <table><tr><th></th><th colspan="2">Pre-Consolidation</th><th colspan="2">Post-Consolidation</th></tr><tr><th>Director/ proposed Director</th><th>Shares</th><th>Options</th><th>Shares</th><th>Options</th></tr><tr><td>Peter Hutchinson</td><td>136,250,000</td><td>65,000,000<sup>1</sup></td><td>3,406,250</td><td>1,625,000</td></tr><tr><td>James Clement</td><td>4,000,000</td><td>Nil</td><td>100,000</td><td>Nil</td></tr><tr><td>Mark Pitts</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>David Lock</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr></table> <p>1. This comprises 25 million \$0.005 Options and 40 million \$0.01 Options on issue. Subject to Shareholder approval to be sought at the Annual General Meeting, it is proposed that all of the \$0.01 Options will be cancelled. It is a condition precedent to completion under the FSD BPA that the \$0.005 Options are exercised.</p> <p>Subject to Shareholder approval to be sought at the Annual General Meeting, Mr Hutchinson, Mr Lock, Mr Pitts and Mr Clement intend to participate in the Offer. In addition, subject to Shareholder approval, under the Ancillary Offers detailed in Section 11.4, the Company will issue Mr Hutchinson (or his nominees) 5,000,000 Incentive Options, Mr Lock (or his nominees) 6,250,000 Performance Rights and Mr Clement (or his nominees) 3,125,000 Performance Rights. The relevant interests of the Directors (and proposed Director) in Securities of the Company on completion of the Offer and the Acquisitions, assuming Shareholders approve the Directors’ (and proposed Director) participation in the Offer, the issue of the Incentive Options and Performance Rights, the cancellation of the \$0.01 Options, and all the \$0.005 Options are exercised are, expected to be:</p> <table><tr><th>Director/proposed Director</th><th>Shares</th><th>Options</th><th>Performance Rights</th></tr><tr><td>Peter Hutchinson</td><td>5,000,000</td><td>5,000,000</td><td>Nil</td></tr><tr><td>James Clement</td><td>250,000</td><td>Nil</td><td>3,125,000</td></tr><tr><td>Mark Pitts</td><td>250,000</td><td>Nil</td><td>Nil</td></tr><tr><td>David Lock</td><td>750,000</td><td>Nil</td><td>6,250,000</td></tr></table>		Pre-Consolidation		Post-Consolidation		Director/ proposed Director	Shares	Options	Shares	Options	Peter Hutchinson	136,250,000	65,000,000 <sup>1</sup>	3,406,250	1,625,000	James Clement	4,000,000	Nil	100,000	Nil	Mark Pitts	Nil	Nil	Nil	Nil	David Lock	Nil	Nil	Nil	Nil	Director/proposed Director	Shares	Options	Performance Rights	Peter Hutchinson	5,000,000	5,000,000	Nil	James Clement	250,000	Nil	3,125,000	Mark Pitts	250,000	Nil	Nil	David Lock	750,000	Nil	6,250,000	Section 11.8
	Pre-Consolidation		Post-Consolidation																																																	
Director/ proposed Director	Shares	Options	Shares	Options																																																
Peter Hutchinson	136,250,000	65,000,000 <sup>1</sup>	3,406,250	1,625,000																																																
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Mark Pitts	Nil	Nil	Nil	Nil																																																
David Lock	Nil	Nil	Nil	Nil																																																
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## 2 Details of the Offer

### 2.1 The Offer

By this Prospectus, the Company invites applications for 90,000,000 Shares at the Offer Price of \$0.20 per Share to raise \$18,000,000 (before costs and expenses), subject to a Minimum Subscription of \$16,000,000. The Offer comprises:

- (a) a priority offer to Eligible Shareholders (**Priority Offer**); and
- (b) an offer to the general public (**Public Offer**).

### 2.2 Conditions to the Offer

The Offer is subject to the following conditions:

- (a) Shareholders approving the following at the Annual General Meeting:
  - (i) a change in the nature and scale of the Company's activities as a result of the Acquisitions;
  - (ii) the Consolidation;
  - (iii) the issue of Shares the subject to the Offer;
  - (iv) the issue of 10,000,000 Shares as part consideration under the Nor-West BPA; and
  - (v) the issue of 20,000,000 Shares as part consideration under the FSD BPA;
- (b) the Company achieving the Minimum Subscription;
- (c) the Company receiving conditional approval for re-quotation of the Shares on the ASX;
- (d) the conditions precedent to the Nor-West BPA and the FSD BPA being satisfied or waived, other than the condition for completion of the capital raising the subject of the Offer; and
- (e) the conditions to draw down of the New Debt Facilities being satisfied or waived, other than the condition for the completion of the capital raising the subject of the Offer.

### 2.3 Annual General Meeting

The Company has convened its Annual General Meeting to consider (among other things) the resolutions in Section 2.2(a) above. The meeting is scheduled to be held on 23 November 2015.

### 2.4 Minimum Subscription

The minimum level of subscription for the Offer is 80 million Shares at \$0.20 per Share to raise \$16,000,000. No Shares will be issued unless the Minimum Subscription has been received. If the Minimum Subscription is not received within four months after the date of this Prospectus (or such period as varied by ASIC), the Company will not proceed with the Offer and will repay all Application Monies (without interest) as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest in accordance with the Corporations Act.

## **2.5 Lead Manager**

Euroz Securities Limited is the Lead Manager to the Offer. A summary of the terms of engagement of the Lead Manager is set out in Section 10.2(d).

## **2.6 Applications for Shares**

Applicants may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus in accordance with the instructions set out in the Application Form. Applicants should note there are two separate Application Forms:

- (a) a Priority Offer Application Form for Eligible Shareholders; and
- (b) a Public Offer Application Form for all other Applicants.

Applications for Shares must be for a minimum of 10,000 Shares (equivalent to \$2,000) and thereafter in multiples of 5,000 Shares (equivalent to \$1,000). Payment for the Shares must be made in full at the issue price of \$0.20 per Share multiplied by the number of Shares applied for.

### ***Priority Offer Applications***

Eligible Shareholders can apply under the Priority Offer. Eligible Shareholders are Shareholders of the Company with a registered address in Australia or New Zealand on the Record Date of 16 October 2015.

Eligible Shareholders who validly apply under the Priority Offer are guaranteed an allocation of 10,000 shares at a price of \$0.20 per share (equivalent to \$2,000). Eligible Shareholders can apply for more than 10,000 shares under the Priority Offer, but there is no guarantee of any further allocation.

Applications under the Priority Offer must be made using the personalised Priority Offer Application Form accompanying this Prospectus, which contains the details of the Eligible Shareholder and can be made by:

- (a) BPAY® payment (using the personalised BPAY® reference number on the Priority Application Form, in which case there is no need to complete and return the Priority Application Form); or
- (b) manually completing the Priority Offer Application Form and returning the completed form and accompanying cheque to address on the form.

Cheques should be made payable to “Style Limited Share Offer Account” and crossed “Not Negotiable”. Completed Application Forms and accompanying cheques must reach the Company’s Registry at address indicated on the form by the Closing Date.

All BPAY® payments by Applicants under the Priority Offer must be received by the Company by the Closing Date. It is your responsibility to be aware of your financial institution’s cut-off time for making payments.

Applications under the Priority Offer can only be made in the registered name of the Eligible Shareholder set out on the personalised Priority Offer Application Form accompanying this Prospectus. If you wish to apply for shares under the Offer in a name other than the Eligible Shareholder, you must apply using a Public Offer Application Form.

### ***Public Offer Applications***

Application for Shares under the Public Offer must be made using the Public Offer Application Form.



If you wish to make payment by cheque, the cheque must be made payable to “Style Limited Share Offer Account” and crossed “Not Negotiable” and, together with the completed Public Offer Application Form, mailed or delivered to the address indicated on the Application Form.

If you wish to make payment by electronic funds transfer (**EFT**), then you must email the completed Public Offer Application Form to the Company’s Registry (Automic Registry Services) at [info@automic.com.au](mailto:info@automic.com.au) (with the subject line of “Style Limited Share Offer”). The Company’s registry will then contact you regarding the procedure for making payment by EFT. All EFT payments must be received by the Company by the Closing Date. It is your responsibility to be aware of your financial institution’s cut-off time for making payments.

If you are paying by cheque, your completed Public Offer Application Form and accompanying cheque must reach the Company’s Registry at the address indicated on the form by the Closing Date.

If you are paying by EFT:

- (a) your completed Public Offer Application Form must reach the Company’s Registry at the email address indicated on the form by the Closing Date; and
- (b) your EFT payment must reach the Company by the Closing Date.

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

The Opening Date for the Offer is 22 October 2015 and the Closing Date for the Offer is 5.00pm WST on 30 November 2015, or such earlier or later date as the Directors, in their absolute discretion, may determine. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

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

## **2.7 Application Monies to be held on Trust**

As required by the Corporations Act, until the Shares are issued under this Prospectus, the Application Monies for Shares will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. However, the Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of this Prospectus, no Securities will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

## **2.8 Issue of Shares, ASX Listing and Allocation Policy**

### **(a) Issue of Shares**

Subject to satisfaction of the conditions set out in Section 2.2, the Shares to be issued under the Offer will be issued as soon as practicable after the Closing Date. It is expected that holding statements will be sent to successful Applicants by post on or about 17 December.

### **(b) ASX Listing**

The Company will apply for the quotation of Shares issued under this Prospectus on the ASX within seven days of the date of this Prospectus.

However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and

has received the approval of ASX to be re-admitted to the Official List. As such, Shares offered under the Offer may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, or if ASX rejects the Company's re-admission to the Official List, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed by the Corporations Act, without interest. In those circumstances, the Acquisitions will not proceed.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

**(c) Allocation Policy**

Eligible Shareholders who validly apply under the Priority Offer are guaranteed of receiving \$2,000 worth of Shares (10,000 Shares). Beyond this, there is no guaranteed allocation of Shares under the Offer, and the allocation of Shares will be determined by the Board in consultation with the Lead Manager.

The Board, in conjunction with the Lead Manager, reserves the right to reject any application or to allocate any Applicant fewer Shares than the number applied for, other than the guaranteed allocation of \$2,000 of Shares under valid Applications made under the Priority Offer. Where the number of Shares issued to an Applicant is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant is final.

**2.9 Discretion Regarding the Offer**

The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company also reserves the right (subject to the ASX Listing Rules and the Corporations Act) to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than the amount applied (other than the guaranteed allocation of \$2,000 of Shares under valid Applications made under the Priority Offer). Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

## 2.10 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves and funds to be raised under the New Debt Facilities (subject to full documentation being entered into and satisfaction of certain conditions), as follows:

Source of Funds	Minimum Subscription \$000s		Full Subscription \$000s	
Existing cash reserves <sup>1</sup>	1,134		1,134	
Funds raised under the New Debt Facilities <sup>2</sup>	12,000		12,000	
Funds raised under the exercise of the \$0.005 Options <sup>3</sup>	250		250	
Funds raised from the Offer	16,000		18,000	
<b>Total Funds Available</b>	<b>29,384</b>		<b>31,384</b>	
Use of Funds	\$000s	%	\$000s	%
Acquisition of Nor-West Business <sup>4</sup>	18,000	61.26%	18,000	57.35%
Acquisition of the FSD <sup>4</sup>	3,000	10.21%	3,000	9.56%
VFAS <sup>5</sup>	2,157	7.34%	2,157	6.87%
Working capital and operating expenses <sup>6</sup>	3,443	11.72%	5,363	17.09%
Expenses of the Acquisitions and the Offer <sup>7</sup>	2,784	9.47%	2,864	9.13%
<b>Total</b>	<b>29,384</b>	<b>100.00%</b>	<b>31,384</b>	<b>100.00%</b>

1. This is the Company's audited cash balance as at 30 June 2015. The cash balance at the date of this Prospectus was approximately \$632,000 with the balance of the funds having been used to pay operating costs of the Company and certain costs of the Acquisitions and the Offer (item 7 below).
2. The availability of funds under the New Debt Facilities is subject to full documentation being entered into and the satisfaction of certain conditions. Refer to Section 10.2(e) for further details of the New Debt Facilities, including the conditions. The New Debt Facilities will include a \$12 million loan facility to assist Mareterram P/L with funding the purchase of the Nor-West Business (refer to Facility 1 in Section 10.2(e)) and a working capital facility for up to \$5 million available to be drawn up to 85% of the value of Mareterram Trading's debtors not older than three months (90 days) (refer to Facility 2 in Section 10.2(e)). Mareterram P/L proposes to draw down the \$12m loan facility in full at completion to assist with funding the purchase of the Nor-West Business. Mareterram Trading does not intend to immediately draw down funds under the working capital facility, whereas funds will be accessed to fund working capital of Mareterram Trading as required. As mentioned in Section 10.2(e), the Company will also have access to a revolving lease facility for up to \$0.5 million and Mareterram P/L also has access to a bank guarantee facility (refer to Facility 3 in Section 10.2(e)).
3. It is anticipated that all the \$0.005 Options will be exercised prior to completion of the Offer.
4. Further details of the cash consideration payable for the acquisition of Nor-West Business and the FSD are set out in Sections 10.2(a) and 10.2(b).
5. This relates to the 2016 annual payment under the VFAS. Further details of the VFAS are set out in Sections 4.3 and 8.
6. This item includes the funding for operating costs such as vessel refits, employee costs, and other items of a general administrative nature until the Nor-West Business starts to generate cash-flow from product sales from the 2016 fishing season, together with the build-up of inventory and debtors required for the Nor-West Business which is being acquired with no working capital. The undrawn working capital facility (Facility 2 in Section 10.2(e)) is also available to assist in funding the working capital investment required to support the FSD and seasonal peak demands.
7. Expenses of the Acquisitions and the Offer include accounting fees, legal fees, ASX listing fees, corporate advisory fees, brokerage commissions, stamp duty, auditing fees, share registry fees, printing fees and other miscellaneous expenses associated with the Offer. Further information on the expenses of the Acquisitions and the Offer is set out in 11.2 to the pro forma balance sheet in Section 8.

The table above represents the Company's current intentions as at the date of this Prospectus based on the current business plan of the Company and business conditions. The amount and timing of the actual expenditure may vary and will depend upon numerous factors, including the timing and success of the Company's activities and revenue from sales and the risk factors outlined in Section 7.

As with any work plan and budget, intervening events and new circumstances have the potential to affect the manner in which funds are ultimately applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.

The Board believes that funds raised from the Offer (assuming at least the Minimum Subscription is raised), together with existing cash reserves and funds to be made available under the New Debt Facilities (subject to full documentation being entered into and satisfaction of the conditions referred to in Section 10.2(e)), will provide the Company with sufficient working capital to carry out its stated objectives.

Where the Company receives funds in excess of the Minimum Subscription under the Offer, such funds will be available for working capital and general corporate purposes.

The Company also intends to examine a range of potential acquisitions (see Section 3.6 for details of the Company's growth plans). As and when further funds are required, either for the existing businesses or for acquisitions, the Company will consider raising additional capital from both the issue of equity securities and/or debt.

## **2.11 Restricted Securities**

The Company will enter into the following voluntary escrow arrangements:

- (a) under the Nor-West BPA, the 10 million consideration Shares to be issued to Nor-West will be voluntarily escrowed for a period of 24 months from the date they are issued;
- (b) under the FSD BPA, the 20 million consideration Shares to be issued to Craig Mostyn will be voluntarily escrowed for a period of 24 months from the date they are issued; and
- (c) under the FSD BPA, 3,406,250 (post-Consolidation) Shares held by Mr Hutchinson will be voluntarily escrowed for a period of 12 months from the date the Shares are re-admitted to quotation on the Official List of the ASX.

Under the proposed voluntary escrow arrangements, Nor-West, Craig Mostyn and Mr Hutchinson will not be able to dispose of or otherwise deal with the consideration Shares during the escrow period except in the following limited circumstances:

- (a) if a takeover offer is made for the Company, Nor-West, Craig Mostyn and Mr Hutchinson will be permitted to accept the offer if holders of at least half of the Shares the subject of the offer have accepted and the offer is unconditional or all consideration have been satisfied or waived;
- (b) if a scheme of arrangement is proposed in respect of the Company, Nor-West, Craig Mostyn and Mr Hutchinson will be permitted to vote the consideration Shares in relation to the scheme, and to consideration Shares will be able transferred or cancelled as part of the scheme; or
- (c) a dealing required by applicable law.

In addition to the above, the consideration Shares to be issued to Craig Mostyn will be able to be transferred to a related body corporate of Craig Mostyn provided the related body corporate agrees to be bound by the same voluntary escrow restrictions and will be subject to a floating charge in favour of the National Australia Bank Limited.

During the escrow period, Mr Hutchinson, Nor-West and Craig Mostyn will be entitled to any distributions, rights or bonus issue entitlements, and voting rights in respect of their escrowed Shares.

The voluntary escrow arrangements will result in:

- (a) 30,000,000 Shares (representing approximately 22.2% of the Shares on issue immediately post Offer assuming Full Subscription and exercise of all the \$0.005 Options and approximately 24.0% of the Shares on issue immediately post Offer assuming Minimum Subscription and exercise of all the \$0.005 Options) being subject to escrow for 24 months from the date of completion of the Nor-West BPA, and FSD BPA; and
- (b) 3,406,250 Shares (representing approximately 2.7% of the Shares on issue immediately post Offer assuming Full Subscription and exercise of all the \$0.005 Options and approximately 2.5% of the Shares on issue immediately post Offer assuming Minimum Subscription and exercise of all the \$0.005 Options) being subject to escrow for 12 months from the date the Shares are re-admitted to quotation on the Official List of the ASX.

The Company has applied to ASX for confirmation that the Nor-West Business and the FSD have a track record of revenue and profitability which is acceptable to ASX for the purposes of ASX Listing Rule 9.1.3. If ASX provides this confirmation, no existing Securities or Securities to be issued by the Company in connection with the Re-Compliance will be subject to escrow under the ASX Listing Rules. If ASX does not provide this confirmation, the Shares to be issued to Nor-West under the Nor-West BPA, the Shares to be issued to Craig Mostyn under the FSD BPA, the Incentive Options and the Performance Rights may be classified by ASX as restricted securities and may be required to be held in escrow for a period of up to 24 months. Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the ASX Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

During the period in which any securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

## **2.12 ASIC relief and ASX confirmation**

The Company has applied for relief from section 606 of the Corporations Act so that the voluntary escrow arrangements described in Section 2.11 do not give rise to a relevant interest in the Company in 20% or more of the Shares.

As noted above, the Company has also applied for confirmation from ASX that the FSD and the Nor-West Business have a track record of profitability acceptable to ASX for the purposes of ASX Listing Rule 9.1.3.

## **2.13 Applications outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register this Prospectus or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

## **2.14 CHESS and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). All trading on the ASX in existing Shares is, and in new Shares will be, settled through CHESS. ASX Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASX will send a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the issuer sponsored subregister, your statement will be dispatched by the Company's share registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

## **2.15 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

## **2.16 Enquiries**

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offer can be directed to the Lead Manager, Euroz Securities Limited on +618 9488 1400.

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## 3 Company and Acquisitions Overview

### 3.1 Introduction

Style Limited is a public company listed on the ASX. The Company's historical focus was on the research, development, manufacturing and marketing of green flooring products based on its strand woven technologies. The Company was incorporated in June 1987 and was admitted to the Official List of ASX on 7 April 2004.

On 30 April 2012, the Company's board of directors resolved to place the Company in voluntary administration. In July 2012, the Company entered into a deed of company arrangement, which was completed in February 2013 and at which time the pre-administration debts of the Company were extinguished. In May 2013, a new Board was appointed the Company was recapitalised through the issue of recapitalisation securities. Following the recapitalisation process, the Board (at that time) began exploring different opportunities to generate Shareholder value.

The Board recognised opportunities existed in the Australian agribusiness sector to capitalise on the world's growing demand for food (especially protein) and consumer focus on sustainability and quality.

As a result, the Board identified two high quality businesses to acquire:

- (a) the commercial fishing business conducted by Nor-West comprising the Nor-West Business; and
- (b) the food distribution services business conducted by the Craig Mostyn Group comprising the FSD.

The two businesses are complementary. The Board believes that combining the two operations into a vertically integrated business will:

- (a) enable each business to access and leverage the resources of the other;
- (b) enable the Company to benefit from vertical integration of the supply chain and sales function, operational efficiencies and their combined synergies; and
- (c) create a platform to leverage opportunities within the seafood, broader agricultural and food sectors that were not available to the Nor-West Business or the FSD as stand-alone operations.

Completion of the Acquisitions is subject to the satisfaction of a number of outstanding conditions set out in Sections 10.2(a) and 10.2(b).

### 3.2 About the Nor-West Business

#### (a) Business History and Current Operations

The Nor-West Business holds and operates the Fishing Licences, which include 10 of 18 Shark Bay Prawn managed fishery licenses within the SBPMF in Shark Bay, Carnarvon, Western Australia, making it the largest single operator in the fishery. It also owns and operates a fleet of 10 fishing Vessels. The SBPMF Licences are issued by the Department of Fisheries and permit trawling within the SBPMF on the issued terms. The Nor-West fleet is operated by skippers and crew under sharefishing arrangements which are customarily entered into on an annual basis prior to the start of each fishing season.

The Nor-West Business is currently conducted principally by and from:

- (i) the fleet of 10 Vessels; and
- (ii) the Carnarvon Small Boat Harbour Leases, which comprise a wharf with administration, warehouse and cold storage facilities, and an engineering and slipway facility with repair, maintenance and refit capabilities.

In addition, Nor-West operates an accommodation facility on Babbage Island, where Nor-West staff and contractors are periodically accommodated (**Accommodation Facility**). Mareterram P/L will not be acquiring the Accommodation Facility under the Nor-West BPA. However, under an arrangement contemplated by the Nor-West BPA, Mareterram P/L's employees and contractors (and the employees and contractors of the operators of the Vessels) will for a period of two years post-completion of the Nor-West BPA have a priority right to use of the Accommodation Facility at agreed rates.

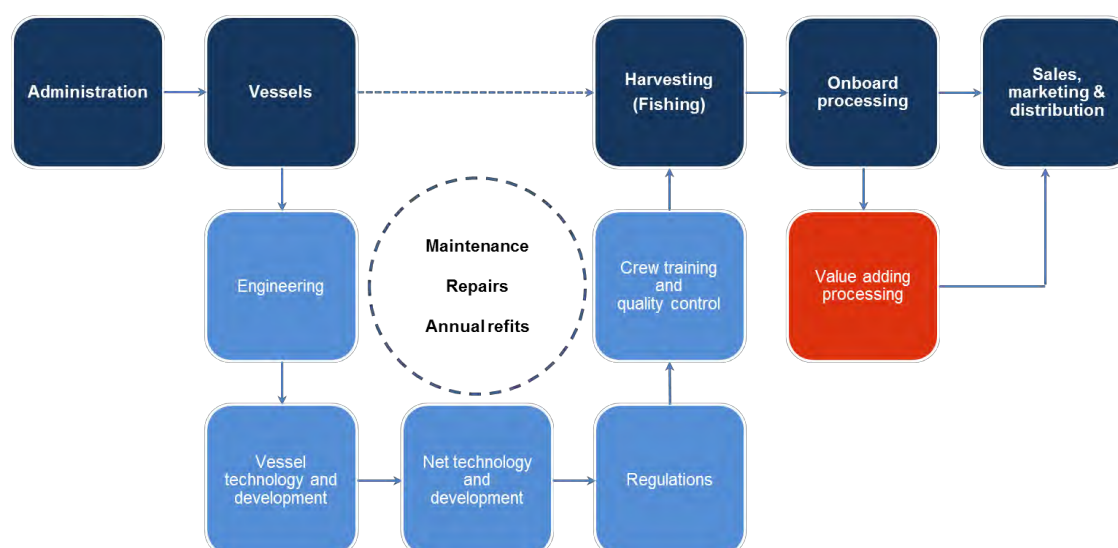
The Nor-West Business utilises both the engineering and slipway facilities for on-going repairs, maintenance and refits of its own fleet of Vessels and has generally not provided third party access to these facilities.

The Fishing Licenses permit the fleet to target two major species, king and tiger prawns, and also retain several material by-catches including coral and endeavour prawns, blue swimmer crab, scallops, squid and cuttlefish. The prawn catch of the Nor-West Business fleet is sorted and graded on the Vessels and frozen for sale to third parties or further processing. The by-catch is sorted by species and bulk frozen at sea for on-sale or value-adding processing.

Historically, most of the Nor-West Business catch was processed through a processing facility (owned by Nor-West and located adjacent to the Accommodation Facility) (the **Processing Facility**). Over the past 3 years, the Nor-West Business has moved progressively to more on-Vessel grading and packaging of product and reduced the volume of catch processed and value-added on-shore at the Processing Facility. For the current 2015 fishing season, the Processing Facility is not being used by Nor-West for processing its catch, but is still used as a cold storage facility. Mareterram P/L will not be acquiring the Processing Facility. Under an arrangement contemplated by the Nor-West BPA, Mareterram P/L will for a period of two years post-completion of the Nor-West BPA have a right to use the Processing Facility, if required.

The current operational structure of the Nor-West Business can be represented as follows:

**Figure 1: Nor West Business current operating structure**



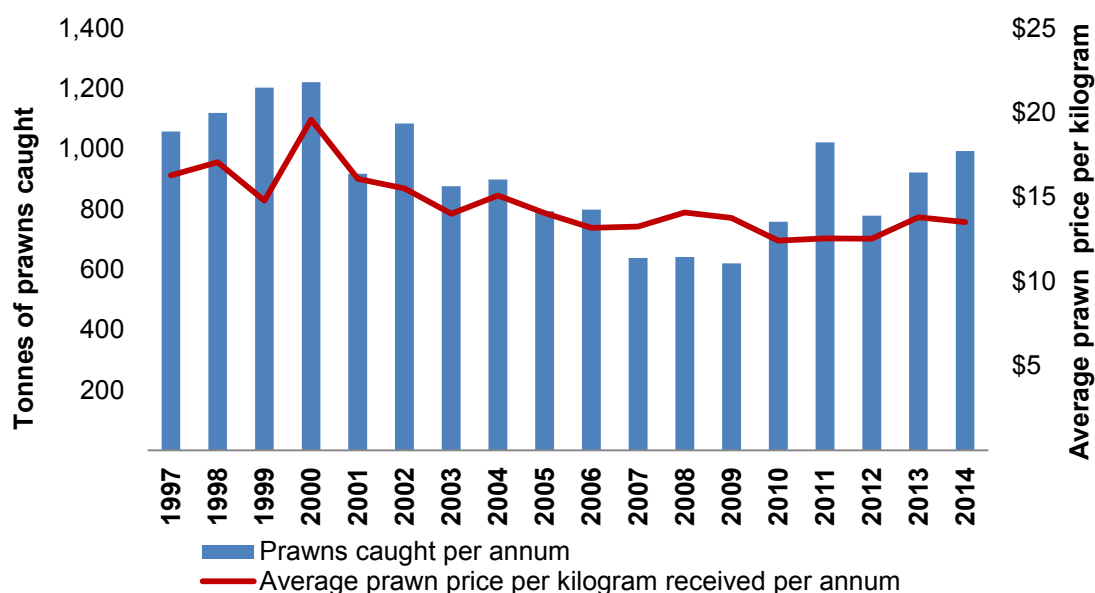
At present, the Nor-West Business sells approximately 80 per cent of its annual prawn catch to the domestic Australian market, principally to major wholesale customers and retail outlets.



The remaining 20 per cent is sold to wholesale customers in South-East Asia and Europe. By-catch other than scallops is sold in the Australian domestic market. Scallops are principally sold as a bulk frozen product to international wholesalers.

The historical catch of king and tiger prawns by the Nor-West Business from 1993 to 2014 (by tonnes) and the prices received are set out in the figure below.

**Figure 2: Nor-West historical prawn volume and price received per kilogram per annum**



**(b) The Shark Bay Managed Fisheries**

The Nor-West Business operates in various Shark Bay commercial fisheries that are managed under management plans, namely the Shark Bay prawn managed fishery, the Shark Bay scallop managed fishery and the interim Shark Bay crab managed fishery. Further details of these managed fisheries is set out in Section 4.

**(c) Acquisition of the Nor-West Business by the Company**

Under the Nor-West BPA, the Company will (subject to satisfaction or waiver of the conditions in Section 10.2(a), through its wholly-owned subsidiary Mareterram P/L) acquire the Nor-West Business, including the following key assets:

- (i) the Fishing Licences;
- (ii) fleet of 10 Vessels;
- (iii) assignment of the Carnarvon Small Boat Harbour Leases;
- (iv) certain plant and equipment; and
- (v) inventory of spare parts for the Vessels and fishing equipment, including nets.

but excluding certain excluded assets which include cash, pre-completion receivables, the 2015 fishing season catch, the Babbage Island Lease and improvements on that lease including the Accommodation Facility and the Processing Facility. The Company (through Mareterram P/L) will also enter into an arrangement with Nor-West under which Mareterram P/L's employees and contractors (and the employees and contractors of the operators of the Vessels) will for a period of two years post-completion of the Nor-West BPA have a priority right to use the Accommodation Facility at agreed rates.

Completion of the acquisition of the Nor-West Business will occur following the completion of the 2015 fishing season in the SBPMF. The Company is not acquiring from Nor-West any product inventory from the current 2015 fishing season nor any debtors or creditors (all of which will be retained by the vendors of Nor-West). The Company will be responsible for all expenses and outgoings of the Nor-West Business post-completion and therefore will not earn any revenue from the Nor-West Business until the 2016 fishing season which is expected to commence around March 2016.

A summary of the key terms of the Nor-West BPA, including the conditions precedent to completion which remain outstanding at the date of this Prospectus, is set out in Section 10.2(a).

### 3.3 The FSD

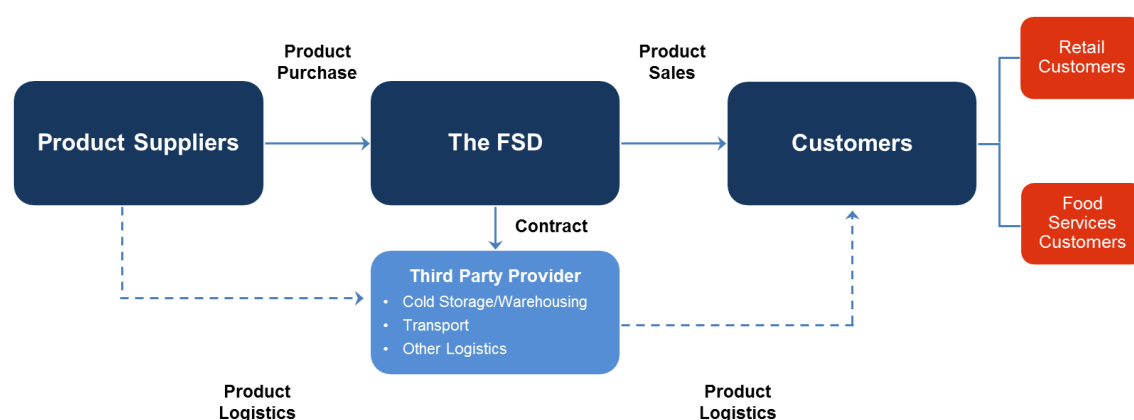
#### (a) Business History and Current Operations

The FSD has been a division of the Craig Mostyn Group for over 50 years. The Craig Mostyn Group was established in 1923 and is one of Australia's leading diversified agribusiness companies.

The FSD buys and sells approximately 8,000 tonnes of food product annually, with established networks and a sales presence in each state in Australia. The FSD is an importing and trading business which buys product from overseas producers and local manufacturers and sells to customers who are wholesalers, distributors, retailers or end-users in the food service channel. None of the product is on consignment and the FSD earns its margin on the differences between the price it buys products for and the price it sells products for. It employs a national sales force of 10 people located in Western Australia, New South Wales, Queensland, Victoria and South Australia and also services a number of customers in the Australian Capital Territory and Northern Territory. The FSD does not own or operate any of the logistics or storage assets associated with the distribution of the products it trades, but instead contracts with third party providers for these services.

The current operational structure of the FSD can be represented as follows:

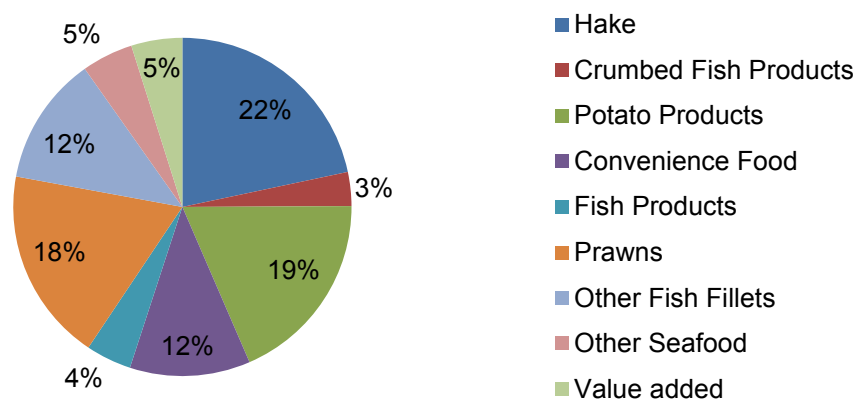
**Figure 3: FSD current operating structure**



#### (b) Products and Customers

The FSD distributes both imported and domestic frozen seafood, imported potato products and a domestic range of convenience foods under several brand names including Sea Harvest, Mydibel, Top Hat, Cape Haddie and Royal Greenland. The FSD offers a wide range of imported seafood products including prawns, fish fillets, lobsters, scallops and a range of value added seafood products.

**Figure 4: FSD financial year 2015 product sales by value**



The FSD distributes its products to national supermarket chains and approximately 400 food service distributors throughout Australia.

**(c) Key Agencies / Suppliers**

Reliability of product supply and fast product turnover are critical in the food service industry as businesses such as FSD operate on a low-margin, high volume basis. The ability to attract key agencies and suppliers of quality product with a point of difference, and to develop long-term relationships with them, is important. The FSD has relationships with an international network of key suppliers, including:

- (i) Sea Harvest – supplier of frozen hake from South Africa for the food service market for over 50 years;
- (ii) Top Hat – supplier of frozen convenience food service products including burgers, meatballs, fish cakes and pasta toppings; and
- (iii) Mydibel – supplier of frozen potato products including chips and speciality products.

The length of operation of the FSD demonstrates the development of strong relationships with domestic and international suppliers and a capability in product sourcing. The FSD has on-going contact with a broad range of international fishing companies which can provide additional product lines when demanded by the market and to diversify supplier risk.

The length of operation of the FSD has underpinned the development of strong relationships with domestic and international suppliers and capability in product sourcing. The FSD has on-going contact with a broad range of international fishing companies which can provide additional product lines when demanded by the market and to diversify supplier risk.

Sea Harvest Corporation is a key supplier to the FSD. In the 2015 financial year, products supplied by Sea Harvest accounted for 22% of the FSD's sales (by value), including all of its hake product (the FSD's largest selling product by value).

Sea Harvest is one of the largest vertically integrated fishing companies in South Africa. Established in 1964, and based in Cape Town, the company employs over 2,400 people, owns 12 deep-sea fishing trawlers and processes 40,000 tonnes of fish in three value-adding plants. Sea Harvest is the leading brand in the South African frozen fish segment with over 40% volume share. Sea Harvest's global footprint spans Spain, Portugal, France, Germany, Italy, France, the USA, and Australia, and its history with Craig Mostyn dates back to the inception of Sea Harvest, a relationship spanning over 50 years. Sea Harvest is controlled by Brimstone Investment Corporation Limited, an investment holding company listed on the Johannesburg Stock Exchange.

Sea Harvest is a member of the South African Deep Sea Trawling Industry Association which represents the South African hake trawl fishery. In April 2004 this became the first African fishery to meet the MSC environmental standard for sustainable fishing.

Craig Mostyn and Sea Harvest Corporation are currently parties to the Sea Harvest Supply and Distribution Agreement. Under this agreement Craig Mostyn has exclusive rights to market, sell and distribute certain frozen fish products in Australia as an independent contractor, in the segment of the market which services hotel, restaurant and catering consumers with products in bulk and/or wholesale formats excluding the major retail segment. Craig Mostyn must achieve minimum annual sales to preserve its exclusivity rights. On 14 August 2015, the Company announced that Craig Mostyn, Sea Harvest Corporation and Mareterram Trading had agreed to novate the Sea Harvest Supply and Distribution Agreement from Craig Mostyn to Mareterram Trading. The novation is subject to completion of the acquisition of the FSD under the FSD BPA. Further details of the Sea Harvest Supply and Distribution Agreement are set out in Section 10.4.

**(d) Acquisition of FSD**

Under the FSD BPA, the Company (through its wholly-owned subsidiary Mareterram Trading) will, subject to satisfaction or waiver of the conditions precedent in Section 10.2(b), acquire the FSD, including the following assets:

- (i) the trade receivables of the FSD (and will assume liability for the trade creditors);
- (ii) inventory; and
- (iii) the Sea Harvest Supply and Distribution Agreement,

but excluding certain excluded assets including:

- (i) plant, equipment, machinery, furniture, computer and communications hardware, fixtures, fittings and motor vehicles;
- (ii) cash;
- (iii) computer programs, databases, software and software licences and negatives; and
- (iv) certain intellectual property licences, trade marks, domain names, product names and business names (including the name "Craig Mostyn").

Mareterram Trading will assume the liability for trade creditors of the FSD as at the date of completion of the FSD BPA, together with the obligations for accrued employee entitlements for FSD employees (and 70% of the value of such employee entitlements will be deducted from the initial consideration payable to Craig Mostyn). The initial consideration to be paid at completion is \$7 million, comprised of \$3 million in cash and \$4 million worth of Shares at an issue price of \$0.20 (being 20,000,000 Shares) (which will be voluntarily escrowed for a period of 24 months from the date they are issued). The initial consideration is subject to certain working capital, inventory and receivables adjustments.

Craig Mostyn is also entitled to an earn out whereby if the EBITDA of the FSD is \$1 million or more in the 12 months following completion, Craig Mostyn will be entitled to an amount of \$500,000 plus \$0.50 for each dollar of EBITDA in excess of \$1 million, up to a maximum of \$750,000. A summary of the key terms of the FSD BPA, including the adjustments for working capital, inventory and receivables, is set out in Section 10.2(b).

### 3.4 Acquisition Rationale, Business Model and Key Features

#### (a) Acquisition Rationale

In undertaking the Acquisitions, the Board recognised that each of the Nor-West Business and the FSD has long operating histories in competitive environments. The Company also recognised the opportunity to create a platform to leverage opportunities within the seafood, broader agricultural and food sectors that were not available to the Nor-West Business or the FSD as stand-alone operations.

Underpinning the Company's rationale are the key trends of population growth and rising incomes, particularly in emerging regions such as Asia, which are expected to drive an increase in the volume and value of food products demanded.

#### (b) Business Model and Strategy

The Nor-West Business and the FSD have historically funded their respective operations through cash flow generated by those operations. The Company intends to generate future revenue from continuing the existing Nor-West Business and the FSD, and integrating these operations so that each will be able to leverage the other and benefit from vertical integration of the supply chain and sales function, operational efficiencies and their combined synergies. These benefits include:

- (i) **experienced board, management and employees:** bringing together an experienced board and senior management team as well as an experienced sales team from FSD with a presence in all major Australian cities and a deep understanding of the Australian seafood market and customer relationships in both the food service and retail channels;
- (ii) **supply chain benefits:** such as:
  - (A) leveraging off the FSD's existing long-term supply and agency relationships and national distribution presence to distribute Nor-West Business' products domestically and overseas; and
  - (B) shortening the supply chain to improve efficiency and allow for greater retention of margin;
- (iii) **sales focus:** utilising the FSD's strong sales focus and direct channels to market to optimise the value of the Nor-West Business' products;
- (iv) **improved product range and quality:** providing the FSD with a stronger product range (from the Nor-West Business' wild caught seafood) and market presence in the premium seafood sector, which will assist the FSD in competing with larger wholesalers (via a broader product range) and specialty distributors (via premium products); and
- (v) **focus on premium product:** focus marketing on a core range of premium and sustainable seafood and complementary products to improve stock turnover, reduce the working capital cycle and achieve better margins.

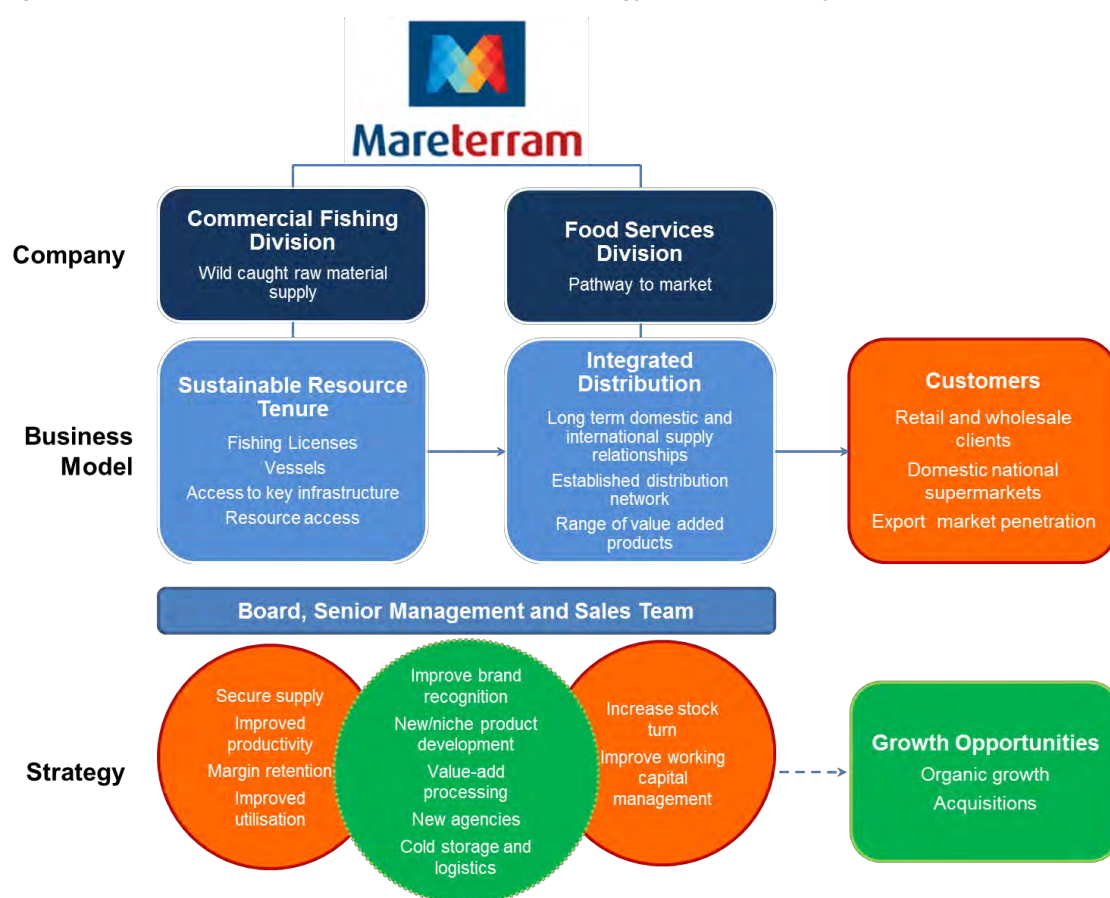
The primary short term focus of the Company will be on combining the two businesses and considering additional avenues for maximising shareholder value, including by:

- (i) **improving brand recognition:** developing better brand recognition in the domestic retail space for Nor-West Business' products with the potential to be further expanded to incorporate other wild caught, sustainable Australian products;

- (ii) **niche product development:** developing niche value-added products to meet specific demands of customers and branded products containing Shark Bay seafood;
- (iii) **value-add processing:** examining value-add processing alternatives, including for Company branded products, by-catch and soft and broken prawn catch;
- (iv) **new agencies:** using the FSD's ability to market Nor-West Business' products, and resulting increased scale and premium product focus, to enhance the FSD's ability to attract new agency opportunities;
- (v) **cold storage and logistics:** evaluating improvements in cold storage and logistics, including leveraging existing FSD logistics and storage relationships to increase distribution efficiency for Nor-West Business products;
- (vi) **increased utilisation:** examining opportunities to increase Vessel utilisation (including usage in other fisheries by leasing or buying quota), and to provide boat repair, slipway and related services to third parties on commercial terms at the Carnarvon Small Boat Harbour; and
- (vii) **productivity improvement:** maximising the quality assurance, grading and packaging procedures that can be undertaken on the Vessels.

The figure below represents the Company's post-Acquisitions business model and strategy:

**Figure 5: Post-Acquisitions business model and strategy of the Company**



### 3.5 Key Operating Costs and Capital Expenditure Items

Following completion of the Acquisitions and the Offer, the key operating costs and capital expenditure items of the Company will include:

- annual Fishing Licence fees;
- purchase of products for re-sale by the FSD;
- payments under annual sharefishing arrangements;
- diesel fuel purchases for the Vessels;
- insurance: premiums relating to the insurance of vessels and buildings;
- payments under the VFAS;
- Vessel repairs and maintenance: expenses incurred during the fishing season related to the upkeep of the Vessels including the labour costs of contractors to conduct these activities;
- Vessel refits: costs associated with the end of fishing season overhaul of the Vessels and their operating systems;
- cold storage: costs associated with operating the required cold storage facilities, including electricity and water and also repairs and maintenance;

- (j) salaries and wages: payments to sales, administrative, engineering and marine operations staff; and
- (k) office accommodation and corporate overheads including possible upgrades to information technology systems and accounting software.

### 3.6 Growth Strategy

The Company's overall growth strategy is to build a diversified agribusiness with a suite of integrated businesses in Australia (and potentially overseas). Following completion of the Offer and the Acquisitions, the Company will examine a range of growth options and intends to leverage its core competencies to identify acquisition opportunities in the broader agricultural and food sectors, including:

- (a) **in new geographies:** to diversify risk, improve market penetration and increase scale;
- (b) **by horizontal acquisition:** additional businesses and/or assets in current or new industry segments to add to the Company's existing suite of products to provide additional scale, achieve synergies and drive better supplier and/or customer arrangements; and
- (c) **by vertical acquisition:** additional businesses and/or assets in current or new industry segments to integrate with the Company's existing businesses to provide increased scale, achieve synergies, shorten supply chains and/or improve sourcing and distribution capabilities and relationships.

The Company may need to access additional equity and/or debt capital to grow its business by acquisition. The decision to complete any acquisition will only be made after detailed analysis by the Board and a satisfactory due diligence process.

The Company has been in discussions with Mr Brett Hogan in relation to his potential employment as Marketing and Fisheries Development Executive Manager and the acquisition of the business assets and/or shares in Focus Fisheries Pty Ltd (**Focus**), but has not reached agreement relating to these matters. Mr Hogan has over 25 years' experience in marketing and general fishing. He has sat on a number of fishing industry boards and management groups, including a three year period as a director of Western Australian Fishing Industry Council. Focus provides contract marketing and sales services in export and domestic seafood markets and is one of Australia's largest facilitators of contract off-shore processing of Australian caught seafood.

The Company intends to recommence discussions following completion of the Offer and the Acquisitions. The conclusion of any arrangement will be subject to reaching agreement on acceptable terms, completion of satisfactory due diligence investigations, Board approval and the Company having funds to proceed on the terms agreed as a result of those discussions.



## 4 The Shark Bay Managed Fisheries

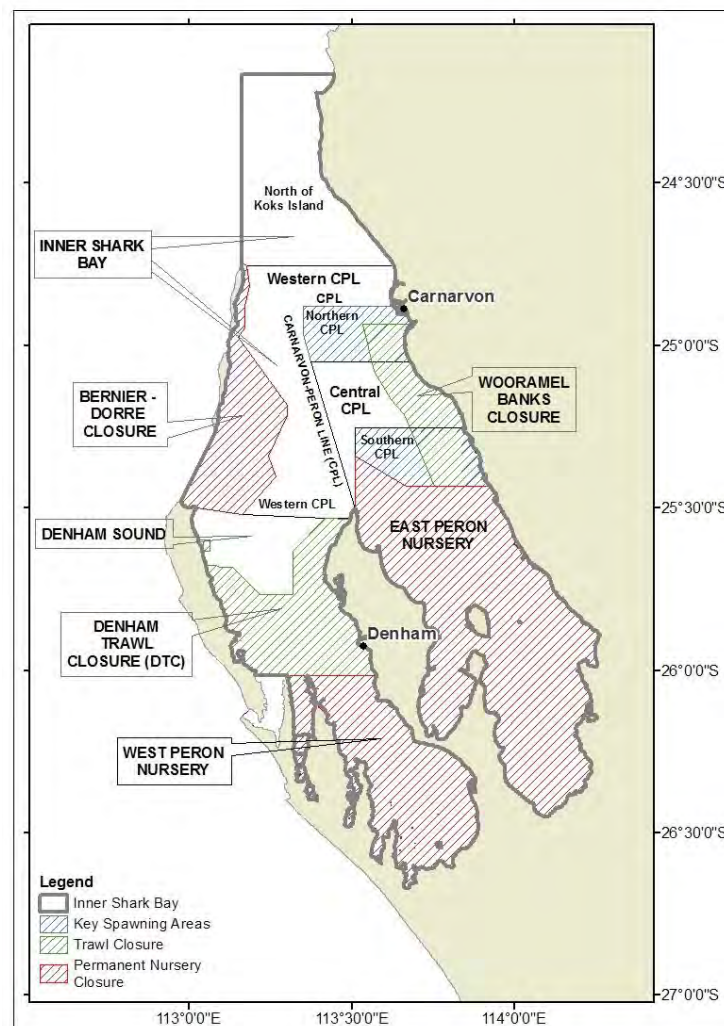
### 4.1 Overview of the SBPMF

The Nor-West Business operates in various Shark Bay commercial fisheries that are managed under management plans, namely the Shark Bay prawn managed fishery, the Shark Bay scallop managed fishery and the interim Shark Bay crab managed fishery. Further details of these are set out below.

### 4.2 Overview of the Shark Bay Prawn Managed Fishery (SBPMF)

The SBPMF is a state managed prawn fishery located in Shark Bay, Carnarvon, Western Australia. The fishery commenced in 1962 and covers approximately 41,514 km<sup>2</sup>. The Inner Shark Bay area, where fishing occurs, is 15,957 km<sup>2</sup> although the permitted trawl area within this is 6,063 km<sup>2</sup> (once permanent closures are accounted for). Fishing generally occurs in 40%-50% of this permitted trawl area each season, which represents 14%-18% of the Inner Shark Bay area. The fishing grounds are adjacent to the Shark Bay Marine Park and within the Shark Bay World Heritage area.

Figure 6: Extent of the entire SBPMF area<sup>1</sup>



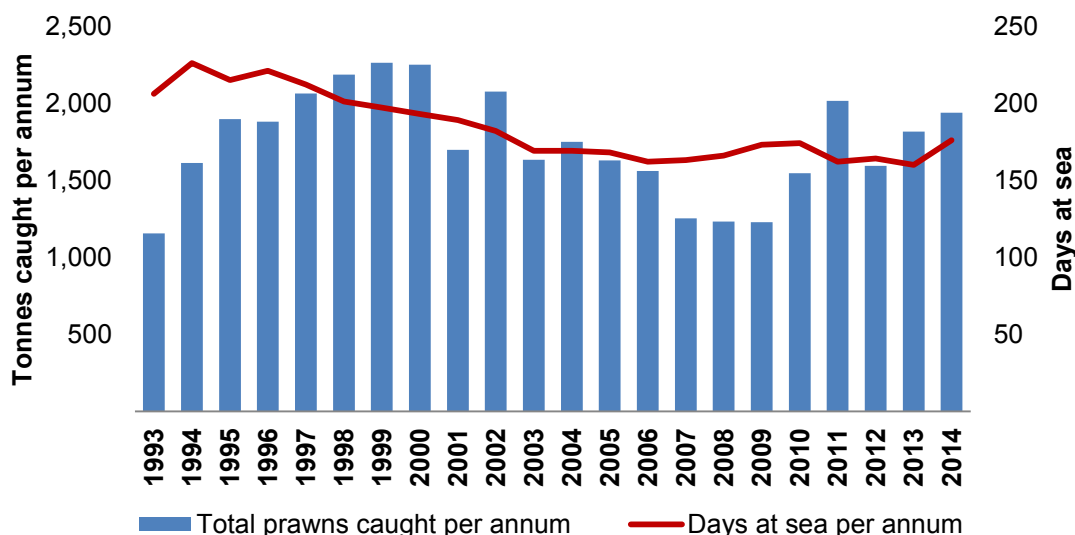
The target species of the SBPMF are brown tiger and western king prawns. These species are short-lived, fast-growing and have variable recruitment, which is primarily environmentally

<sup>1</sup> Fisheries Western Australia, 2015, Shark Bay Prawn Managed Fishery 2014 Season Report, page 3.

driven. The prawns are fished by demersal otter trawling on mud or sandy mud substrates. The SBPMF currently has a target catch range of 1,350 to 2,150 tonnes per annum.

The historical prawn catch of the SBPMF from 1993 to 2014 (by tonnes) and the days at sea for the entire SBPMF fleet are set out in the figure below.

**Figure 7: Shark Bay Prawn Managed Fishery - Historical Prawn Catch and Days at Sea<sup>2</sup>**



The variability in the prawn catch is due to a number of reasons, including water temperatures, general and specific weather conditions (including cyclones), the number of vessels fishing, the type of fishing gear used and changes in the management of the fishery.

#### 4.3 Management and monitoring of the SBPMF

The SBPMF is managed by the Department of Fisheries under several pieces of legislation (and associated regulations), including the FRM Act, FRM Regulations and the SBPMF Management Plan.

The SBPMF is subject to an input control management system designed to ensure the sustainability of the fishery, maximise the size of the prawns at capture, ensure the maintenance of breeding stocks and minimise environmental impacts of the fishery. These controls include:

- (a) limited entry: overall effort in the fishery is constrained by a cap on the number of licences / vessels;
- (b) limits on fishing gear: headrope capacity and the requirement to fit fishing nets with appropriate devices to allow large marine animals and fish to escape the net;
- (c) seasonal closure: restrictions on the number of available fishing days each year; and
- (d) temporal closure: restricted trawl hours to mainly night-time.

The season generally opens in around March and closes in around November each year. Monthly closures around each full moon and permanent and temporary closed areas also reduce the effective fishing effort. The total number of days fished per year is approximately 175 and fishing activity is monitored using a vessel monitoring system. In addition, annual surveys are undertaken to:

<sup>2</sup>Fisheries Western Australia, 2015, Shark Bay Prawn Managed Fishery 2014 Season Report, page 7.

- (a) monitor the annual recruitment and spawning stock levels of brown tiger and western king prawns; and
- (b) assess the timing of movement of prawns into the area and obtain prawn size and catch rate data on western king prawns prior to fleet fishing in the Denham Sound area.

The SBPMF is also subject to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (**VFAS**), which was established on 12 November 2010 pursuant to the Fisheries Adjustment Schemes Act 1987 (WA). The VFAS operates from 12 November 2010 until 1 July 2021, and for the period 2015 to 2021 an annual fee of \$215,476 is payable by the holder of a licence that authorises fishing in the SBPMF.

#### **4.4 SBPMF Harvest Strategy**

The SBPMF harvest strategy is implemented by the Department of Fisheries in consultation with the SBPTOA and has broad ecological and economic objectives. The long-term ecological objectives, set out below, must be met irrespective of the economic objectives for the fishery (which is to provide the industry the opportunity to optimise the economic returns generated by the SBPMF within a sustainable fishery framework):

- (a) maintain spawning stock biomass of each target species at a level where the main factor affecting recruitment is the environment;
- (b) maintain spawning stock biomass of each retained non-target species at a level where the main factor affecting recruitment is the environment;
- (c) ensure fishery impacts do not result in serious or irreversible harm to by-catch species populations;
- (d) ensure fishery impacts do not result in serious or irreversible harm to endangered, threatened and protected species populations;
- (e) ensure the effects of fishing do not result in serious or irreversible harm to habitat structure and function; and
- (f) ensure the effects of fishing do not result in serious or irreversible harm to ecological processes.

The SBPMF is managed based on a constant escapement harvesting approach. The management activities have been developed based on a comprehensive understanding of the biology of western king and brown tiger prawns in Shark Bay.

#### **4.5 Marine Stewardship Council Accreditation for SBPMF**

In order to demonstrate the sustainability and management practices of the SBPMF, the Shark Bay Prawn Trawler Operators' Association (**SBPTOA**) initiated the process to apply for accreditation by the MSC. The SBPMF is currently in the final stages of the process of accreditation by the MSC.

The MSC is an independent, global, non-profit organisation that was established to recognise, through a certification programme, well-managed and sustainable fisheries and to curb over-fishing. The MSC is the world's leading certification and eco-labeling programme for sustainable seafood. Its standards have been developed for sustainable fishing and seafood traceability and meet the world's best practice criteria. Fisheries seeking certification are assessed by a team of experts from third party accreditation bodies. They work to a highly evolved criteria standard that scores target species, by-catch and management within the chosen fishery.

The MSC process is transparent with peer review and public consultation, and once granted, the MSC standard is audited on an annual basis to ensure the fishery is compliant. Seafood products harvested in accredited fisheries can display the blue MSC eco-label on the basis that the seafood can be traced back through the supply chain to that fishery that has been certified against the MSC standard. If the SBPMF obtains certification, the Company will be able to apply to the MSC to use the MSC ecolabel on its packaging in relation to products sourced from the SBPMF.

The certification body that undertook the assessment for MSC was MRAG Americas, Inc. (MRAG). On 8 September 2015 MRAG announced the release of its final report and determination for the SBPMF. In that report MRAG recommended that the fishery meets the requirements for a well-managed and sustainable fishery, which is a determination and not the final certification result. Stakeholders in the assessment process had 15 working days in which to object to the determination (which period concluded on 29 September, 2015).

#### 4.6 Shark Bay Scallop Managed Fishery (SBSMF)

Co-existent with the SBPMF is the SBSMF. Scallops have historically provided a material by-catch in the SBPMF. The SBPMF targets the saucer scallop within small regions of Shark Bay.

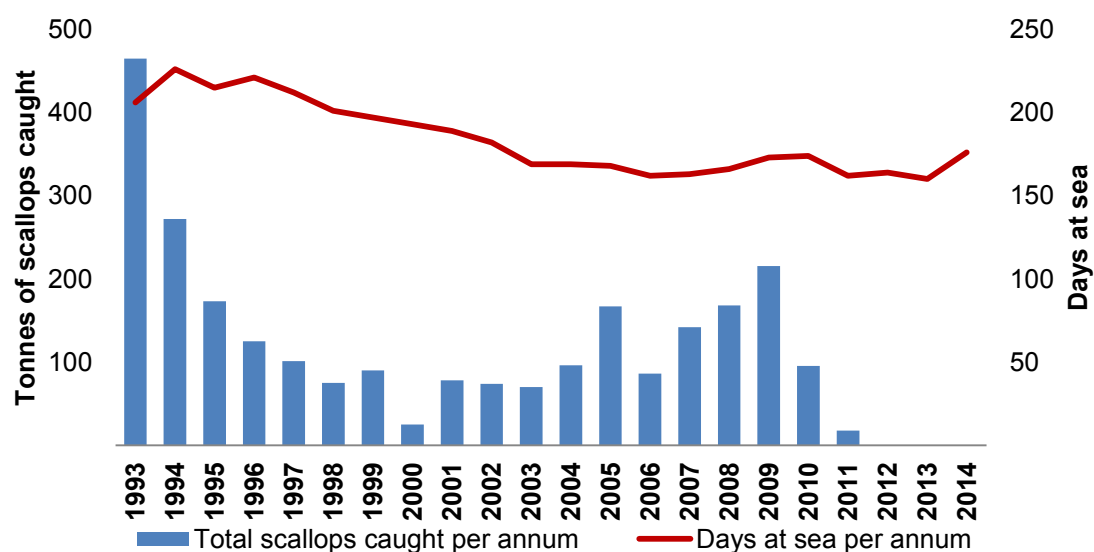
The SBSMF has two classes of licence, a class A and a class B. The Nor-West Business fleet is permitted to retain scallop under its Shark Bay Scallop class B managed fishery licences.

The SBSMF was closed from 2012 to 2014 due to an environmentally driven marine heat wave that had a negative effect on scallop stocks within the SBSMF. In 2015 the SBSMF has remained closed but licence holders have been permitted to take scallop by way of an exemption, and the Department of Fisheries which has set a total allowable catch of 100 metric tonnes of scallop meat for that season.

Of the 100 tonne (scallop meat) catch limit, 70 tonnes has been allocated to class A Shark Bay Scallop managed fishery licences and 30 tonnes has been allocated to class B Shark Bay Scallop managed fishery licences. The Nor-West Business's share of this total allowable catch for the 2015 season is 16.66 tonnes of scallop meat.

The figure below sets out the scallop catch for the period 1993 to 2014 for class B licences in the SBSMF.

**Figure 8: Shark Bay Scallop Managed Fishery (class B licences) - Historical Scallop Catch and Days at Sea<sup>3</sup>**



<sup>3</sup> Fisheries Western Australia, 2015, Shark Bay Prawn Managed Fishery 2014 Season Report, page 7.

#### 4.7 Proposed Shark Bay Crab Managed Fishery

The Shark Bay Crab (Interim) Managed Fishery also operates within the area of the SBPMF. A person must not fish for crab in any of the waters of the areas described in the *Shark Bay Crab Fishery (Interim) Management Plan 2005 (WA) (Interim Crab Plan)* other than in accordance with that plan or with a permit. The holders of Shark Bay prawn and Shark Bay scallop managed fishery licences are currently exempt from the application of the Interim Crab Plan.

The Department of Fisheries has recently published the *Shark Bay Crab Managed Fishery Draft Management Plan 2015 (Draft Crab Plan)*, which is designed to take the Shark Bay blue swimmer crab fishery to a managed fishery status. It is expected that the final version of the Draft Crab Plan will be gazetted in October 2015 and implemented in November 2015. Under the Draft Crab Plan, the total allowable catch (**TAC**) for the period November 2015 to October 2016 is proposed to be 450 tonnes (whole weight) of crab and entitlements to fish for crab totalling the TAC is proposed to be divided between the commercial sectors, with 33.80% being allocated to the prawn trawl sector. Further, 25% of the prawn trawl sector is proposed to be divided equally between the Shark Bay prawn managed fishery licence holders, with the remaining 75% allocated on catch history.

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## 5 Industry Overview

### 5.1 Background and demand for food

The world's demand for food continues to increase. The United Nations has reported that the main socio-economic factors that will drive increasing food demand are population growth, accelerating urbanisation and rising incomes.<sup>1</sup>

In 2014 the world's population reached 7.2 billion and is expected to increase by more than 2 billion to 9.6 billion by 2050.<sup>2</sup> Most of the future population growth will be in less developed regions, including Asia and Africa.<sup>3</sup> More than half of the world's population now lives in urban areas and this is set to increase.<sup>4</sup> Africa and Asia are relatively less urbanised than North America and Europe, with 41% and 47% of their respective populations living in urban areas. These two major regions are expected to have more rapid rates of urbanisation between 2014 and 2050.<sup>5</sup> At the same time, income levels are projected to continue to increase.<sup>6</sup>

The combination of population growth, urbanisation and rising incomes is expected to bring changes in lifestyle and consumption patterns, including the on-going diversification of diets in developing countries. The result is expected to be an increase in the share of fish, meat, dairy, vegetables and fruit in diets, with grains and other staple crops declining.<sup>7</sup>

### 5.2 Food security and quality

As reported by the Food and Agricultural Organisation of the United Nations, Fishery and Food Security (FAO), securing supply of quality produce is a significant challenge<sup>8</sup> which is further exacerbated by the adverse effects of climate change<sup>9</sup>. As global demand for food is shifting towards protein, consumers are also demanding traceability and transparency of food products. As the Asian middle class expands, consumers are increasingly concerned about food safety issues and the quality of ingredients in the food they consume. Australian agricultural produce is perceived to be a premium and environmentally clean product with clear traceability. Australia also enjoys a close geographical proximity to this emerging Asian market.

### 5.3 Seafood demand and supply

Seafood is the most consumed animal protein in the world with global per capita consumption in 2014 just under 20kg per head<sup>10</sup>. Global seafood consumption per capita has been growing steadily since the 1960's and has grown by 26% in the last 15 years.<sup>11</sup> This growth has been faster than the aggregate of other human protein sources.<sup>12</sup> Current forecasts indicate an

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<sup>1</sup> FAO, How To Feed The World in 2050, Food And Agriculture Organisation of the United Nations, Pg.5

<sup>2</sup> United Nations, Department of Economic and Social Affairs, Population Division (2014), The World Population Situation in 2014: A Concise Report (ST/ESA/SER.A/354), Pg.2

<sup>3</sup> *Ibid.*

<sup>4</sup> United Nations, Department of Economic and Social Affairs, Population Division (2014), The World Population Situation in 2014: A Concise Report (ST/ESA/SER.A/354), Pg.26

<sup>5</sup> United Nations, Department of Economic and Social Affairs, Population Division (2014), The World Population Situation in 2014: A Concise Report (ST/ESA/SER.A/354), Pg.27

<sup>6</sup> FAO, How To Feed The World in 2050, Food And Agriculture Organization of the United Nations, Pg.7

<sup>7</sup> *Ibid.*

<sup>8</sup> FAO, How To Feed The World in 2050, Food And Agriculture Organisation of the United Nations, Pg.11

<sup>9</sup> FAO, How To Feed The World in 2050, Food And Agriculture Organisation of the United Nations, Pg.30

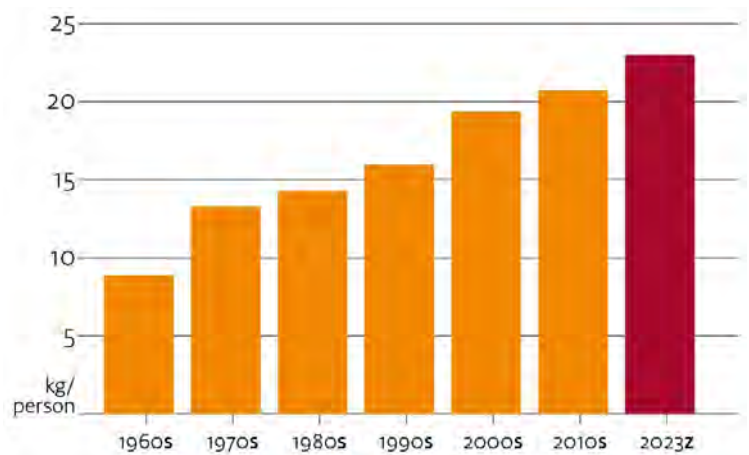
<sup>10</sup> FoodMag: Growing seafood appetite an opportunity for Australia: report (<http://www.foodmag.com.au/News/Growing-seafood-appetite-anopportunity-for-Austra>).

<sup>11</sup> Rabobank, 29 October 2014, Smooth sailing ahead for Australian seafood sector - industry report, Media Release.

<sup>12</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No.1, March Quarter 2015, Pg 146.

additional 30 to 40 million tonnes of additional seafood will be needed to meet consumer demand by 2030.<sup>13</sup>

**Figure 9: World seafood consumption per capita<sup>14</sup>**



Per capita consumption in developing countries in particular has risen strongly in recent years, increasing 39% in the period 2000 to 2014 (to 19.2kg per head), while consumption in the developed world remained steady during that period.<sup>15</sup>

The FAO has identified the following as key components of projected global seafood consumption:<sup>16</sup>

- (a) developing countries will drive expansion in fisheries and aquaculture production, trade and consumption due to growing population and the perceived health benefits of fish and other seafood;
- (b) fish prices by 2023 are forecast (in nominal terms) to be well above historical averages; and
- (c) world fish and seafood consumption is projected to reach over 20.9kgs per capita in 2023.

Globally seafood production grew by 25% during the period 2000 to 2014 driven by significant growth in aquaculture, particularly in Asia, while global production from wild capture fisheries has stagnated. Seafood production is expected to be 17% higher by 2023 from further gains in aquaculture output which is forecast to reach 49% of total fishery production in 2023.

<sup>13</sup> FoodMag: Growing seafood appetite an opportunity for Australia: report (<http://www.foodmag.com.au/News/Growing-seafood-appetite-anopportunity-for-Australia>).

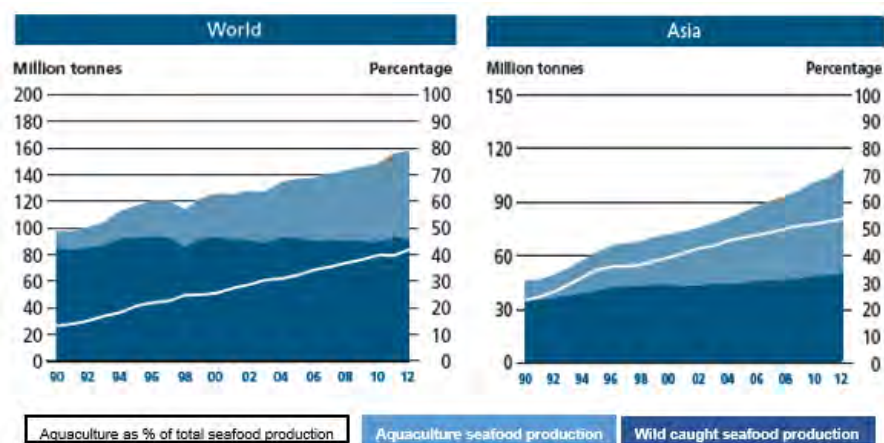
<sup>14</sup> R.Curtotti, 2015, Fisheries and aquaculture, Prospects and competitiveness, ABARES

<sup>15</sup> Rabobank, 29 October 2014, Smooth sailing ahead for Australian seafood sector - industry report, Media Release.

<sup>16</sup> OECD/Food and Agriculture Organisation of the United Nations (2014), OECD-FAO Agricultural Outlook 2014, OECD Publishing, Paris, Pgs. 190-191



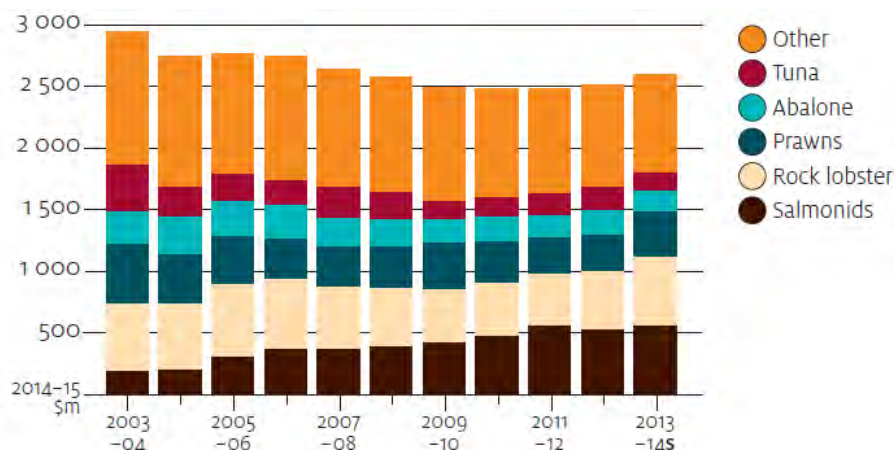
**Figure 10: Global and Asian Region Seafood Production – Wild Caught & Aquaculture<sup>17</sup>**



#### 5.4 The Australian commercial seafood industry

Commercial wild caught fishing and aquaculture in Australia is an A\$2.0 billion industry annually that employs over 7,300 people directly and a further 4,300 indirectly.<sup>18</sup> With a global reputation for excellence, quality and sustainable and environmentally friendly production, the seafood industry in Australia is well positioned to capitalise on the growth in global demand for seafood<sup>19</sup> and increasingly conscious consumers. The value of Australian fisheries production is dominated by high value species such as rock lobsters, salmon, prawns, tuna and abalone.

**Figure 11: Australian seafood production (key species)<sup>20</sup>**



For the period 1990 to 2012 Australian seafood production increased 83% to 1.45 million tonnes. Wild caught production remains the largest contributor to Australian seafood production, although it has been in decline primarily due to the introduction of stricter fishery management with quotas and processor limits. This has meant aquaculture production is increasingly important to meet increasing demand.<sup>21</sup>

<sup>17</sup> FAO, 2014, The State of World Fisheries and Aquaculture 2014, Rome, Pg. 19

<sup>18</sup> Australian Fisheries Management Authority, 2013, Corporate Plan 2014-2017, Pg. 5

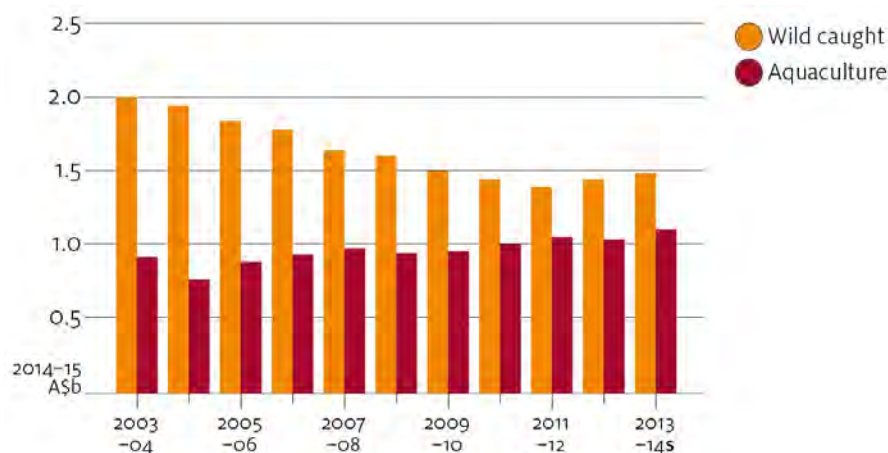
<sup>19</sup> FoodMag: Growing seafood appetite an opportunity for Australia: report (<http://www.foodmag.com.au/News/Growing-seafood-appetite-anopportunity-for-Australia>).

<sup>20</sup> R. Curtotti, 2015, Fisheries and aquaculture, Prospects and competitiveness, ABARES

<sup>21</sup> Rabobank, 29 October 2014, Smooth sailing ahead for Australian seafood sector - industry report, Media Release



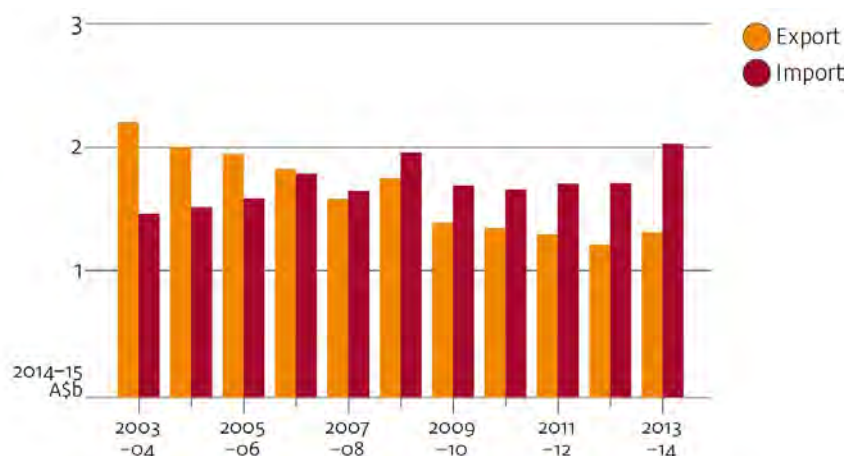
**Figure 12: Value of Australian seafood production<sup>22</sup>**



While Australia is only a small proportion of global seafood production, much of Australia's seafood is exported as high value premium product<sup>23</sup>. Australian seafood is seen as a premium brand and together with forecast growth in disposable income in many export nations, the industry is expected to expand at a growth rate of 2.8%.<sup>24</sup>

Australia's export earnings accounted for 49% of the total production value in 2012-2013, but have declined over the past decade (falling by 51% in real value for the period 2002-2003 to 2012-2013).<sup>25</sup> The value of Australian fisheries exports is projected to be approximately \$1.4 billion in 2019-2020 (in 2014-2015 dollars).<sup>26</sup>

**Figure 13: Value of Australian fisheries trade<sup>27</sup>**



Australia's export trade in seafood is driven by a number of factors, including the level of the exchange rate, proximity to the growing markets in Asia, trade agreements with trading partners and market conditions in other seafood exporting countries.<sup>28</sup> Changes in the exchange rate are of particular importance to Australia's competitiveness in the seafood export market. In general, a real depreciation of the domestic currency make exports more

<sup>22</sup> R.Curtotti, 2015, Fisheries and aquaculture, Prospects and competitiveness, ABARES

<sup>23</sup> Department of Agriculture 2013, (updated January 2015) Australia's seafood trade, Department of Agriculture, Canberra, Pg.4

<sup>24</sup> Tonkin, B, 2015, A0200 Aquaculture in Australia, IBIS World Pty Ltd, Australia, Pg. 7

<sup>25</sup> Stephan, M & Hobsbawn, P 2014, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Corporation project 2010/208, ABARES, Canberra, November, CC BY 3.0, Pgs. 7 and 29.

<sup>26</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No. 1, March Quarter 2015, Pg. 20.

<sup>27</sup> R.Curtotti, 2015, Fisheries and aquaculture, Prospects and competitiveness, ABARES

<sup>28</sup> Stephan, M & Hobsbawn, P 2014, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Corporation project 2010/208. ABARES, Canberra, November. CC BY 3.0, Pg. 7

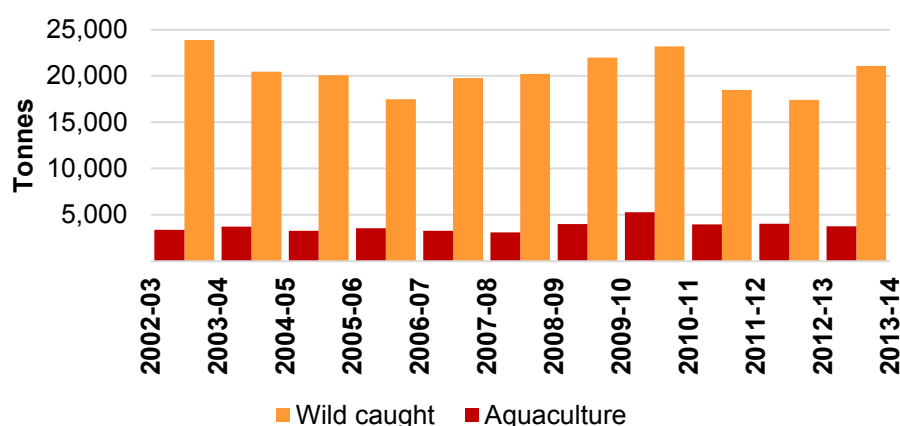
competitive and imports less competitive, thereby increasing demand for domestically produced goods. Export trends are generally in line with exchange rate movements. The recent depreciation in the Australian dollar against both the Japanese yen and the US dollar is expected to improve the competitiveness of domestically produced seafood.<sup>29</sup>

Overall, Australia is a net importer of seafood, with imports dominated by lower value frozen and canned products.

## 5.5 Australian prawn industry

Australian prawn production was 24,860 tonnes in 2013-2014, with around 21,000 tonnes sourced from wild catch fisheries and the remainder produced by aquaculture.<sup>30</sup> The main species targeted in the wild capture fisheries are the tiger, banana, western king and eastern king varieties.<sup>31</sup>

**Figure 14: Volume of Australian Prawn Production**<sup>32</sup>



Most of Australia's prawn production is consumed domestically. Australia exported between 18% and 29% of local production during the period 2010/11 to 2013/14 and relies on imports of prawns to meet domestic demand.<sup>33</sup>

<sup>29</sup> Stephan, M & Hobsbawn, P 2014, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Corporation project 2010/208. ABARES, Canberra, November. CC BY 3.0, P Pg.8

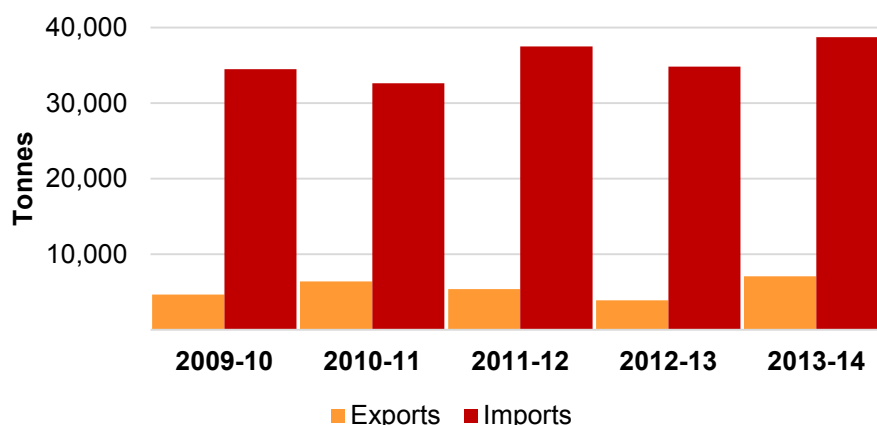
<sup>30</sup> M Stephan and P Hobsbawn, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Project 2010/208, ABARES, tables 2, 15, 16 and 17; ABARES 2015 Agricultural Commodities: September quarter 2015, table 12; ABARES Wild Catch Fisheries Production statistics 2001-02 to 2012-13; ABARES Annual Aquaculture Production by State 2002-03 to 2012-13.

<sup>31</sup> Skirtun, M, Stephan, M & Mazur, K 2014, Australian fisheries economic indicators report 2013: financial and economic performance of the Northern Prawn Fishery, Australian Bureau of Agricultural and Resource Economics, Canberra, April. Pg.7.

<sup>32</sup> M Stephan and P Hobsbawn, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Project 2010/208, ABARES, tables 2, 15, 16 and 17; ABARES 2015 Agricultural Commodities: September quarter 2015, table 12; ABARES Wild Catch Fisheries Production statistics 2001-02 to 2012-13; ABARES Annual Aquaculture Production by State 2002-03 to 2012-13.

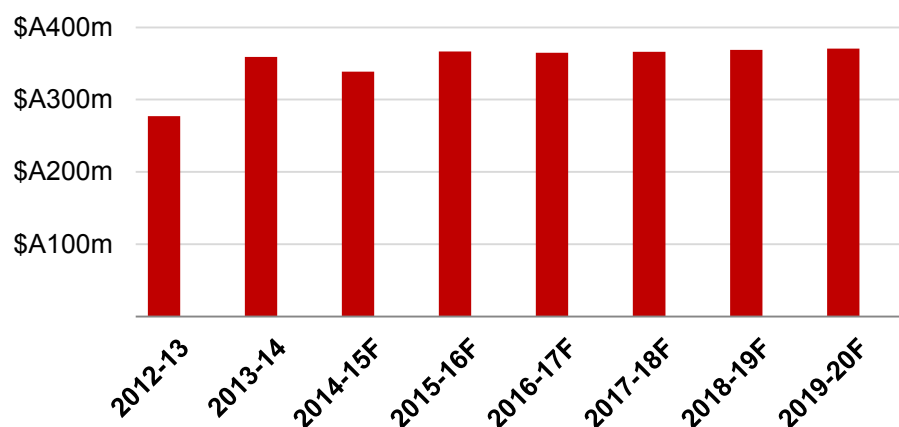
<sup>33</sup> Derived from statistics published in ABARES 2015 Agricultural Commodities: September quarter 2015, tables 12 and 23

**Figure 15: Volume of Australian Prawn Trade** <sup>34</sup>



In 2013-2014 the value of prawn production in Australia increased by 30% (\$82 million) to reach \$359 million.<sup>35</sup> In 2015-2016 that value is forecast to increase by 8.3% to \$367 million, with exports of prawns and prawn products forecast to rise by 9.1% to \$105 million in the same period.<sup>36</sup>

**Figure 16: Gross Value of Prawn Production in Australia in \$Am** <sup>37</sup>



In line with the global trend, demand for seafood in Australia (including prawns) is above natural supply from wild caught fisheries. Therefore, imports and aquaculture production are required to fill the gap between supply and demand. Imports made up approximately 66% of Australian seafood consumption in 2012-2013.<sup>38</sup>

Domestic consumer concerns relating to food safety and environmental issues continue to push demand for Australian production higher, providing further support for both domestic wild caught and aquaculture producers. Wild catch production volumes are subject to fluctuations due to changes in natural conditions, weather events and fishery practices. Australian wild caught prawn volumes fell by 25% between 2011 and 2013 with this volatility largely attributable to fluctuations in catch of banana prawns in the Commonwealth Northern Prawn

<sup>34</sup> M Stephan and P Hobsbawn, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Project 2010/208, ABARES, tables 20 and 29; ABARES 2015 Agricultural Commodities: September quarter 2015, tables 16 and 25

<sup>35</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No.1, March Quarter 2015,pg 158.

<sup>36</sup> *Ibid.*

<sup>37</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No.1, March Quarter 2015,pg 165.

<sup>38</sup> Department of Agriculture 2013 (updated January 2015), Australia's seafood trade, Department of Agriculture, Canberra, Pg. 4.

Fishery and in Queensland.<sup>39</sup> These fisheries also experienced a substantial decline in tiger prawn catch in 2006. In 2014 the wild catch saw an improvement largely driven by a recovery in those fisheries.<sup>40</sup>

In terms of industry cost structure, fuel is an important input in commercial fishing. An ABARES survey of key Australian fisheries indicates that fuel costs range from 10%-41% of the total cost of vessel operation depending on fishing method.<sup>41</sup> The current relatively low fuel price climate is likely to provide improved operating conditions in the industry in the near-term.<sup>42</sup>

## 5.6 Trade liberalisation

The China Australia Free Trade Agreement (**ChAFTA**) was formally signed in June 2015. In value terms, China is the world's fifth largest importer (US\$7.4 billion) of fisheries commodities. Australian direct seafood exports to China in 2013-2014 totalled \$39.2 million, including \$6.7m of prawns. There is also substantial indirect trade to China from Australia via re-exports from Hong Kong and Vietnam.<sup>43</sup>

Although it has been signed, the ChAFTA has not yet entered into force. For the ChAFTA to become enforceable, both Australia and China must complete their domestic treaty-making processes and exchange diplomatic notes certifying that they are ready for the ChAFTA to enter into force. The ChAFTA will then enter into force 30 days after this exchange or on a date otherwise agreed. The Australian Government has stated that it is working to have the ChAFTA enforceable before the end of 2015.

Tariffs on all Australian seafood exports to China will be eliminated progressively over four years, including the up to 8% tariff on prawns. This will create preferential access for Australian seafood exporters into the Chinese market.<sup>44</sup>

On 15 January 2015 the Japan-Australia Economic Partnership Agreement (**JAPEA**) entered into force. Japan is one of the largest consumers of fisheries products (52 kilograms per person in 2011) and is the second largest importer of fish products worldwide (\$18 billion in 2012).<sup>45</sup>

Japan is a significant market for Australian fish products (\$219 million in 2012-2013), with prawns representing approximately \$23 million. From early 2015, the JAPEA agreement eliminates tariffs of up to 9.6% on prawns.<sup>46</sup>

## 5.7 Barriers to entry to Australian commercial fishing industry

The Australian commercial fishing industry faces high and increasing barriers to entry. In order to increase the sustainability of the industry, the government has restricted the number of certain fishing licences and maintains strong regulations. This creates a substantial barrier for new entrants to any of the fishing segments.<sup>47</sup>

<sup>39</sup> Stephan, M & Hobsbawn, P 2014, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Corporation project 2010/208. ABARES, Canberra, November. CC BY 3.0. Pg. 22

<sup>40</sup> Stephan, M & Hobsbawn, P 2014, Australian fisheries and aquaculture statistics 2013, Fisheries Research and Development Project 2010/208, ABARES, tables 3,4,5, 15, 16 and 17; ABARES 2015 Agricultural Commodities: September quarter 2015

<sup>41</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No.1, March Quarter 2015, Pg 161

<sup>42</sup> *Ibid.*

<sup>43</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No.1, March Quarter 2015, Pg 163

<sup>44</sup> The GAIN Report, USDA Foreign Agricultural Services, Australia-China Free Trade Agreement, June 2015, Pg.5

<sup>45</sup> K.Mazur, R.Curtotti and M.Skirtun, Fisheries Outlook to 2019-20, Agricultural Commodities- Vol 5 No.1, March Quarter 2015, Pg 163

<sup>46</sup> *Ibid.*

<sup>47</sup> Tonkin, B, 2015, A0410 Fishing in Australia, IBIS World Pty Ltd, Australia, Pg. 21

Operators seeking to operate in limited entry fisheries are required to purchase the necessary licences from an existing operator.<sup>48</sup> The high cost of these licences can deter operators from entering the industry, and often prevent their ability to do so. Further, initial capital investment can be high, especially in the trawling and deep-sea fishing sectors.<sup>49</sup>

Barriers to Entry Checklist <sup>50</sup>	Level
Competition Level	Medium
Concentration Level	Low
Life Cycle Stage	Mature
Capital Intensity Level	High
Regulation and Policy Level	Heavy
Technological Change	Medium

## 5.8 Australian food wholesaling industry

The food wholesaling industry in Australia (**FWI**) is comprised of operators who wholesale a range of food products to a variety of customers, including supermarkets, convenience stores and food establishments.<sup>51</sup> Overall industry revenue is estimated to be approximately A\$20 billion per annum.<sup>52</sup>

According to the Australian Department of Agriculture, key factors influencing the state of the FWI include:<sup>53</sup>

- (a) increasing globalisation of food production and retail markets;
- (b) the effect of the economic cycle on consumer sentiment and spending;
- (c) trends in consumer preferences; and
- (d) application of supply chain and category management and strategies by the major supermarkets and retailers.

The FWI has undergone significant recent consolidation. Three large wholesalers, Metcash, Bidvest and PFD Food Services dominate supply into the food services channel, having market shares (by 2014-2015 revenue) of 37%, 10% and 7.2% respectively.<sup>54</sup> The rest of the FSI market is fragmented and shared by small to medium sized enterprises. Being able to attract and maintain key suppliers of products (through agency agreements) is important. Large food service distributors are able to achieve this through their scale and distribution reach.

The FWI operates on a high volume, low margin basis. Price competition, particularly on homogenous commodity products has seen margin erosion which is expected to lead to further industry consolidation.<sup>55</sup>

Key factors to success in the Australian FWI include:<sup>56</sup>

<sup>48</sup> *Ibid.*

<sup>49</sup> Tonkin, B, 2015, A0410 Fishing in Australia, IBIS World Pty Ltd, Australia, Pg. 22.

<sup>50</sup> *Ibid.*

<sup>51</sup> Tonkin, B, 2015, F3601 General Line Grocer Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg. 2.

<sup>52</sup> Tonkin, B, 2015, F3601 General Line Grocer Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg. 33.

<sup>53</sup> Australian Department of Agriculture, July 2012, Fisheries and Forestry Paper FOODMap: An analysis of the Australian food supply chain Pg. 4.

<sup>54</sup> Tonkin, B, 2015, F3601 General Line Grocer Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg. 24.

<sup>55</sup> Tonkin, B, 2015, F3601 General Line Grocer Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg. 7.

- (a) ability to control stock on hand - computerised stock controls allow up-to-date monitoring and analysis of inventory, minimising wastage and assisting efficient supply to clients;
- (b) guaranteed supply of key input - access to, or contact with reliable producers is important for consistent supply;
- (c) good technical know of the product to better inform the customer;
- (d) extensive and efficient distribution/ collection network;
- (e) contact within key markets to gain market access; and
- (f) high volume, low margin strategy – this is important for competition against other wholesalers and to prevent wholesale bypass.

## 5.9 Australian seafood wholesaling industry

The seafood wholesaling industry in Australia (**SFWI**) is a sub-segment of the broader FWI relating to the supply and distribution of fresh and frozen seafood products.

Seafood is an important part of the Australian diet. Due to limited seafood resources and processing constraints within the domestic Australian market, the SFWI is reliant on imported fresh and frozen seafood products.<sup>57</sup>

Revenue in the overall SFWI has grown over the past five year principally due to rising seafood prices.<sup>58</sup> Locally caught fish and seafood production has declined over the past decade, which has dramatically increased prices of domestically caught fish and seafood.<sup>59</sup> The global decline in wild caught production has seen an increase in aquaculture as a new source of fish and seafood production which has increased consumers interest in the sustainability and quality of seafood.<sup>60</sup> At the same time, consumption of fish has risen on the back of the perceived health benefits, placing upward pressure on prices.<sup>61</sup>

The SFWI is currently undergoing structural change driven by large supermarket chains stocking high quality, fresh pre-packed seafood products in response to consumer demand for healthier seafood products and convenience. The major supermarkets are increasingly sourcing product directly from vertically integrated processors that have wholesale capabilities and are demanding private label products.<sup>62</sup> Consumer preferences for sustainable wild caught seafood and quality aquaculture product will affect the product range demanded in the market going forward.

## 5.10 Australian seafood distribution channels

The distribution channel structures for fresh and frozen seafood are complex and multi-layered due to diversity of species, catch and geographic source. Seafood catch either flows direct to wholesalers or may pass through an early stage cleaning process, the fragmented supply is from diverse sources across a large number of species.<sup>63</sup>

In the case of crustaceans (including prawns), first stage processing includes cooking or freezing catch either on the vessel or on landing at port. Wholesalers play a pivotal role as a

<sup>56</sup> Tonkin, B, 2015, F3604 Fish and Seafood Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg.18.

<sup>57</sup> Tonkin, B, 2015, F3601 General Line Grocer Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg14-15.

<sup>58</sup> Tonkin, B, 2015, F3604 Fish and Seafood Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg.6

<sup>59</sup> *Ibid.*

<sup>60</sup> Tonkin, B, 2015, C1120 Seafood Processing in Australia in Australia, IBIS World Pty Ltd, Australia, Pg.13

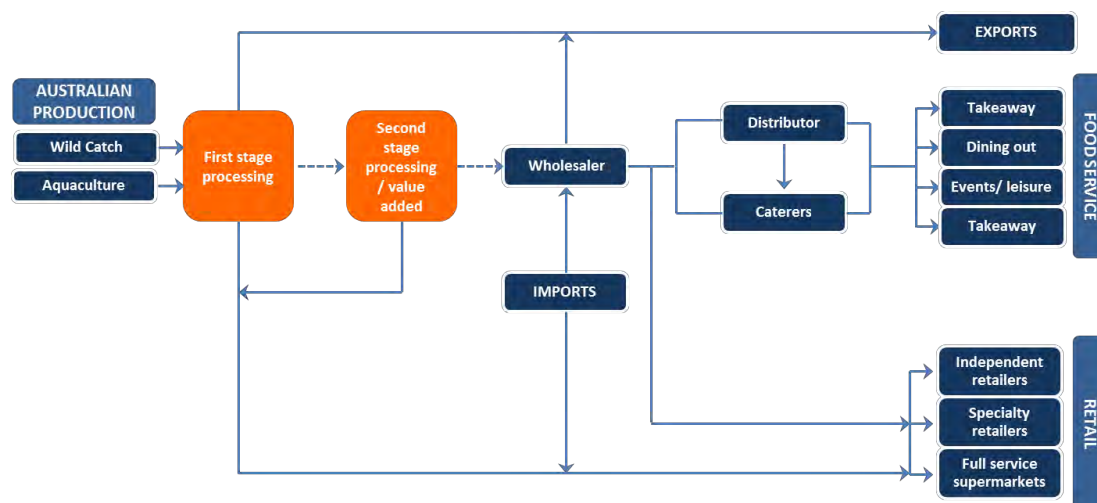
<sup>61</sup> Tonkin, B, 2015, F3604 Fish and Seafood Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg.6

<sup>62</sup> Tonkin, B, 2015, F3604 Fish and Seafood Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg.8

<sup>63</sup> Australian Department of Agriculture, July 2012, Fisheries and Forestry Paper FOODMap: An analysis of the Australian food supply chain Pg. 57.

supply conduit for remote supply to reach major markets, which includes the sourcing of imports of fresh and frozen fish and seafood.<sup>64</sup>

**Figure 17: Seafood product channels to Australian consumers**



### 5.11 Barriers to entry to the Australian food wholesaling industry

The absence of government regulations and licensing requirements encourage new player entry. Despite this, moderate barriers impede potential entrants to the industry. The barriers relate to the critical mass of volume wholesalers must carry and sell to compete in a highly concentrated market that operates on a low margin, high turnover model and must offer customers a range of products to ensure volume of sales.<sup>65</sup>

Barriers to Entry Checklist <sup>66</sup>	Level
Competition Level	High
Concentration Level	Medium
Life Cycle Stage	Mature
Capital Intensity Level	Low
Regulation and Policy Level	Light
Technological Change	Medium

<sup>64</sup> *Ibid.*

<sup>65</sup> Tonkin, B, 2015, F3601 General Line Grocer Wholesaling in Australia, IBIS World Pty Ltd, Australia, Pg. 23

<sup>66</sup> *Ibid.*

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## 6 Directors, Senior Management and Corporate Governance

### 6.1 Directors, Proposed Director and Company Secretary

The Directors of the Company as at the date of this Prospectus are Mr Peter Hutchinson, Mr James Clement and Mr Mark Pitts. The Company has entered into an employment agreement to appoint Mr David Lock as Managing Director and Chief Executive Officer with effect from 1 January 2016. At that time, Mr Hutchinson intends to move to the role of Non-Executive Chairman of the Company. The Company has also entered into an employment agreement to appoint Mr Clement as Chief Operating Officer and Executive Director with effect from 1 January 2016.

Biographies for the Directors, proposed Director and proposed senior management are below.

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**Mr Peter Hutchinson**  
(Executive Chairman)

Appointed 16 May 2013  
Age – 56

Mr Hutchinson will move into the role of Non-Executive Chairman with effect from 1 January 2016.

Mr Hutchinson holds a Bachelor of Commerce (UWA) and is a Fellow of both the Australian Institute of Company Directors and Certified Practising Accountants

He has at the most senior level (via private equity) managed a diverse portfolio of industrial investments in manufacturing, engineering, construction and property over a 30 year period.

Mr Hutchinson chaired listed public company AI Limited and more recently Resource Equipment Ltd. He was a Non-Executive Director of Kumarina Resources Ltd (now Zeta Resources Ltd). Previously founding shareholder, CEO and Chairman of Forge Group Ltd. He holds private equity investments in commercial, industrial and rural real estate, electrical contracting and until recently construction activities in West Africa.

Mr Hutchinson has experience in M&A, prospectus preparation, ASX listings, ASIC issues, corporate governance, company secretarial requirements and exit strategies. He has also been a member of Audit Committees, Remuneration and Nomination Committees, often as Chairman. He is currently a Council Member of St Thomas More College (UWA) and sits on the Aquinas College Foundation, Perth Western Australia.

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**Mr David Lock**  
(Proposed Managing Director)  
Age – 56

The Company has entered into an employment agreement to appoint Mr Lock as Managing Director and Chief Executive Officer with effect from 1 January 2016.

Mr Lock is a chartered accountant and joined the Craig Mostyn in 1996. He was appointed CEO of the Craig Mostyn Group in 2004 and has overseen the growth each of Craig Mostyn Group'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.

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<p><b>Mr James Clement</b> (Non-Executive Director)</p> <p>Appointed 10 August 2015 Age – 39</p> <p>The Company has entered into an employment agreement to appoint Mr Clement as Chief Operating Officer and Executive Director with effect from 1 January 2016.</p>	<p>Mr Clement joined the Board in August 2015 as a Non-Executive Director. Mr Clement holds a Masters of Business Administration, a Bachelor of Science in Aquaculture and Seafood Science, a Graduate Diploma in Agribusiness and is a Graduate of the Australian Institute of Company Directors.</p> <p>Mr Clement has worked in the commercial fishing industry with Focus Fisheries Pty Ltd for three years and was appointed General Manager in 2014. He is also a member of the Western Australian Fishing Industry Council's resource access committee.</p> <p>He has over 10 years' experience in financial services. During that time he has held roles with JM Financial Group, Euroz Securities Limited, and Blackswan Equities.</p>
<p><b>Mr Mark Pitts</b> (Non-Executive Director and Company Secretary)</p> <p>Appointed 10 August 2015 Age – 53</p>	<p>Mr Pitts holds a Bachelor degree in Business (Curtin) and is a Fellow of the Institute of Chartered Accountants with more than 25 years' experience working in commercial, corporate finance and public practice roles in Australia and overseas. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions.</p> <p>Mr Pitts is a partner in corporate advisory firm Endeavour Corporate, established in 2004. Endeavour Corporate provides company secretarial support; corporate, governance and compliance advice to a number of ASX listed public companies.</p> <p>Mr Pitts has many years of experience in the Accounting profession and in commerce across a variety of industries. He commenced his career in finance working for KPMG in Australia and overseas, before working in the property, health care and mineral extraction industries.</p> <p>Mr Pitts has been Company Secretary since May 2013.</p>

## 6.2 Proposed Senior Management

<p><b>David Lock</b> Chief Executive Officer and Managing Director (from 1 January 2016)</p>	<p>See Section 6.1 above.</p>
<p><b>James Clement</b> Chief Operating Officer and Executive Director (from 1 January 2016)</p>	<p>See Section 6.1 above.</p>
<p><b>David Durack</b> General Manager of Mareterram Trading  Age – 37</p>	<p>Mr Durack has over 10 years' experience in financial services, specialising in private equity, mergers and acquisitions. He has held roles with ANZ Bank Limited in their corporate debt and private equity teams and worked for McGrath Nicol.</p> <p>Mr Durack has worked with Craig Mostyn for two years,</p>

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initially in the internal mergers and acquisitions team and more recently as the National Manager of the FSD. He also established two iconic Perth CBD hospitality venues. David has a Bachelor of Commerce, a Graduate Diploma in Applied Finance and is currently studying a Bachelor of Arts at the University of Western Australia.

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Please refer to Section 3.6 regarding the Company's discussions with Mr Brett Hogan in relation to his potential employment as Marketing and Fisheries Development Executive Manager.

### **6.3 Legal Proceedings**

Mr Peter Hutchinson the Company's Executive Chairman, was formerly the Executive Chairman and Managing Director of Forge Group Limited (**Forge**). On 23 December 2014, Rushleigh Services Pty Ltd (**Rushleigh**) commenced proceedings against Forge in the Federal Court of Australia (NSD 1382/2014) (**Court Proceedings**). The Court Proceedings are brought by Rushleigh by itself and as a representative of other shareholders in Forge. Mr Hutchinson was advised on 21 September 2015 that he had been joined as a second respondent to the Court Proceedings. Rushleigh alleges that the respondents have breached (or were involved in a breach) of obligations of continuous disclosure and have engaged in misleading or deceptive conduct. The allegations arise from revenue and earnings forecasts made by Forge and released to the ASX on 13 January 2012 and 7 March 2012 and, which were allegedly not updated at any time by the respondents up to September 2013. Mr Hutchinson resigned from those positions on 9 July 2012.

Mr Hutchinson has advised the Company that he strongly denies any failure to comply with his obligations in relation to his former positions at Forge and will vigorously defend the proceedings. Mr Hutchinson has also advised the Company that he has never been a party to any other legal proceedings.

### **6.4 Corporate Governance**

The Company has adopted corporate governance practices that are consistent with the ASX Corporate Governance Council Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations), except in regard to specific elements of the Principles and Recommendations as explained in this statement.

In light of the Company's size and nature, the Board considers that the composition of the current board is appropriate. As the Company's activities develop, as is intended, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Statement are outlined below and the Company's full suite of Corporate Governance policies, as stated below, are available on the Company's website (<http://www.stylelimited.com/>).

#### **(a) Board of Directors**

##### ***Board Charter***

The Company's Board Charter establishes the role, responsibilities and powers of the Board of Directors. The directors' overriding objective is to increase shareholder value within an appropriate framework which protects the rights and enhances the interests of shareholders and ensures the Company and its controlled entities are properly managed. The function of the Board of directors is clearly defined in the Board charter and includes responsibility for:

- (a) approval of corporate strategies, the annual budget and financial plan;
- (b) monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- (c) appointment of, and assessment of the performance of the Managing Director;
- (d) establishing policies on risk management and ensuring that the significant risks facing the Company and its controlled entities have been identified, and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- (e) reporting to shareholders and regulatory authorities.

The directors are committed to the principles underpinning best practice in corporate governance, applied in a manner which is best suited to the Company and to addressing the directors' accountability to shareholders and other stakeholders.

The Board will delegate the day to day operations of the Company to the Managing Director.

### ***Composition of the Board***

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report are detailed in the Directors' Report.

The new Board (post 1 January 2016) will comprise four directors, including two Non-Executive directors.

When determining whether a Non-Executive director is independent, the Board considers whether the director:

- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- (b) is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (c) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (d) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- (e) has a material contractual relationship with the Company or another group member other than as a director.

None of the current Board and proposed Board are independent, Mr Peter Hutchinson is an executive and a substantial shareholder Mr James Clement will be an executive and Mr Mark Pitts is an officer and a provider of professional advice, as a result none of these Directors can be considered independent. Mr David Lock is proposed to join the Board as Managing Director and so cannot be considered to be independent.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Group, intellectual ability to contribute to Board duties and responsibilities. In complying with recommendations of the Corporate Governance Council, the Board is mindful to ensure that it is comprised of

individuals with skills to provide appropriate stewardship to the Company as it transitions from a company focused on developing its timber manufacturing and processing intellectual property to an agribusiness with an initial focus on seafood.

### ***Skills and Experience***

The new Board will be comprised of members having appropriate skills for the Company's immediate future. The Company's Board will have the following key skill sets.

- (a) fishing and seafood;
- (b) accounting/auditing and corporate finance;
- (c) operational and commercial strategy;
- (d) wholesale / retail sales;
- (e) risk management; and
- (f) environmental and health and safety.

At this stage of the Company's development the Board believes that there is an appropriate mix of skills, experience, expertise and diversity on the Board. However the Board will continue to monitor its composition with a view to ensuring it has an appropriate mix of skills and diversity.

### ***Director selection, appointment and succession***

Directors are selected based upon the specific skills, knowledge and experience that they possess.

The Board has considered the need for a nomination committee, and whilst it has adopted a Nomination Committee Charter, it believes that the Company is not of a size to justify the establishment of a separate committee. It is therefore more appropriate for such responsibilities to be met by the full Board rather than a separate committee.

In determining the composition of the Board, the directors consider the skills represented on the Board by sitting directors and determine whether those skills meet the skills identified as required, taking into account such factors as the complexity and size of operations.

The directors have access to the advice of external consultants or specialists in determining the composition of the Board. A majority of directors must agree to the appointment of a new director to the Board.

The Board ensures that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant on a decision on whether or not to elect or re-elect a Director.

A director appointed mid-term by the Company must seek re-election at the next general meeting.

Whilst there are no set terms for a director to serve, the Constitution requires that one-third (or the number nearest to but not less than one-third) of the directors must retire from office at each annual general meeting.

A retiring director is eligible for re-election. Prior to the election of any director, candidate information with appropriate detail to support an informed decision is provided to shareholders.

The Company does not have a formal induction process, however, new Directors appointed to the Board are provided with written material incorporating Financial, Corporate and Operating information in relation to the Company. In addition they are provided with a detailed appointment letter outlining the Company's expectations and setting out the requirements of the role as well identifying director interests and potential conflicts.

#### ***Access to Information and Advice***

All directors have access to the Company Secretary. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board has determined that individual directors may, in appropriate circumstances, engage independent professional advisers at the Company's expense. The engagement of an independent professional adviser is subject to the prior approval of the Chair, which will not be unreasonably withheld.

#### ***Director Remuneration***

Remuneration packages for Executive Directors comprise fixed remuneration and may include short term incentives in the form of cash bonuses and/or long term incentives in the form of performance rights as per individual contractual agreements. Remuneration packages are reviewed by the Board. The process consists of a review of Group, individual performance and relevant comparative remuneration externally and internally.

Non-Executive Director remuneration is a fixed annual amount of Director fees, the total of which is within the amount approved by shareholders. Performance based cash bonuses or equity based remuneration has previously not been considered appropriate for Non-Executive Directors.

The Company continues to distinguish between the remuneration practices for its Non-Executive Directors and the remuneration practices applicable to Executive Directors, the Company therefore complies with Recommendation 8.3 of the Corporate Governance Council. A full outline of the remuneration policy is set out in the Remuneration Report of the Company's Annual Report.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### ***Board Operations***

The Board will determine an appropriate frequency of Board and Board committee meetings to be held during the year. In addition, directors are expected to engage in regular informal discussions with management.

#### ***Board Committees***

The Board has adopted an Audit Committee Charter which outlines the composition of the committee, its purpose, its responsibilities and requirements of its meetings. In summary the Charter notes that the audit committee is responsible for ensuring the integrity of the Company's financial statements, the effectiveness of financial reporting and liaison with the Company's auditor. However, the Board has not established a separate audit committee and until the size and/or activities of the Company warrant the creation of a separate audit committee, the duties of an audit committee will be undertaken by the full Board.

The Board has not established a separate Remuneration Committee; it has however adopted a Remuneration Committee Charter. The full Board is responsible for preparing and reviewing the Company's strategy with regard to remunerating, recruiting, incentivising, retaining and, where appropriate, terminating the Company's executives, Non-Executive directors and employees. The Board has and will engaged third party experts to assist it in meeting its responsibilities.

It is the view of the Board that they have the skills and experience to discharge their responsibilities in this area.

### ***Evaluation of the Board and individual Directors***

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 1.6 of the Corporate Governance Council. The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis. Subsequent to the end of the financial year evaluation of Board performance and Key Executives will be undertaken by the Non-Executive Directors.

The Board has not conducted a performance evaluation for the period to 30 June 2015.

## **(b) Ethics and Diversity**

### ***Diversity***

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following is a summary of information regarding the proportion of gender diversity in the organisation which applied as at 30 June 2015.

	<b>Proportion of female / total number of persons employed</b>
Females employed in the Company as a whole	0 / 0
Females employed in the Company in senior positions **	0 / 3
Females appointed as a Director of the Company	0 / 3

\*\*There are no individuals considered by the Board to be senior executives outside of the Company's directors.

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company will, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company will grant reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate given the size and nature of the Company's operations.

### **Code of Conduct**

The Company has established a code of conduct and all directors, senior executives and employees are expected to comply with this code. In summary, the code requires that all Company personnel act with honesty and integrity and in compliance with the letter and the spirit of the law, ASX Listing Rules and Company policies.

### **Financial Reporting**

The Board relies on Executive Director to monitor the internal controls. Financial performance is monitored on a regular basis by the Board and is discussed at scheduled Board Meetings.

### ***Executive Chairman and Chief Financial Officer Confirmations***

In accordance with Recommendation 4.2 of the Corporate Governance Council, Australian Accounting Standards and the Corporations Act the Board requires that the Executive Chairman and Chief Financial Officer provide a written statement in respect to all annual, interim and other statutory financial reports for the Company. In addition, the Board requires assurance that the declaration is founded upon a sound system of risk management and internal controls, and that the system operates effectively in all material aspects.

#### **(c) Securities Dealings**

There is no requirement for Directors to hold securities.

### ***Securities Trading Policy***

The Board is committed to ensuring that all Directors and employees comply with their legal obligations as well as conducting their business in a transparent and ethical manner. All Directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in the Securities Trading Policy.

The Securities Trading Policy does not prevent Directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company. However, Directors or employees are prevented from trading in the securities once acquired if the individual is in possession of price sensitive information not generally available to all security holders.

In addition to the overriding prohibition against dealing in the Company's securities when a person is in possession of inside information, Directors or Employees and their associated parties are at all times prohibited from dealing in the Company's securities during prescribed 'closed' periods. The Company has nominated closed periods to run for the period which starts at the end of the full and half year reporting period until one full trading day after the release of financial results. Written consent from the Chairman must be obtained prior to trading in the Company's securities.

The Securities Trading Policy also includes a clause prohibiting Directors and Executives from entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

The Securities Trading Policy is available on the Company website.

#### **(d) Risk Management**

### ***Adoption of Risk Management Policies***

The Board has not appointed a separate committee to oversee risk, the full Board acts in this capacity. The Board monitors material business risks on an ongoing basis.

The Board is in the process of compiling a Risk Register which once complete will be reviewed twice a year at the time of considering and approving the half and full year financial statements.

The Company's Risk Policy is disclosed on the Company's website.

The Company does not believe it is of a size that warrants an internal audit function. However the Board and Management maintain the required level of assurance through a sound system of internal controls which is monitored by senior executives and the Board.

In order to implement the Risk Management Policy, it was considered important to establish a Risk Management Strategy and an internal control regime, this will be in place for the 2016 financial year.



To manage and assess risk, the Board will need to assess its material business risks and adopt a 'tailored to fit' Risk Management Plan and a Risk Management Framework as outlined in the Australia/New Zealand Standard AS/NZS 4360:2004.

The Risk Management Policy will continue to evolve and develop with the growth of the Group's activities and will focus on:

- (i) financial;
- (ii) legal;
- (iii) human resources;
- (iv) environmental/social;
- (v) corporate;
- (vi) government regulation; and
- (vii) political.

#### ***Economic, Environmental and Social Sustainability Risks***

The Company has been focused on the development and exploitation of its existing Intellectual Property and as a result in the Board's view has had very limited exposure to material economic, environmental and social sustainability risks.

However, with an intended change to operations the Company is very aware of the potential for material exposure to risk in this area and is committed to ensuring that sound environmental management and safety practices are developed and maintained.

#### **(e) Shareholder Communication**

The Board is committed to ensuring that there is open and timely communication with all shareholders.

#### ***Communications Policy***

The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings. A formal Shareholder Communications Policy has been adopted, complying with Recommendation 6.3 of the Corporate Governance Council.

In addition to electronic communication via the ASX website, all ASX announcements together with all statutory reports are published. These documents are available on request and are posted on the Company website at <http://www.stylelimited.com/>.

The website provides shareholders and others the opportunity to receive additional information such as press releases and other materials electronically.

Shareholders are able to pose questions on the audit process directly to the independent auditor who attends the Annual General Meeting for that purpose.

#### ***Continuous Disclosure Policies***

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange Listing Rules. The Board has adopted a Continuous

Disclosure Policy, complying with Recommendation 5.1 of the Corporate Governance Council and with the ASX Listing Rule Requirements.

Continuous disclosure is discussed at all regular board meetings and on an ongoing basis the Board ensures that all activities are reviewed to assess the need for disclosure to the market.

In accordance with ASX Listing Rules, the Company Secretary has been appointed as the Group's disclosure officer.

The Company has policies and procedures contained within the Continuous Disclosure Policy that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

The table below summarises the status of the Company's compliance with each of the recommendations contained in the 3rd Edition of the ASX Principles and Recommendations, and discloses reasons for non-compliance where necessary.

ASX Principles and Recommendations		Status
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Companies should establish and disclose the respective roles and responsibilities of Board and management and those matters expressly reserved to the Board and those delegated to Management.	Compliant. The role of the Board, delegations of authority, and powers of the Board have been formalised in the Board Charter, and have been disclosed on the Company website and in the Corporate Governance Statement.
1.2	A listed entity should: <ul style="list-style-type: none"> <li>• Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</li> <li>• Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director</li> </ul>	Compliant. Prior to appointing a director or recommending a new candidate for election as a director appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders are provided with all relevant information in the Board's possession, relevant to a decision on whether or not to elect or re-elect a Director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Compliant. The Company has a written agreement with each Director setting out the terms of their appointment.
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board	Compliant. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: <ul style="list-style-type: none"> <li>• Have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them</li> </ul>	Compliant. A copy of the Diversity Policy is available to be viewed on the Company's website. The Company reports at the end of each reporting period both the measurable objectives it has adopted and the respective proportions of

ASX Principles and Recommendations		Status
	<ul style="list-style-type: none"> <li>• Disclose that policy or a summary of it</li> <li>• Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including a definition of 'senior executive')</li> </ul>	men and women across the organisation.
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors</li> <li>• Disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process</li> </ul>	<p>Non-compliant.</p> <p>The Company has not considered a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 1.6 of the Corporate Governance Council. The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.</p> <p>The Company will implement a review process for the coming financial year.</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have and disclose a process for periodically evaluating the performance of its senior executives</li> <li>• Disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process</li> </ul>	<p>Non-compliant</p> <p>The Company does not have a formal process for the evaluation of the performance of the senior executives. Until recently the Company has had no employees.</p> <p>The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.</p>
<b>2</b>	<b>Structure the Board to add value</b>	
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a nomination committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>• If it does not have a nomination committee disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</li> </ul>	<p>Compliant.</p> <p>The Board will consider the need for a nomination committee, but believes that the Company is not of a size to justify the establishment of a separate committee.</p> <p>At this stage it is believed more appropriate for such responsibilities to be met by the full Board rather than a separate committee.</p> <p>A Nomination Committee Charter has however been adopted by the Board. The full Board undertakes a review of its composition and skills</p>
2.2	<p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or</p>	<p>Compliant.</p> <p>The Company has an appropriate mix of skills given its current size and</p>

ASX Principles and Recommendations		Status
	is looking to achieve in its membership	<p>immediate growth plans.</p> <p>Whilst it does have considerable experience the board will consider the skill, knowledge, experience and independence of the Company's directors in response to any actual or proposed changes in the Company's activities or operations.</p>
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• The names of the directors considered by the Board to be independent directors</li> <li>• If a director has an interest, position, association or relationship of the type described in the independence guidelines but the Board is of the opinion that it does not compromise the independence of the director, the nature of the relationship and an explanation of why the Board is of that opinion</li> <li>• The length of service of each director</li> </ul>	<p>Compliant.</p> <p>Refer disclosure in this Prospectus in this Section 6.4.</p>
2.4	A majority of the Board of a listed entity should be independent directors	<p>Non-Compliant.</p> <p>The Board currently comprises 3 directors, with an additional director proposed to join the Board from 1 January. The Company believes that none of the current or proposed directors could reasonably be termed independent.</p> <p>However given the size of the Company and the experience of the Board, the composition is appropriate at the current time.</p>
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity	<p>Non-Compliant.</p> <p>The Company's Chairman, Mr. Peter Hutchinson, is an executive director; in addition he is a substantial shareholder. As a result he is not considered independent in accordance with the ASX Principles and Recommendations.</p> <p>Mr Hutchinson intends to move to the role of Non-Executive Chairman of the Company as at 1 January 2016 when Mr Lock commences as Chief Executive Officer and Managing Director.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively	<p>Non-Compliant.</p> <p>The Company does not have a formal induction process. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.</p>

ASX Principles and Recommendations		Status
		The Company provides new directors with access to professional development if required and it does provide an appointment letter which describes the expectations and responsibilities that will come with the role.
<b>3</b>	<b>Act ethically and responsibly</b>	
3.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a code of conduct for its directors, senior executives and employees, and</li> <li>• Disclose that code or a summary of it</li> </ul>	<p>Compliant.</p> <p>The Company's Code of Conduct addresses these practices and issues, and is included on the Company's website.</p>
<b>4</b>	<b>Safeguard integrity in corporate reporting</b>	
4.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• Have an audit committee which has at least 3 members (all of whom are non-executive directors and a majority independent), be chaired by an independent director who is not Chair of the Board, disclose the committee charter, the relevant qualifications and experience of the members of the committee, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>• If it does not have an audit committee disclose that fact and the processes it employs that independent verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</li> </ul>	<p>Compliant.</p> <p>The Board has adopted an Audit Committee Charter, however, as a consequence of the size of the Company, and the Board the duties of the Audit Committee are discharged by the full Board.</p> <p>It is the view of the Board that it has the skills and experience to discharge their responsibilities in this area.</p> <p>The full Board liaises with the Company's external auditor and monitors the Company's internal controls to ensure it meets the duties required of it as set out in the Audit Committee Charter.</p>
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively	<p>Compliant.</p> <p>The Board receives a declaration from the Executive Chairman and Company Secretary before approving the financial statements.</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	<p>Compliant.</p> <p>The Company ensures that the engagement audit partner, or their representative, attends the AGM.</p> <p>The Company will enable security holders to ask questions relevant to the audit at, or ahead of, its AGM.</p>

ASX Principles and Recommendations		Status
<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>Have a written policy for complying with its continuous disclosure obligations and the listing rules, and</li> <li>Disclose that policy or a summary of it</li> </ul>	<p>Compliant.</p> <p>The Company's policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the Company's Continuous Disclosure Policy and Procedure document on the Company website.</p>
<b>6</b>	<b>Respect the rights of security holders</b>	
6.1	A listed entity should provide information about itself and its governance to investors via its website	<p>Compliant.</p> <p>The Company provides both Corporate, Industry and Governance information on its website.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	<p>Non-Compliant.</p> <p>The Company does not have a formal investor relations program. However, a Shareholder Communications Policy is available on the Company's website.</p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	<p>Compliant.</p> <p>Disclosed in Shareholder Communications Policy on the Company's website.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	<p>Compliant.</p> <p>The Company encourages electronic communications, refer the Shareholder Communications Policy on the Company's website.</p>
<b>7</b>	<b>Recognise and manage risk</b>	
7.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>Have a committee, or committees, to oversee risk, each of which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework</li> </ul>	<p>Non-Compliant.</p> <p>The Company does not have a separate risk committee, however it does have a risk management plan which is outlined in the Risk Management Policy and the Code of Conduct.</p> <p>Day to day risk management is delegated to the Executive Chairman, who is supported in monitoring and managing risks by the Board and the Company Secretary.</p>
7.2	<p>The Board, or committee, of the Board should:</p> <ul style="list-style-type: none"> <li>Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</li> <li>Disclose in relation to each reporting period whether such a review has taken place</li> </ul>	<p>Non-Compliant.</p> <p>The Board has not yet carried out a review of the Company's risk management framework.</p>
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>If it has an internal audit function, how the function is structured and what role it</li> </ul>	<p>Compliant.</p> <p>The Company does not have an internal audit function.</p>



ASX Principles and Recommendations		Status
	<p>performs, or</p> <ul style="list-style-type: none"> <li>If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</li> </ul>	<p>The Board oversees risk management and intends on moving to establish an appropriate strategy and framework.</p> <p>The processes adopted to date have been appropriate for the Company's size.</p>
7.4	A listed entity should disclose whether it has any material exposure and social sustainability risks, and if it does, how it manages or intends to manage those risks	Compliant. Disclosed in the Corporate Governance Statement.
<b>8</b>	<b>Remunerate fairly and responsibly</b> Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear	
8.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>Have a remuneration committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance</li> <li>If it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive</li> </ul>	<p>Compliant.</p> <p>The Company does not have a separate Remuneration Committee.</p> <p>The Board has considered the need for a remuneration committee, and believes that the Company is not of a size to justify the establishment of a separate committee.</p> <p>The responsibilities in this area are being met by the full Board.</p> <p>The Board has adopted a Remuneration Committee Charter. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	<p>Compliant.</p> <p>The Company's remuneration report, which is published in the Annual Report, provides information regarding remuneration policy and also sets out the specific remuneration of directors and other senior executives.</p>
8.3	<p>A listed entity which has an equity based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic</li> </ul>	<p>Compliant.</p> <p>The Company does not have an equity based remuneration scheme; however it specifically prohibits directors and executives of the Company from entering into</p>

ASX Principles and Recommendations		Status
	<p>risk and participation in the scheme, and</p> <ul style="list-style-type: none"> <li>• Disclose that policy or a summary of it</li> </ul>	<p>arrangements for the purpose of limiting the economic risk of any securities which are held. Refer to the Company Securities Trading Policy available on the website.</p>



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## 7 Risk Factors

### 7.1 Introduction

The Shares offered under this Prospectus should be considered speculative. Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position.

There can be no guarantee that the Company will deliver on its business strategy, or that the forecasts or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The key risks which the Directors consider that investors should be aware of are set out in Section 1.3 of this Prospectus. Those risks, along with other specific and general risks involved in investing in the Company, are set out in more detail in this Section. The risks identified in this Prospectus, or other risk factors, may have a material impact on the financial performance of the Company and the market price of Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed. Where relevant, the risks below assume completion of the Acquisitions and the Offer has occurred, with the effect that the Company is operating the Nor-West Business and the FSD. The occurrence of any one of the risks below could adversely impact the Company's operating or financial performance.

### 7.2 Specific Risks to the Company

#### (a) Completion of the Offer, the Acquisitions and re-quotations of securities on the ASX

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company's Shares will be suspended from trading from the time of the Meeting and will not be reinstated until the Company has satisfied the Conditions of the Offer and meet the requirements for re-compliance of the Company's securities under Chapters 1 and 2 of the ASX Listing Rules.

In the event the conditions of the Offer are not satisfied or the Company does not meet the requirements for re-quotations of the Company's Securities on ASX then the Company will not proceed with the Offer and the Acquisitions will not complete.

#### (b) Acquisition Completion Risk

Completion under the Nor-West BPA and FSD BPA are subject to the satisfaction or waiver of various conditions precedent, a number of which remain outstanding as at the date of this Prospectus (refer to Sections 10.2(a) and 10.2(b)). Some of these conditions are outside the control of the Company. Under both the Nor-West BPA and the FSD BPA, the conditions must be met or waived by 24 December 2015. If all of the conditions are not met (or waived by the party entitled to waive the condition) by this date, the party with the benefit of any condition that is not satisfied or waived may terminate the Nor-West BPA and the FSD BPA, as applicable, (provided that party is not in breach of a material obligation under the agreement), and, completion will not occur.

In particular, the following conditions precedent to completion are noted:

(i) Assignment of the Carnarvon Small Boat Harbour Leases

As noted in Section 10.2(a), it is a condition precedent to completion under the Nor-West BPA that the lessor (being the Minister of Transport) under the Carnarvon Small Boat Harbour Leases consents to the transfer of the leases to Mareterram P/L. In light of the contamination detailed in Section 7.2(s) below, the Company has been advised that consent to the transfer of the leases will not be provided unless there is an environmental assessment report available in relation to the leased sites, which report identifies any remedial work that is required to be carried out and the costs of that work. Nor-West has commissioned an environmental assessment report for this purpose but it was not available as at the date of this Prospectus. In order to address any identified remedial obligations it is expected that a deed of assignment between Nor-West, Mareterram P/L and the Minister for Transport in respect of these leases will require Nor-West to undertake the necessary remedial works that is identified and to provide a bank guarantee or cash bond to cover those estimated costs. The Company is liaising with Nor-West and the Department of Transport regarding these matters. If the report is not obtained within the necessary time or the parties cannot reach agreement in relation to any remedial works that are required or the terms of the deed of assignment, or the Minister of Transport refuses to consent to the assignment of the Carnarvon Small Boat Harbour Leases for any other reason, this condition of the Nor-West BPA will not be met and completion under the Nor-West BPA will not occur and the Offer and the Acquisitions will not proceed.

(ii) Transfer of the Fishing Licences

As noted in Section 10.2(a), it is a condition precedent to completion under the Nor-West BPA that the FCEO approves the transfer of the Fishing Licences held by Nor-West to Mareterram P/L, and the advertising period under the FRM Act in respect of the fish processor's licences expires without any application for review being made. Under the FRM Act, the FCEO may refuse an application for transfer in a number of circumstances including:

- (A) if in the FCEO's opinion the proposed transferee is not a fit and proper person and does not satisfy any guidelines relating to foreign persons holding the licence;
- (B) if in the FCEO's opinion the applicant or a person acting on behalf of the applicant may be liable for prosecution for or convicted of an offence;
- (C) a condition of the licence has been contravened;
- (D) the relevant boat is unseaworthy, lost or destroyed;
- (E) where the transferor has 2 or more licences and all of those licences are not simultaneously being transferred to the same transferee, it is not in the best interests of the fishery to transfer the licence;
- (F) the transferor has not used the licence in the last 2 years;
- (G) the relevant licence has been suspended; and
- (H) on any other ground specified in a management plan.

Further, before giving effect to the transfer of the fish processor's licences, under the FRM Act the FCEO must cause notice of the decision to be advertised to allow sufficient time for any affected person to apply for a review of the decision. The Department of Fisheries allows a 28 day notice period for this.

If the FCEO does not approve the transfer of the Fishing Licences, or if a person applies for a review of a decision by the FCEO to approve the transfer of the fish processor's licences during the advertising period, this condition of the Nor-West BPA will not be met and completion under the Nor-West BPA will not occur and the Offer will not proceed.

(iii) **Material Adverse Change**

As noted in Section 10.2(a), it is a condition precedent to completion under the Nor-West BPA that there is no material adverse change to the Nor-West Business prior to completion.

As noted in Section 10.2(b), it is a condition precedent to completion under the FSD BPA that there is here being no material adverse change to the FSD, the Company and its subsidiaries or the Nor-West Business prior to completion.

(c) **Integration risk**

The Company's business described in this Prospectus involves an aggregation of the Nor-West Business and the FSD, including the change in distribution arrangements for Nor-West products as outlined in Section 7.2(h) below. These businesses have not been operated together and the integration of the businesses may take a longer time and be more disruptive and costly than anticipated. Any delay, disruption or additional costs is likely to adversely affect the Company's operational and financial performance.

(d) **Going concern risk**

The Company's annual financial report for the year ended 30 June 2015 was prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Company (on a consolidated basis) generated a loss after tax for the year ended 30 June 2015 of \$332,882 and had a net working capital surplus of \$952,322 at 30 June 2015. The Company's cash position at 30 June 2015 was \$1,133,554 and is approximately \$632,000 at the date of this Prospectus.

The Company will require additional funding during the next 12 months to complete the Acquisitions and to continue as a going concern. Should the Acquisitions not proceed, the ability of the Company to continue as a going concern will be dependent upon the future successful raising of funding through equity. If the Company is unable to raise funds under the Offer, there is a material uncertainty on the Company's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

(e) **Competition Risk**

The Company's products are exposed to domestic and international competition. There is no guarantee that the Company will be able to compete effectively with existing and new competitors in the future.

The Australian seafood market is highly competitive with numerous alternative suppliers of local seafood and a substantial volume of imported wild caught and aquaculture product. Small suppliers such as the Company face increasing competition in the food service channel from larger suppliers (due to the ongoing consolidation of the food wholesale and distribution sector) and in the retail channel from disintermediation by supermarket chains which are increasingly sourcing product direct from processors and seeking private label product.

In the export market, the Company faces strong competition from the increasing volume and improving quality of aquaculture products (particularly from Asia), as well as other established international wild capture seafood suppliers.

In addition, movements in the exchange rate have a material impact on the pricing and relative competitiveness of products in the seafood market. In general, a real depreciation of the domestic currency makes exports more competitive and raises the price of imports, thereby increasing demand for domestically produced goods and reducing demand for imports.

Substitute products (from both wild fisheries and aquaculture) and increased competitor activity in the supply chain could substantially increase supply into the target markets for the Company's products, impact on product pricing (see Section 7.2(f) below) and adversely affect the Company's performance.

**(f) Product Pricing Risk**

The financial performance of the Company will be influenced by the price it can obtain for its products, in both the domestic and export markets. The Company negotiates prices based on measures of supply and demand and the exchange rate position and it is therefore not able to guarantee the prices and terms of future transactions.

As mentioned above, substitute products from wild fisheries and aquaculture could substantially increase supply, in turn dampening demand, the prices for the Company's products and the trading margin on traded goods in the FSD.

There is a risk that a reduction in the prices received by the Company for its products could have material adverse impact on the operational results and financial performance of the Company.

**(g) Consumer Demand**

There is a risk that changing economic conditions could cause consumers to reduce their consumption of the Company's products and substitute cheaper sources of seafood or protein.

Changes in consumer dietary preference and/or consumer preference generally for the products that the Company offers could change in a way that lowers demand for the Company's products and results in reduced prices. This could impact the Company's operating and financial performance.

**(h) Key Customers Risk**

The Company depends on securing and maintaining major customers and placing product into the market at competitive prices to achieve acceptable margins and trading terms. From completion under the Nor-West BPA, it is proposed that the Nor-West Business will distribute its products to customers through the FSD and will not be continuing with Nor-West's existing distribution arrangements.

FSD's general wholesale market practice is to negotiate sales on an order basis, while export sales are conducted on a shipment basis. There are no written agreements in place in relation to export distribution or domestic sales. As a result it is not possible to guarantee continuation of, or consistency in respect of prices or terms for, future customer transactions.

The loss of any significant customer, whether through its bankruptcy, failure to secure/maintain the relationship, breach of any terms of trade or other factors may impact the Company's market share, sales volumes and/or operating and financial performance.

**(i) Seasonal and Environmental Risks**

As an agribusiness, the Company is exposed to volatility in supply caused by seasonal weather and environmental conditions which impact on the harvest of various seafood and vegetables. There is a risk that factors such as changes in temperatures, storms, floods, together with natural variations and external shocks in marine ecosystems could disrupt fish stocks and

biomass growth in the source fisheries for the Company's products, including in the SBPMF and South Africa.

Adverse environmental conditions can negatively impact the survival of crustaceans and fish, and restrict their growth. There is a risk that environmental events and changes in conditions could cause short, medium or long-term interruptions to the Company's operations and supply chain which could materially impact cash flows, financial performance and operational results of the Company.

In the future, weather and climate issues that could adversely impact the Company may arise with greater frequency or may be less predictable due to the effects of climate change. The consequential effect on water temperatures and conditions in the fisheries is expected to impact on events such as the life cycle timing of various species as to when they reproduce and it may also impact on growth rates either increasing or decreasing sizes in different species. While there are various climate change adaptations aimed to moderate or cope with the effects of climate change by reducing vulnerability of fish stocks and habitat, these measures may not be effective to mitigate operational and financial performance and are beyond the Company's control.

**(j) Security of Supply Chain**

There is a risk that the supply chain for one or more of the Company's products could be materially disrupted with the result that sufficient quantities of the Company's products are not available or delivered on time. This could result from the occurrence of a natural disaster or disease that affects the suppliers' ability to catch and/or deliver seafood to the FSD as well as changes in the regulation of the suppliers' fishing operations and/or reductions in the allowable catch limits applying to those suppliers.

**(k) Key Suppliers Risk**

The Company depends on securing and maintaining key suppliers and agencies.

The financial performance of the Company is subject to the performance of supply obligations under contracts and arrangements with key suppliers, including the Sea Harvest Supply and Distribution Agreement referred to in Section 10.4(a). Other key supply arrangements of the FSD are not the subject of written agreements and these are negotiated annually or on an order by order basis. In relation to the Nor-West Business, the key supply requirement is fuel (see Section 7.2(q) below) and the Company may enter into further processing arrangements on a contract basis (see Section 7.2(r) below).

If the Company or one of its counterparties fails to adequately perform their obligations this may result in loss of supply, inability to service sales demand, termination of contracts, disputes and/or litigation, all of which could impact the Company's operating and financial performance.

The loss of any significant supplier, whether through its bankruptcy, failure to secure/maintain the relationship, breach of any contractual provision or terms of trade or other factors may impact the Company's market share, sales volumes and/or operating and financial performance.

**(l) Disease Risk**

There is a risk that an outbreak of disease in the fisheries in which the Company or its suppliers will operate may result in lower yields which could have material adverse impact on operational and financial performance of the Company.

**(m) Food safety, handling and product quality Risks**

As with all food producers, the Company is exposed to the risk of product contamination and product recalls. There is also a risk that the Company's product could cause a serious food

poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering.

The occurrence of a serious food poisoning incident could have significant consequences for the Company and may involve:

- (i) a loss of consumer trust in the products that may result in reduced revenues; or
- (ii) payment to affected consumers of some form of compensation and to the relevant food authorities of some form of penalty or fine.

Seafood in particular is a highly perishable product unless handled with strict processing, packing, storage and transport protocols. A reduction in product quality has a material impact on the recoverable price for the end product and may adversely impact the Company's operating or financial performance.

The implementation of strict quality control policies, high levels of training for all staff handling and processing product, and regular detailed sampling programs will be required to monitor food safety or sanitation procedures and product quality and mitigate this risk.

There is also the risk that actions of the Company's contractors could compromise the hygiene and safety of the Company's products after they have left the Company's possession. Contamination or deterioration in quality caused by a contractor has the potential to damage to the Company's brand or reputation and adversely impact the Company's operating or financial performance.

**(n) Reputation Risk**

There is a risk that some incident or development beyond the control of the Company could occur which would have the effect of reducing consumer confidence or preferences for the Company's products. Such incidents could include:

- (i) a widespread loss of consumer confidence in seafood;
- (ii) health concerns associated with the consumption of seafood products from particular regions or production methods;
- (iii) a widespread loss of consumer confidence in the food safety procedures in the seafood industry as a whole; and
- (iv) concerns about fishing practices and the sustainability of wild caught fisheries.

The consequences of such an incident or development could be very significant for the Company, with impacts potentially including reduced revenues, loss of consumer trust in the Company's products, and reduced prominence of the Company's brands or reputation in customers' minds, all of which may adversely impact the Company's operating or financial performance.

**(o) Reliance on Key Personnel**

The Company's performance is dependent to a large extent on the efforts and abilities of the senior management team. While each of these executives is party to an employment contract, the executives may resign at any time and under the terms of the employment contracts each executive is permitted to terminate the contract in certain circumstances.

Further, there is only limited backup in the Company's management teams for each business if an executive leaves. The loss of the one or more other members of Company's senior management team may have a material adverse impact on the operating and financial performance of Company.

The Company's financial success is also dependent upon its ability to hire additional key personnel as necessary to meet its management, administration and other needs. While every effort is made to retain key employees and to recruit new personnel as the need arises, the loss of a number of key personnel or inability to attract additional personnel may have an adverse impact on the operating and financial performance of the Company.

**(p) Securing skippers and crew**

The operation of the Nor-West Business' fishing fleet requires the contracting of skippers and crew for each fishing season. There is a risk that suitably experienced and licensed skippers and crew will not be sourced and contracted for one or more Vessels in a particular fishing season, which could prevent or restrict the operation of that Vessel during that season. If one or more Vessels were not to be operated for part or all of a season the volume of catch would be materially affected, in turn causing a decline in revenue for the Nor-West Business and impacting cash flows, financial performance and operational results of the Company.

**(q) Diesel Price**

Diesel fuel is one of the largest operating costs of the Nor-West Business and will continue to be for the Company. The price of diesel is volatile and subject to market conditions. The Company will seek to manage its short term exposure to fluctuations in the crude oil price by forward hedging. This will allow the Company to hedge against short term changes in the diesel price. However, there is no guarantee that this will be sufficient to protect the Company's revenue in the event of significant fluctuations or sustained increase in crude oil prices. An increase in the price of diesel which cannot be hedged at a reasonable cost would have a materially negative impact on the Company's business operations and financial performance.

**(r) Processing Risk**

The Company may consider opportunities to process Nor-West product beyond the grading, sorting and packaging undertaken on the Vessels, using contract processors for further value-added product. There is a risk that suitable third party processors are not available or acceptable terms for such third party processing cannot be agreed.

**(s) Contamination Risk**

Preliminary investigations have identified soil and groundwater contamination at the site of the Carnarvon Small Boat Harbour Leases which has the potential to pose a risk to human health and/or the environment.

The presence of contamination gives rise to the following risks:

- (i) a risk of the Department of Environmental Regulation (**DER**) issuing an investigation notice which sets out the requirements to be complied with to ensure that the site of such contamination is investigated, monitored and assessed. In these circumstances, the DER would usually issue any such investigation notice to Nor-West but there is a risk that the DER could issue the investigation notice to Mareterram P/L (once it is the occupier of the site). If this were to occur, Mareterram P/L would be obliged to comply with the notice and bear the costs of that investigation and any disruption to operations;
- (ii) a risk of the DER issuing a remediation notice which sets out the requirements to be complied with to remediate the site. Under the *Contaminated Sites Act 2003 (WA)* a remediation notice must be issued to persons in accordance with a stipulated statutory hierarchy. Provided the Company does not propose to change the use of the site, the DER would not have power to issue a remediation notice to Mareterram P/L in respect of historical contamination because Mareterram P/L did not cause that contamination nor was it the owner of the site at the relevant time. In order to

mitigate the risk of Mareterram P/L being considered a polluter in respect of any historical contamination it is expected that the environmental assessment report which Nor-West has commissioned in respect of the transfer of the leases (refer to Section 7.2(b)) will provide baseline evidence of the existing contamination. Further, to ensure there is no ongoing contamination the Company will ensure that any potential sources of ongoing soil and groundwater contamination at the site (such as leaking infrastructure or equipment) are repaired or replaced prior to, or as soon as possible after the commencement of, its occupation of the site. Any required remediation, repair and replacement work also poses a risk of disruption to the Company's operations;

- (iii) if any soil and groundwater contamination presents a risk to the health and safety of workers at the site, then the Company would be exposed to a risk of regulatory action under work, health and safety legislation. Prior to, or as soon as possible after the commencement of, its occupation of the site Mareterram P/L will obtain further advice to ascertain the extent, if at all, that the contamination does present a risk to safety and health of workers and if it does, ensure that adequate measures are taken to eliminate this risk for example through the remediation and changes in occupational health and safety procedures (see Section 7.2(dd) below); and
- (iv) there is a risk that Mareterram P/L would become liable for any historical contamination at the site under the Carnarvon Small Boat Harbour Leases if the Department of Transport (as lessor of those leases) does not require Nor-West to clean up any contamination caused by it at the site. In order to address this it is proposed that the arrangements between Nor-West, Mareterram P/L and the Minister for Transport in respect of these leases will require Nor-West to undertake the necessary remediation and rehabilitation works that are identified and to provide a bank guarantee or cash bond to cover those estimated costs. Mareterram P/L is liaising with Nor-West and the Department of Transport regarding these matters (as discussed at Section 7.2(b) above).

As a result of these risks, the Company is likely to incur loss, liability or costs in ensuring that Nor-West complies with the steps above, or if it fails to do so, in complying with the steps identified above itself. To the extent that the Company incurs any cost, liability or loss in relation to this contamination, the Company is indemnified by Nor-West and Mr Kelvin Waldron-Brown under the Nor-West BPA, which indemnity, together with other indemnities in the Nor-West BPA, is limited to \$5 million and subject to certain exceptions. Where the indemnity does not apply, the Company will incur these loss and costs.

If the existing contamination is not adequately remediated (and future contamination prevented) this could have an adverse effect on the Company's reputation and further dealings with the Department of Transport, as the lessor of these leases. See further below regarding these leases.

**(t) Leased Property and use of the Accommodation Facility**

The Company and its subsidiaries will lease all the land and property that it uses to facilitate its business activities. Continuation of the leases will be subject to the relevant lessee complying with the terms of the leases.

The key leasehold interests for the Company will be the Carnarvon Small Boat Harbour Leases. These are with the Western Australian Department of Transport. The lease for lots A, B, C, M and N (covering the harbour jetty, packing area, cold store, engineering workshop, net store and dry storage) expires on the 31 July 2020, with an option to renew for a further 5 years. The lease for lot E (covering the slipway) expires on the 31 August 2017, with an option to renew for a further 4 years. The Department of Transport has the right to terminate these leases if an event of default occurs (such as rent remaining unpaid for 14 days, a breach of a covenant (including environmental covenants) continuing for 14 days, certain insolvency events or the lessee does not actively and regularly use substantially the whole of the premises for



purposes of carrying out its business for 60 consecutive days). There is a risk that either the Department of Transport will not renew one or both of the Carnarvon Small Boat Harbour Leases or one or both of them may be terminated, either of which will have a material adverse effect on the operating and financial performance of the Company.

The proposed agreement regarding the Accommodation Facility (refer to Section 3.2(a)) is for a period of 2 years from completion under the Nor-West BPA. There is a risk that the Company will not be able to extend this agreement after the initial 2 years. If use of the Accommodation Facility is still required at the expiry of that period, this may have a material adverse effect on the ability of the Company to secure access to accommodation for its employees or contractors or the employees or contractors of the operators of any fishing vessels owned Mareterram P/L. This may in turn affect the ability of the Company (or the operators of its fishing vessels) to attract qualified and experienced employees, which may have an adverse effect on the operating and financial performance of the Company.

**(u) Regulatory risks and approvals generally**

The Company is required to adhere to numerous legislative and regulatory requirements when undertaking its business. Regulatory areas which are of particular significance to the Company include fishing, export, import and quarantine, environment, occupational health and safety and tariff and taxation laws. These and other regulations give rise to significant requirements and compliance costs for the Company.

There is a risk that non-compliance with such regulations, changes in the current regulations (or their interpretation) or the introduction of new laws or regulations could lead to fines being imposed, the revocation of approvals, permits or authorisations, increased compliance costs and/or damage to the Company's reputation. These events could have a material adverse effect on the Company's costs, business model or competitive environment and in turn its operating or financial performance.

Various approvals, permits or other government authorisations will be required for the Company's operations on and from completion of the Acquisitions and for future operations. Obtaining approvals, permits or authorisations can be a time consuming and costly process and there is a risk that the Company may not obtain such approvals, permits or authorisations on acceptable terms, in a timely manner or at all. Failure or delay in obtaining any required approvals, permits or authorisations may have a material adverse effect on the Company's business model or competitive environment and in turn its operating or financial performance.

**(v) Fishing Licences and regulation in Western Australia**

The Company is required to adhere to numerous legislative and regulatory requirements when undertaking commercial fishing in Western Australia, including, but not limited to the FRM Act, the FRM Regulations and the relevant managed fishery plans, such as the SBPMF Management Plan. The Fishing Licences are also issued subject to certain conditions, which can including fishing gear restrictions and the payment of licence fees.

Under the FRM Act, fishing licences are granted for a limited time only (usually 12 months) and the holder must therefore apply to renew them. If a person applies for a renewal, the FCEO must renew the relevant licence subject to certain exceptions including where the holder has been convicted of an offence against the FRM Act or any other law relating to fishing and the management of fish resources (including the FRM Regulations and management plans), where a condition of the licence has been contravened or where the FCEO is satisfied the holder is no longer a fit and proper person to hold the licence or any fee payable in respect of the licence has not been paid when it becomes due.

Further, the Fishing Licences can be suspended or cancelled in similar certain circumstances and in addition, where:

- (i) the registrar records 3 or more convictions against the FRM Act in respect of an authorisation in any 10 year period; or
- (ii) if the holder of an authorisation has not paid any fees payable under the *Fisheries Adjustment Scheme Act 1987* (WA) when they become due (see Section 7.2(y) below in relation to the Fisheries Adjustment Scheme).

The Fishing Licences have all been granted for periods of 12 months. The Company's commercial fishing activities are dependent on the maintenance (including the renewal) of these Fishing Licence.

Applications for new fishing licences are similarly subject to the FRM Act, FRM Regulations and relevant management plans and the discretion of the FCEO.

If the Shark Bay Crab Managed Fishery Draft Management Plan 2015 is implemented (refer to Sections 7.2(x) and 11.2(e)), it will be necessary for Tennereef to apply for the relevant Shark Bay crab managed fishery licences and, subject to the Nor-West BPA, to transfer those to Mareterram P/L.

There is no guarantee that the Fishing Licences will be renewed from year to year (whether on the same terms or otherwise), that the Shark Bay crab managed fishery licences will be granted to Tennereef (and therefore transferred to the Mareterram P/L) or that the Fishing Licences will remain in full force and effect.

Suspension, cancellation or non-renewal of any of the Fishing Licences or the failure to obtain the Shark Bay crab managed fishery licences could significantly restrict the Company's commercial fishing operations and have a materially adverse impact on the Company's business operations and financial performance.

**(w) Change in fishing legislative framework in Western Australia**

The Company is aware that the *Aquatic Resources Management Bill 2015* (WA) proposes to replace the FRM Act and provide the primary legislative framework for the management for Western Australia's aquatic biological resources and fisheries. The Bill has undergone a second reading in the Western Australian Parliament and debate was adjourned 24 February 2015.

A key feature of the Bill is a rights based framework under which the permit to fish (activity licence) is proposed to be separated from the access right by establishing resource shares. The resource shares will represent a proportion of the sustainable harvest and will generate a specific annual catch entitlement. Within the commercial sector, the annual catch entitlement and resource shares may be freely traded without a significant degree of Government intervention. Resource shares will become the basis for the allocation of a proportion of the total allowable catch to fishing sections (e.g. commercial, recreational, customary), which in turn will drive the management of overall exploitation levels.

It is not known if and when this Bill might be passed by Parliament and come into force, or what amendments might be made to the Bill prior to that time.

The exact impact on the Nor-West Business is therefore not known but there is the potential for this change in regulation to adversely impact the Company's operational and financial performance.

**(x) Change in fishing policy and regulation**

In addition to the FRM Act and FRM Regulations, fishing in Western Australia is regulated by various legislative instruments, including the management plans (including the SBPMF Management Plan), notices, orders and determinations. Generally speaking, these pieces of legislation and legislative instruments are able to be varied, repealed or revoked. In addition, the Minister for Fisheries may exempt persons from all or any provisions of the FRM Act on such conditions as the Minister sees fit, and vary or revoke those exemptions.

Changes to the Western Australian Government's policy in relation to fishing or to any of this legislation or legislative instruments has the potential to materially impact the Company's operational and financial performance.

In particular, the SBPMF and Shark Bay Scallop Managed Fishery are managed under management plans, which impose a number of input controls designed to ensure the sustainability of the fisheries. Management plans may be varied or revoked by the Minister for Fisheries. There is a risk that variations to, or revocation of, these management plans could have a materially negative impact on the Company's business operations and financial performance.

The Western Australian Department of Fisheries has recently published the Shark Bay Crab Managed Fishery Draft Management Plan 2015. The plan is designed to take the Shark Bay blue swimmer crab fishery in to a managed fishery status. It is expected that the final version of the Shark Bay Crab Managed Fishery Management Plan 2015 will be gazetted in October 2015 and implemented in November 2015.

Assuming it is implemented, there is a risk that the final Shark Bay Crab Managed Fishery Management Plan 2015 may affect the way and the amount of blue swimmer crabs that the Company can catch and retain (assuming it obtains the relevant crab managed fishery licences). On that assumption and if the new management plan materially decreases the amount of crab that the Company can catch and retain, it could have a negative impact on the Company's business operations and financial performance.

See also Section 11.2(e).

**(y) Fisheries Adjustment Schemes**

The *Fisheries Adjustment Scheme Act 1987 (WA)* enables the establishment, financing and administration of fisheries adjustment schemes for the surrender or cancellation of certain authorisations, or the reduction of certain entitlements under the FRM Act with the payment of compensation. Voluntary schemes may be established under this Act to reduce the size of any fishery by enabling the surrender of authorisations or parts of entitlements on the payout of agreed compensation. Compulsory schemes may also be established to reduce the size of any fishery by enabling the cancellation of authorisations or the reduction of entitlements on the payment of compensation.

As described in Section 4.3, the SBPMF is subject to the VFAS, which was established on 12 November 2010. There is a risk that other voluntary or compulsory schemes may be implemented with respect to the fisheries in which the Company conducts its operations, which may result in the Company's authorisations being surrendered or cancelled or additional fees becoming payable.

**(z) Closure of the fisheries**

The fisheries in which the Company will operate are subject to seasonal closure, monthly moon closures and specific area closures which reduce the effective fishing effort in those fisheries. These closures are stipulated by written determination of the FCEO on an annual basis and can be varied. These closures may materially affect the volume of catch in any season and in turn impact on the Company's operational and financial performance.

There is a risk that an environmental, biological or other significant event may have a substantial impact on the sustainable biomass of those fisheries. There is a risk that in these circumstances one or more of the fisheries could be closed for a period of time to assess the impact of the event and to enable the relevant fishery or fisheries to recover to acceptable and sustainable levels. It may also result in permanent closure of a fishery. Closure of the fisheries would have a materially negative impact on the Company's business operations and financial performance.

**(aa) Export and import**

To export seafood products out of the country, or to import seafood products into the country, authorisations and permits are required from the Australian Government and, in some cases, certain State Governments. The Company will need to apply for these authorisations and permits and there is a risk that the relevant Governments will not issue these authorisations and permits to the Company on acceptable terms, in a timely manner or at all. Failure or delay in obtaining any required authorisations and permits for export and import could have a materially negative impact on the Company's business operations and financial performance.

Further, in order to remain export eligible, fish and fish products must only be transported between, and prepared and stored at, registered export establishments. In order to export any of its seafood products, the Company will be reliant on the third parties that provide transport and storage services to it being appropriately registered. As these services are not currently the subject of written supply agreements it is not possible to guarantee consistency and availability of such arrangements.

Failure or difficulties in obtaining transport or storage services with registered export establishments will materially restrict the Company's ability to export its product and this could have a materially negative impact on the Company's business operations and financial performance.

**(bb) Change in regulation**

There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which the Company sells, or sources its products. For example, changes in allowable catch regulations in wild catch fisheries from which the FSD sources key products.

Such changes to the regulatory environment could have a material effect on the Company. There is the potential for any such measures to materially reduce the Company's operational and financial performance.

**(cc) MSC Certification**

The MSC is an independent, global, non-profit organisation that was established to recognise, through a certification programme, well-managed and sustainable fisheries and to curb over-fishing. Seafood products harvested in accredited fisheries can display the blue MSC eco-label on the basis that the seafood can be traced back through the supply chain to that fishery that has been certified against the MSC standard.

The SBPMF is currently in the final stages of the process of accreditation by the MSC.

Craig Mostyn is certified under the MSC Chain of Custody Standard in respect of the products it imports from Sea Harvest and it is proposed that the certification will be transferred to Mareterram Trading pursuant the Craig Mostyn BPA or that Mareterram Trading will seek its own certification.

There is no guarantee that the SBPMF will obtain accreditation by the MSC, that Craig Mostyn's certification will be able to be transferred to Mareterram Trading or that the certifications can be renewed and/or maintained in the future.

Failure to obtain or maintain these certifications may adversely affect the Company's market strategy and product positioning and therefore sales volumes of the affected products. This has the potential to adversely impact on the Company's business operations and financial performance.

**(dd) Occupation Health and Safety**

The commercial fishing industry is a high risk industry. Given the nature of the industry that the Company operates in, the Company's employees and contractors are at risk of workplace accidents and incidents.

The Company intends to perform a detailed occupational health and safety audit of the Nor-West Business post completion. There is a risk that the audit will find that the systems, training and protocols in place to protect the safety of workers are not sufficient. To bring the safety standards in line with legal requirements could be a costly exercise not currently foreseen by the Company. The expenditure required to improve safety standards has the potential to adversely impact the operating and financial performance of the Company.

In the event that an employee of the Company is injured, during the course of their employment, the Company may be liable for penalties or damages under the relevant occupation health and safety regulations. This risk has the potential to adversely impact the operating and financial performance of the Company.

**(ee) Insurance Risk**

Insurance will be maintained within a range of coverage consistent with industry practices, however, no assurance can be given that such insurance will be available on commercial terms or that cover will be adequate to cover any/all claims. There is a risk that the Company may incur uninsured losses, which may affect operational and financial performance of the Company.

**(ff) Counterparty and material contract risk**

The financial performance of the Company is subject to it (and its various contractual counterparties) continuing to perform their respective obligations under various contracts. If the Company or one of its counterparties fails to adequately perform their contractual obligations this may result in loss of revenue, termination of particular contracts, disputes and/or litigation, all of which could impact the Company's operating and financial performance.

**(gg) Change in accounting policies**

Accounting policies in Australia may change which may affect the reported earnings of the Company and its financial performance from time to time.

**(hh) Financial Forecast Information risk**

The Company has made a number of assumptions in preparing the Forecast Financial Information in Section 8. There is a risk that the assumptions to do occur as forecast and that the Company's actual results may differ materially from the Forecast Financial Information. Any difference between the Forecast Financial Information and actual results may materially and adversely affect the Company's profitability, working capital position and growth plans, which in turn may have a negative impact on the Company's financial position and share price.

**(ii) Seasonal and Working Capital risk**

The Company's business operations are seasonal and require significant working capital to fund activities outside the fishing season and the build-up of inventory and debtors for the peak fishing and sales periods. There is a risk that the working capital requirements of the business

increase due to seasonal factors, changes in the terms of trade or delays in receipt of revenue, which could place pressure on the Company's liquidity and financial position.

**(jj) Risk associated with New Debt Facilities**

The Company, Mareterram P/L and Mareterram Trading have received a term sheet outlining a credit approved conditional offer from NAB for the New Debt Facilities. The New Debt Facilities will be utilised to assist with funding the purchase of the Nor-West Business, to enable the issuance of bank guarantees to the Department of Transport (in relation to the Carnarvon Boat Harbour Leases) and for on-going working capital purposes, as required.

The availability of funding under the New Debt Facilities is subject to final documentation being entered into and satisfaction of conditions precedent (including completion of a minimum capital raising of \$16 million by the Company and other conditions set out in NAB's general conditions). If final documentation is not entered into and/or the conditions precedent to the New Debt Facilities are not satisfied, the completion of the Acquisitions will not occur. Further, the Offer will not proceed if all the conditions precedent of the New Debt Facilities are not satisfied, other than the Company raising the Minimum Subscription under the Offer. There is no guarantee that final documentation will be entered into and/or that the conditions precedent will be satisfied.

Subject to final documentation being entered into and the conditions precedent being satisfied, maintenance of the New Debt Facilities is dependent upon the Company (and Mareterram P/L and Mareterram Trading) meeting the necessary covenants and other conditions of those facilities.

As a borrower of money, Mareterram P/L and Mareterram Trading will be exposed to increases in interest rates which would increase the cost of servicing the Company's debt. Accordingly, there is a risk that any increase in interest rates may have a materially adverse effect on the Company's future financial performance and position.

There is also a risk that the Company may be unable to refinance or renew the New Debt Facilities following expiry, or will only be able to refinance or renew the New Debt Facilities on terms which are less favourable to the Company than the existing terms. Any inability to refinance the New Debt Facilities or obtain capital or financing generally, on favourable terms or at all, may have a materially adverse effect on the Company's future financial performance and position.

**(kk) Future capital needs**

The Company may require additional funds for working capital, capital expenditure or any future acquisitions or other initiatives which are part of its growth strategy. There is no guarantee that the Company will be able to maintain its Debt Facilities or obtain additional debt or equity finance when required, or if it can, on favourable or acceptable terms. As a result, the Company's ongoing financial position may be adversely affected.

**(ll) Risk that growth plans cannot be effected**

As described in Section 3.6, the Company's future growth strategy is to build a diversified agribusiness with a suite of businesses in Australia (and potentially overseas). The Company will examine a range of growth options and intends to leverage its core competencies to identify acquisition opportunities in the broader agricultural and food sectors. There is no guarantee that suitable opportunities will be identified, or that if such opportunities are identified, the Company will convert the opportunities into completed acquisitions, which will depend on a range of factors, including (but not limited to) satisfactory due diligence investigations, and obtaining third party consents and regulatory approvals which are beyond the control of the Company. Further, the Company will need to access additional capital to grow its businesses by acquisition. There is no guarantee that the Company will obtain additional debt or equity finance when required, or if it can, on favourable or acceptable terms.

(mm) **Unexpected Expenditure**

The Company is currently unaware of any unforeseeable future expenditure; any unforeseeable future expenditure is likely to adversely affect the financial position of the Company.

### **7.3 General Risks**

(a) **Investment Risk**

There is a risk that the Shares of the Company or the Company's investments will fall in value over the short or long term. Stock markets tend to move in cycles, and so the prices of the Company's Shares may fluctuate and under perform other asset classes over time. Investors in the Company are exposed to this risk through their holding in the Company. In addition, the Shares may trade on ASX at a discount to net asset value per Share.

(b) **Economic and Share Market Risks**

Share market conditions may affect the value of the Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) short selling and other trading activities;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Liquidity Risk**

There is no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of Shares on the ASX at any particular time.

(d) **Dividend**

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be decided by the Board in its discretion and the Board's decision will have regard, amongst other things, to the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

(e) **Force Majeure Events**

Events may occur within or outside Australia that could impact up on the global and Australian economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-

made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

**(f) Hedging Risk**

The Company will seek to manage its short term foreign exchange exposure by hedging currency, but there is no guarantee that this will be sufficient to protect the Company's revenues in the event of significant foreign exchange rate fluctuations or provide protection of its competitive position in the event of a sustained change in exchange rate relative to countries to which the Company exports or from which it imports product.

**(g) Risk of Shareholder Dilution**

The issue of Shares under the Acquisitions and the Offer (assuming Full Subscription) will dilute the post-Consolidation number of Shares from 13,597,891 Shares (representing 100%) to approximately 10.2% ownership (on an undiluted basis) and 9.1% if all of the 6,250,000 Options (being the Incentive Options and the \$0.005 Options on a post Consolidation basis) are exercised and all of the 9,375,000 Performance Rights vest and the resultant Shares are issued.

In the future, the Company may elect to issue Shares in connection with fundraisings, including to raise proceeds. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a results of such issues of Shares and fundraisings.

**(h) Taxation Risk**

Tax rules or their interpretation in relation to equity investments may change. Both the level and basis of taxation may change. The treatment of dividends and franking credits may also change particularly if tax rates change. Furthermore, an investment in the Shares involves tax considerations which may differ for you depending on your personal financial circumstances. You are therefore encouraged to seek professional tax advice in connection with any investment in the Company.



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## 8 Financial Information

### 8.1 Introduction

The financial information for the Company contained in this Section 8 includes:

<b>Historical Financial Information</b>	<b>Section</b>
Pro forma consolidated historical income statements for FY13, FY14 and FY15 ( <b>Pro forma Historical Income Statements</b> ).	<b>8.3</b>
A reconciliation of the <b>Statutory Historical Income Statements</b> to the Pro forma Historical Income Statements	<b>8.4</b>
Pro forma consolidated historical balance sheet as at 30 June 2015 ( <b>Pro forma Historical Balance Sheet</b> )	<b>8.6</b>
Pro forma consolidated historical cash flow statement for FY13, FY14 and FY15 ( <b>Pro forma Historical Statement of Cash Flows</b> )	<b>8.15</b>

(together the **Historical Financial Information**)

<b>Forecast Financial Information Section</b>	<b>Section</b>
Pro forma consolidated forecast income statement for FY16 ( <b>Pro forma Forecast Income Statement</b> )	<b>8.3</b>
Statutory consolidated forecast income statement for FY16 ( <b>Statutory Forecast Income Statement</b> )	<b>8.3</b>
A reconciliation of the Statutory Forecast Income Statements to the Pro forma Forecast Income Statement	<b>8.5</b>
Pro forma consolidated forecast cash flow statement for FY16 ( <b>Statutory Forecast Statement of Cash Flows</b> )	<b>8.15</b>
Statutory consolidated forecast cash flow statement for FY16 ( <b>Pro forma Statement of Cash Flows</b> )	<b>8.15</b>

(together the **Forecast Financial Information**).

The Historical Financial Information and Forecast Financial Information together form the **Financial Information**.

All amounts presented in this Section 8 are presented in Australian dollars and, unless otherwise noted, rounded to the nearest \$1,000.

## 8.2 Basis of preparation and presentation of Financial Information

The Pro Forma Historical Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding what the underlying historical financial performance and cash flows of the Company would have been had the Company operated as a consolidated entity on a basis consistent with the Forecast Financial Information.

The Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act. The Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reports prepared in accordance with the Corporations Act. This Section should be read in conjunction with the risk factors, set out in Section 7. The significant accounting policies of the Company relevant to the Financial Information are set out in Section 14 of this Prospectus.

The Financial Information has been reviewed and reported on by RSM Bird Cameron Corporate Pty Ltd (**RSMBCC**) as set out in the Investigating Accountant's Report (**IAR**) in Section 9. Investors should note the scope and limitations of the IAR.

### (a) Basis of Historical Financial Information

The pro forma historical financial information of the Company has been derived from a combination of audited financial statements and financial information sourced from financial records of entities that have been subject to audit, including:

- (i) the financial statements of the Company where the financial statements were audited by BDO for FY14 and FY15 in accordance with Australian Auditing Standards and by another auditor for FY13 in accordance with Australian Auditing Standards. A qualified audit opinion was issued in FY13 in respect of lack of appropriate evidence to support the financial information of overseas controlled entities. A qualified audit opinion was issued in FY14 in respect of comparative figures, the subject of the FY13 audit qualification and in respect of the gain on disposal of various subsidiaries in FY14. An unqualified audit opinion was issued for FY15, however the auditor noted material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Directors acknowledged in the FY15 financial statements that the Company would require additional funding to complete the Acquisitions and to continue as a going concern, and should the Acquisitions not proceed, the ability of the Company to continue as a going concern will be dependent upon the future successful raising of funding through equity;
- (ii) the income statement and balance sheet of FSD, which were audited by RSM Bird Cameron Partners for FY13, FY14 and FY15 with unqualified audit opinions being issued for each of these years; and
- (iii) the financial information of the Nor-West Business, which is partly recorded in Nor-West Seafoods Pty Ltd and partly in Tennereef Pty Ltd, both wholly owned subsidiaries of Orange Sun Development Corporation Pty Ltd (**Orange Sun**). The financial information of the Nor-West Business has been extracted from the financial information which comprises the special purpose financial statements of Orange Sun for FY13, FY14 and FY15 and which have been subject to audit by another auditor in accordance with Australian Auditing Standards. A qualified audit opinion was issued for each of FY13, FY14 and FY15 for Orange Sun in respect of the inability of the auditor to verify the accuracy of the stock on hand at each year end due to a lack of a stock take and the auditor being unable to obtain sufficient appropriate audit evidence to support the property, plant and equipment balance at

cost. In addition, the auditor, for FY13, FY14 and FY15, provided an emphasis of matter regarding the ability of each entity to continue as a going concern. The auditor stated that the validity of this depends on the success of the proposed asset sale and/or the continued support of the entity's financier (related parties and financial institutions).

Pro forma adjustments have been made in order to present the financial impact of:

- (i) the acquisition of the business and operations of FSD and the Nor-West Business as if these acquisitions had taken place on 1 July 2012;
- (ii) recognising the outstanding payments under the VFAS as a liability and each VFAS payment made as a reduction in this liability as a part of the acquisition accounting under AASB 3 Business Combinations;
- (iii) the anticipated debt profile and interest rates applicable to the Company under the terms of the New Debt Facilities;
- (iv) significant, non-recurrent, one-off items; and
- (v) income tax expense has been presented based on the underlying corporate tax rates and taking account of permanent differences. Income tax expense reflects a pro forma adjustment given the corporate structure of the Company will be significantly different from the date of the equity capital raising and the acquisition of FSD and the Nor-West Business.

The pro forma consolidated historical balance sheet as at 30 June 2015 is based on the statement of financial position of the Company, adjusted to show the impact of the acquisition of FSD and the Nor-West Business and the equity and debt capital raisings, as though these transactions had happened as at 30 June 2015.

Reconciliations between the Statutory Historical Income Statement and the Pro forma Historical Income Statement is provided in Section 8.4.

Investors should note that past results are not a guarantee of future performance.

#### **(b) Preparation of Forecast Financial Information**

The Forecast Financial Information is presented on both a Statutory Forecast and Pro forma Forecast basis.

The Pro Forma Forecast Income Statement which is set out in Section 8.3 differs from the Statutory Forecast Income Statement for FY16 as the Pro Forma Forecast Income Statement reflects the full year effect of the Acquisitions and the operating and capital structure of the Company following completion of the Offer and the securing of the New Debt Facilities, assuming these to be in place from 1 July 2015. Underlying NPAT excludes transaction costs and other significant items which are unrelated to the underlying earnings, including non-recurring director compensation and incoming executive costs.

The Statutory Forecast Income Statement has been prepared on a basis consistent with how the Company's statutory financial statements will be prepared for future financial periods and represents the Company's forecast reportable income for FY16 comprising the Company for the full year, the Nor-West Business and FSD from the date of acquisition (assumed to be 1 December 2015) to 30 June 2016. NPAT includes transaction costs and other significant items, including non-recurring director compensation and incoming executive costs.

The Forecast Financial Information has been prepared by the Directors based on an assessment of present economic and operating conditions, and on a number of best estimate

assumptions regarding future events, to the best of their knowledge as at the date of this Prospectus. These assumptions are set out in further detail in Section 8.17.

This information is designed to assist investors in assessing the reasonableness and the likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information and to recognise that the fishing business is dependent on natural conditions and its earnings are therefore inherently volatile.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative impact on the Company's actual financial performance and/or financial position. Accordingly, neither the Company nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will eventuate. In addition, investors should be aware that historical financial performance is not a guide for future financial performance.

The Forecast Financial Information should be considered in conjunction with the best estimate general assumptions outlined below, the best estimate specific assumptions underlying the Forecast Financial Information set out below, the sensitivities set out in Section 8.18, the risk factors as set out in Section 7 and other information contained in this Prospectus.

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

**(c) Use of “non-IFRS” financial information**

Investors should be aware that certain financial data included in this Section is “non-IFRS financial information” under Regulatory Guide 230 “Disclosing non-IFRS financial information” published by ASIC. The Directors believe this non-IFRS financial information provides useful information to users in measuring the financial performance of the Company. Investors are cautioned not to place undue reliance on any non-IFRS financial information and any ratios calculated using that information.

**Gross Profit** is calculated as total revenue less total cost of sales.

**EBIT** is earnings before interest and tax.

**EBITDA** is earnings before interest, tax, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are significantly affected by the capital structure.

Management also uses EBITDA %, which is EBITDA divided by revenue, expressed as a percentage. EBITDA % is a key measure that Management uses to evaluate the profitability of the overall business. Because it eliminates the non-cash charges for depreciation and amortisation, EBITDA is useful to help understand the cash generation potential of the business. However, it should not be considered as an alternative to cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, analysis of the Company's results of operations. Some of the limitations of EBITDA are that it does not reflect:

- (i) the Company's cash outgoings, capital expenditure or VFAS payments;
- (ii) changes in the Company's working capital needs;
- (iii) that, although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and there will likely be cash requirements for such replacements; and
- (iv) that other companies in the Company's industry may calculate these measures differently from how the Company does, limiting their usefulness as a comparative measure.

**Underlying NPAT** is calculated as net profit after tax (**NPAT**) before non-cash interest expense and significant one-off items (including transaction costs) net of tax.

### 8.3 Summary Pro forma Historical Income Statements and Pro forma Forecast Income Statement

The following table provides a summary of the pro forma historical income statements for FY13, FY14 and FY15, the pro forma forecast income statements for FY16 and statutory forecast income statement for FY16.

**Table 1: Pro forma Historical and Forecast Income Statement**

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY16</b>
	<b>Pro forma</b>	<b>Pro forma</b>	<b>Pro forma</b>	<b>Pro forma</b>	<b>Statutory</b>
	<b>Historical</b>	<b>Historical</b>	<b>Historical</b>	<b>Forecast</b>	<b>Forecast<sup>1</sup></b>
<b>Revenue</b>					
Nor-West Business	13,842	12,857	14,413	17,762	4,351
FSD	38,858	34,536	34,145	28,282	16,607
<b>Total revenue</b>	<b>52,700</b>	<b>47,393</b>	<b>48,558</b>	<b>46,044</b>	<b>21,250</b>
<b>Cost of sales</b>					
Nor-West Business	(8,207)	(7,645)	(9,053)	(8,681)	(2,120)
FSD	(32,952)	(29,602)	(29,053)	(23,472)	(13,905)
<b>Total cost of sales</b>	<b>(41,159)</b>	<b>(37,247)</b>	<b>(38,106)</b>	<b>(32,153)</b>	<b>(16,026)</b>
<b>Gross profit</b>	<b>11,541</b>	<b>10,147</b>	<b>10,452</b>	<b>13,891</b>	<b>5,224</b>
Employee benefits expense	(3,724)	(3,785)	(3,754)	(3,692)	(2,272)
Other operating expense	(1,496)	(1,803)	(1,684)	(1,524)	(1,165)
Sales and marketing expense	(3,014)	(2,897)	(2,611)	(2,171)	(1,282)
Total expenses	(8,234)	(8,485)	(8,048)	(7,387)	(4,719)
<b>EBITDA</b>	<b>3,307</b>	<b>1,662</b>	<b>2,404</b>	<b>6,503</b>	<b>214</b>
Depreciation	(723)	(679)	(638)	(610)	(407)
<b>EBIT</b>	<b>2,584</b>	<b>983</b>	<b>1,766</b>	<b>5,893</b>	<b>(193)</b>
Interest <sup>2</sup>	(540)	(540)	(540)	(433)	(338)
<b>NPBT</b>	<b>2,044</b>	<b>443</b>	<b>1,226</b>	<b>5,460</b>	<b>(530)</b>
Income tax (expense)/benefit	(613)	(133)	(368)	(1,638)	159
<b>Underlying NPAT<sup>3</sup></b>	<b>1,431</b>	<b>310</b>	<b>858</b>	<b>3,822</b>	<b>(371)</b>
Non-cash interest <sup>4</sup>	(428)	(427)	(341)	(277)	(162)
Costs related to directors and incoming executives <sup>5</sup>	-	-	-	-	(839)
Transaction costs <sup>6</sup>	-	-	-	-	(1,600)
<b>NPAT</b>	<b>1,003</b>	<b>(117)</b>	<b>517</b>	<b>3,545</b>	<b>(2,972)</b>

#### Notes

1. Statutory FY16 assumes the Acquisitions take place on 1 December 2015 (**Acquisition Date**) following completion of the Offer. Due to the seasonality of the Nor-West Business, no revenue is expected to be generated from the Acquisition Date until after the commencement of the 2016 season in March 2016.
2. The pro forma interest expense reflects the net interest costs of the Company under the new capital structure and the terms of the New Debt Facilities.
3. Underlying NPAT is calculated as NPAT before non-cash interest expense and significant one-off items (including transaction costs) net of tax.
4. Non-cash interest relates to the unwinding of the discount on financial liabilities recognised for future payments under the VFAS, which have been included in the pro forma statement of financial position at present value. This expense is not deductible for tax purposes.
5. Relates to Incentive Options issued and directors fees owing to former directors for past services, one-off fees paid to incoming management and costs of the incoming CEO whose role is outside of the historical and pro forma operations and underlying earnings of the Company after income tax.
6. Transaction costs which are not offset against equity are \$1.6 million.

## 8.4 Reconciliation of the Statutory Historical Income Statement to the Pro forma Historical Income Statements

The reconciliation of the Statutory Historical and Pro forma Historical revenue and EBITDA reconciles the statutory audited revenue and EBITDA of the Company to the Pro forma Historical revenue and EBITDA of the Company and the Acquisitions (**Combined Group**).

**Table 2: Reconciliation of Statutory Historical and Pro forma Historical Revenue and EBITDA**

<b>Revenue</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Statutory revenue (excluding interest) <sup>1</sup>	194	-	80
Pro forma adjustments in the Company <sup>2</sup>	(194)	-	(80)
Pro forma revenue of the Company	-	-	-
 Audited Orange Sun revenue - Nor-West Business	 13,814	 12,819	 14,617
Pro forma adjustments to Orange Sun Revenue <sup>3</sup>	28	38	(204)
Audited Orange Sun revenue - Nor-West Business	13,842	12,857	14,413
 Audited FSD revenue	 38,858	 34,536	 34,145
<b>Pro forma Revenue of the Combined Group</b>	<b>52,700</b>	<b>47,393</b>	<b>48,558</b>
 <b>EBITDA</b>	 <b>FY13</b>	 <b>FY14</b>	 <b>FY15</b>
Statutory EBITDA <sup>1</sup>	(635)	6	(358)
Pro forma adjustments in the Company <sup>2</sup>	421	(258)	27
Pro forma EBITDA of the Company	(213)	(251)	(331)
 Audited Orange Sun EBITDA	 (114)	 217	 (174)
VFAS expense <sup>4</sup>	882	541	1,532
Discontinued business activities <sup>5</sup>	1,907	1,455	1,047
Net (income)/expense from unrelated business <sup>6</sup>	(12)	(495)	(648)
Pro forma EBITDA of the Nor-West Business	2,663	1,718	1,757
 Audited FSD EBITDA	 858	 195	 978
<b>Pro forma EBITDA of the Combined Group</b>	<b>3,307</b>	<b>1,662</b>	<b>2,404</b>

### Notes

1. Statutory amount from the audited financial statements of the Company.
2. The pro forma adjustments to the Company represent one-off, non-recurrent items related to its previous business activities.
3. The adjustment to Orange Sun revenue represents the net impact on revenue for unrelated business activities.
4. Adjustment reflect the expense related to VFAS payments which will no longer be expensed in accordance with AASB 3 as referred to in Section 8.2(a).
5. The adjustment represents the impact of discontinued business activities related to the processing of product on Babbage Island.
6. Adjustment reflect the net income and expenditure unrelated to the ongoing Nor-West Business.

The reconciliation of the Statutory Historical and Pro forma Historical NPAT reconciles the statutory audited NPAT of the Combined Group to the Pro forma Historical NPAT of the Company and the Acquisitions. As FSD and the Nor-West Business are not legal entities and therefore not tax payers, there is not an audited NPAT for these entities.

**Table 3: Reconciliation of Statutory Historical and Pro forma Historical NPAT**

<b>NPAT</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Statutory NPAT <sup>1</sup>	(630)	37	(333)
Pro forma full year EBIT impact of Nor-West Business <sup>2</sup>	1,982	1,085	1,163
Pro forma full year EBIT impact of FSD <sup>3</sup>	815	151	936
One-off adjustments in the Company <sup>4</sup>	421	(258)	27
Impact of the new capital structure <sup>5</sup>	(973)	(999)	(907)
Pro forma Combined Group level tax expense <sup>6</sup>	(613)	(133)	(368)
<b>Pro forma NPAT</b>	<b>1,003</b>	<b>(117)</b>	<b>517</b>

**Notes**

1. Statutory NPAT is the audited NPAT of the Company.
2. Reflects the pro forma earnings before interest and tax financial result of the Nor-West Business as if the Acquisition was effected on 1 July 2012.
3. Reflects the pro forma earnings before interest and tax financial result of FSD as if the Acquisition was effected on 1 July 2012.
4. The pro forma adjustments to the Company represent one-off, non-recurrent items related to its previous business activities.
5. The capital structure adjustments assumes the anticipated debt profile of the Company under the terms of the New Debt Facilities and non-cash interest expense on the unwinding of financial liabilities.
6. The pro forma income tax expense of the Combined Group at a tax rate of 30%, which is the Australian corporate tax rate.

## **8.5 Reconciliation of the Statutory Forecast Income Statement to the Pro forma Forecast Income Statements**

The table below sets out the reconciliation from the Statutory Forecast NPAT of the Company to the Pro forma Forecast NPAT for FY16.

**Table 4: Reconciliation of Statutory and Pro forma NPAT**

<b>NPAT</b>	<b>FY16</b>
Statutory NPAT	(2,972)
Pro-forma full year EBIT impact in the Company <sup>1</sup>	63
Pro forma full year EBIT impact of Nor-West Business <sup>2</sup>	5,428
Pro forma full year EBIT impact of FSD <sup>2</sup>	595
Impact of the new capital structure <sup>3</sup>	(211)
Pro forma Combined Group level tax expense <sup>4</sup>	(1,797)
Transaction costs <sup>5</sup>	1,600
Costs related to directors and incoming executives <sup>6</sup>	839
<b>Pro forma NPAT</b>	<b>3,545</b>

**Notes**

1. Reflects the pro forma earnings before interest and tax impact (savings) in the Company.
2. Reflects the pro forma earnings before interest and tax financial result of each of the acquired businesses as if the Acquisitions were effected on 1 July 2012 compared to the EBIT financial result reflected in the Statutory Forecast NPAT which assumes the Acquisitions were effected on 1 December 2015.
3. Reflects the additional net interest expense to the Company between 1 July 2015 and the assumed pro forma Acquisition Date on 1 December 2015, including the cash interest expense on the New Debt Facilities and non-cash interest expense on the unwinding of VFAS financial liabilities net of interest income.
4. Reflects the difference in pro forma income tax expense and the underlying statutory income tax benefit to the Combined Group at a tax rate of 30%, which is the Australian corporate tax rate.
5. Reflects the transaction costs which are not offset against equity and expensed to the income statement.
6. Relates to Incentive Options issued and directors fees owing to former directors for past services, one-off fees paid to incoming management and costs of the incoming CEO whose role is outside of the historical and pro forma operations and underlying earnings of the Company after income tax.



## 8.6 Pro forma Historical Balance Sheet

The following table sets out the audited balance sheet of the Company as at 30 June 2015, the equity and debt capital to be raised net of costs, and the acquisition of the Nor-West Business and the FSD reflecting the estimated fair value of the assets and liabilities acquired and the consideration paid in accordance with AASB 3 Business Combinations together with the pro forma balance sheet (on both a Full Subscription and Minimum Subscription basis) of the Company as at 30 June 2015 as if the Acquisitions and the Offer had completed on that day, adjusted for the matters noted in the notes to the pro forma balance sheet.

**Table 5: Pro forma Historical Balance Sheet as at 30 June 2015**

	Company audited <sup>1</sup> 30-Jun-15 \$'000	Funds raised <sup>2</sup> 30-Jun-15 \$'000	Nor-West Business acquis'n <sup>3</sup> 30-Jun-15 \$'000	FSD acquis'n <sup>4</sup> 30-Jun-15 \$'000	\$18m raise Pro forma consol. 30-Jun-15 \$'000	\$16m raise Pro forma consol. <sup>5</sup> 30-Jun-15 \$'000
<b>Current assets</b>						
Cash and cash equivalents	1,134	28,030	(18,357)	(2,815)	7,992	6,072
Trade and other receivables	30	-	-	4,945	4,975	4,975
Inventory	-	-	1,261	3,598	4,859	4,859
Prepayments	8	-	-	-	8	8
Deferred tax assets	-	621	168	27	816	816
<b>Total current assets</b>	<b>1,172</b>	<b>28,651</b>	<b>(16,927)</b>	<b>5,754</b>	<b>18,650</b>	<b>16,730</b>
<b>Non-current assets</b>						
Property, plant and equipment	6	-	7,455	-	7,462	7,462
Intangible assets	-	-	23,238	1,618	24,856	24,856
<b>Total non-current assets</b>	<b>6</b>	<b>-</b>	<b>30,694</b>	<b>1,618</b>	<b>32,318</b>	<b>32,318</b>
<b>Total assets</b>	<b>1,178</b>	<b>28,651</b>	<b>13,766</b>	<b>7,372</b>	<b>50,968</b>	<b>49,048</b>
<b>Current liabilities</b>						
Trade and other payables	220	-	-	1,543	1,763	1,763
Financial liabilities	-	-	2,157	1,500	3,657	3,657
Provisions	-	-	204	391	595	595
<b>Total current liabilities</b>	<b>220</b>	<b>-</b>	<b>2,362</b>	<b>3,434</b>	<b>6,015</b>	<b>6,015</b>
<b>Non-current liabilities</b>						
Borrowings	-	12,000	-	-	12,000	12,000
Financial liabilities	-	-	9,797	-	9,797	9,797
<b>Total non-current liabilities</b>	<b>-</b>	<b>12,000</b>	<b>9,797</b>	<b>-</b>	<b>21,797</b>	<b>21,797</b>
<b>Total liabilities</b>	<b>220</b>	<b>12,000</b>	<b>12,159</b>	<b>3,434</b>	<b>27,813</b>	<b>27,813</b>
<b>Net assets</b>	<b>958</b>	<b>16,651</b>	<b>1,607</b>	<b>3,938</b>	<b>23,155</b>	<b>21,235</b>
<b>Equity</b>						
Issued capital	41,528	17,466	2,000	4,000	64,994	63,074
Reserves	2	358	-	-	360	360
Retained earnings/(losses)	(40,571)	(1,173)	(393)	(62)	(42,199)	(42,199)
<b>Total equity</b>	<b>958</b>	<b>16,651</b>	<b>1,607</b>	<b>3,938</b>	<b>23,155</b>	<b>21,235</b>

### Notes

- Reflects the 30 June 2015 assets and liabilities of the Company from the audited financial statements.
- Reflects the funds raised and related transactions consisting of:
  - \$12 million in funds in debt funding from the New Debt Facilities with associated costs of \$0.05 million (the working capital facility remains undrawn);
  - The full impact of the Offer being the issue of 90,000,000 Shares at 20 cents per Share raising a total of \$18 million (less costs of the Offer estimated to be \$1.12 million and the related deferred tax impact);
  - The exercise of 50 million \$0.005 Options to raise \$0.25 million.
  - The issue of 5 million \$0.20 Incentive Options to Director Peter Hutchinson valued at \$0.358 million; and
  - Other cash transaction costs estimated to be \$1.05 million and the related deferred tax impact.
- Reflects the impact of the Acquisition of the Nor-West Business including the expected consideration paid upon completion of the Offer, assets acquired and liabilities assumed at estimated fair value and initial purchase price allocation together with related stamp duty costs and the related deferred tax impact. Refer to Section 8.7 for further details of the acquisition.

4. Reflects the impact of the Acquisition of FSD including the expected consideration paid upon completion of the Offer, assets acquired and liabilities assumed including those relating to deferred and contingent consideration at estimated fair value and initial purchase price allocation together with related stamp duty costs and the related deferred tax impact. Refer to Section 8.7 for further details of the acquisition.
5. If the minimum \$16 million is raised under the Offer, consolidated cash and issued capital will each be \$1.92 million less than if the full \$18 million is raised.

## 8.7 Acquisitions

The table below sets out the pro forma acquisition accounting for the Nor-West Business as though the acquisition had occurred as at 30 June 2015.

**Table 6: Pro forma acquisition accounting of the Nor-West Business as at 30 June 2015**

	<b>Nor-West audited 30-Jun-15</b>	<b>Acquisition and pro forma adjustments</b>	<b>Total Pro forma 30-Jun-15</b>
<b>Assets</b>			
Inventory	1,261	-	1,261
Property plant and equipment	4,482	2,973	7,455
Intangible assets <sup>1</sup>	8,895	14,344	23,238
	<u>14,638</u>	<u>17,317</u>	<u>31,955</u>
<b>Liabilities</b>			
Provisions	(204)	-	(204)
Financial liability <sup>2</sup>	-	(11,955)	(11,955)
	<u>(204)</u>	<u>(11,955)</u>	<u>(12,159)</u>
<b>Total identifiable net assets</b>	<b>14,433</b>	<b>5,362</b>	<b>19,796</b>
<b>Purchase consideration transferred</b>			<b>19,796</b>
Add pro forma cash adjustment <sup>3</sup>			204
<b>Total consideration</b>			<b>20,000</b>

### Notes

1. Reflects the 30 June 2015 assets and liabilities of the Nor-West Business from the audited financial statements. The acquisition has been treated as a business combination in accordance with AASB 3 Business Combinations. The assets and liabilities of the acquisition (including intangible assets comprising fishing rights and licences) have been recognised at estimated fair value. The fair value of intangible assets (excluding goodwill) has been estimated on a provisional basis in accordance with paragraph 45 of AASB 3.
2. Under acquisition accounting in accordance with AASB 3 Business Combinations, the payments outstanding under the VFAS have been recognised as a financial liability as described in Section 8.10.
3. Under the Nor-West BPA, the Company set off against the cash consideration payable to the vendor the amount payable by the vendor for employee provisions and skippers' benevolent fund accruals assumed. On a pro forma basis this amounts to approximately \$0.2 million.

The table below sets out the pro forma acquisition accounting for FSD as though the acquisition had occurred as at 30 June 2015.

**Table 7: Pro forma acquisition accounting of FSD as at 30 June 2015**

	<b>FSD audited 30-Jun-15</b>	<b>Acquisition and pro forma adjustments</b>	<b>Total Pro forma 30-Jun-15</b>
<b>Assets</b>			
Receivables	4,593	352	4,945
Inventory	4,092	(494)	3,598
Intangible assets <sup>1</sup>	-	1,618	1,618
	<u>8,685</u>	<u>1,476</u>	<u>10,161</u>
<b>Liabilities</b>			
Payables	(2,980)	1,437	(1,543)
Provisions	(391)	-	(391)
Financial liability	-	-	-
Deferred consideration (earn out) <sup>2</sup>	-	(1,500)	(1,500)
	<u>(3,371)</u>	<u>1,437</u>	<u>(3,434)</u>
<b>Total identifiable net assets</b>	<b><u>5,315</u></b>	<b><u>2,912</u></b>	<b><u>6,727</u></b>
<b>Purchase consideration transferred</b>			<b>6,727</b>
Add pro forma cash adjustment <sup>3</sup>			<u>274</u>
<b>Total consideration</b>			<b><u>7,000</u></b>

**Notes**

1. Reflects the 30 June 2015 assets and liabilities of the FSD from the audited financial statements. The acquisition has been treated as a business combination in accordance with AASB 3 Business Combinations. The assets and liabilities of FSD (including intangible assets not previously recognised) has been recognised at estimated fair value. The fair value of intangible assets (excluding goodwill) has been estimated on a provisional basis in accordance with paragraph 45 of AASB 3.
2. Deferred consideration related to contingent payments under the earn outs as described in Section 8.13.
3. Under the FSD BPA, the Company will receive cash from Craig Mostyn for employee provisions assumed in the acquisition for a pro forma amount of approximately \$0.3 million.

## 8.8 Indebtedness and capitalisation

The table below sets out the indebtedness and capitalisation of the Company as at 30 June 2015 and the Company following the Completion of the Offer.

**Table 8: Net indebtedness and equity pre and post Offer**

	Statutory pre Offer \$'000	\$18m raise Pro forma post Offer \$'000	\$16m raise Pro forma post Offer \$'000
Cash and cash equivalents	(1,134)	(7,992)	(6,072)
Current borrowings	-	-	-
Non-current borrowings	-	12,000	12,000
Current financial liabilities	-	3,657	3,657
Non-current financial liabilities - contingent	-	9,797	9,797
<b>Net total indebtedness</b>	<b>(1,134)</b>	<b>17,463</b>	<b>19,383</b>
Issued capital	41,528	64,994	63,074
Reserves	2	360	360
Accumulated losses	(40,571)	(42,199)	(42,199)
<b>Total capitalisation</b>	<b>958</b>	<b>23,155</b>	<b>21,235</b>
<b>Total indebtedness and total capitalisation</b>	<b>(175)</b>	<b>40,618</b>	<b>40,618</b>

## 8.9 New Debt Facilities

The New Debt Facilities comprise of:

- \$12m loan facility with a maximum 15 year term (with a review on 31 October 2020) with two year interest only and then interest and principal amortising over the term to assist with funding the purchase of the Nor-West Business and to part fund working capital requirements;
- \$5m two year loan facility for working capital funding subject to an advance limit of 85% of the value of debtors (excluding any debtors greater than 3 months (90 days)); and
- \$100,000 bank guarantee facility expiring on 31 October 2017 to enable issuance of bank guarantees to the Department of Transport.

In addition, a \$500,000 Revolving Leasing Facility and \$100,000 NAB Commercial Card Facility will be made available.

Details of the New Debt Facilities are provided in Section 10.2(e) of this Prospectus.

## 8.10 Financial liabilities

### VFAS

The Company will make VFAS payments over the next six years of \$215,476 per license (\$2,154,760 per annum in total). This amount is payable on 1 March annually for six years from 2016 to 2021.

The initial financial liability is recognised at a fair value of \$11.954 million by discounting the total amount payable to present value at the five-year Commonwealth Government bond yield. All future movements in the fair value of financial liability will go through the income statement. The discount applied to the liability is unwound as a non-cash interest charge over the life of the liability.

### **8.11 Liquidity and capital expenditure**

Following completion of the Offer, the Company's principal source of funds will be cash on its balance sheet, cash flow from operations and borrowings under its banking facility.

The Company expects that it will have sufficient funds available from the cash proceeds of the Offer, the borrowings under its banking facility and operating cash flows from its ongoing operations to fulfil the purposes of the Offer and meet its stated business objectives.

### **8.12 Contractual obligations and commitments**

The Company has the following pro forma obligations and commitments:

- (a) a facility agreement to use the accommodation facilities on Babbage Island from the vendor of the Nor-West Business for \$150,000 per annum for two years following completion of the acquisition (refer Section 10.2(j) of this Prospectus);
- (b) a licence fee to use the Babbage Island factory from the vendor of the Nor-West Business for \$52,000 per annum for two years following completion of the acquisition;
- (c) a lease for Lots A, B, C, M and N at Carnarvon Small Boat Harbour for a period expiring on 31 July 2020 with a further five year term commencing on 1 August 2020 and expiring on 31 July 2025 at a current rental of \$60,146 per annum, plus levies of \$5,921, currently (refer Section 10.3(a) of this Prospectus);
- (d) a lease for Lot E at Carnarvon Small Boat Harbour for a period expiring on 31 August 2017 with a further four year term commencing on 1 September 2017 and expiring on 31 August 2021 at a current rental of \$37,481 per annum, plus annual fees of \$11,858 (refer Section 10.3(b) of this Prospectus); and
- (e) a sub-lease for a corporate head office in Fremantle, Western Australia for \$100,000 per annum for three years commencing in March 2016.

### **8.13 Contingent liabilities**

The Company has entered acquisition agreements that contain deferred/contingent payments. A summary of terms of these payments (including timing) is presented below.

#### **(a) FSD earn out**

As set out in Section 10.2(b) there is an earn out liability of up to \$0.75 million payable to Craig Mostyn. This amount is payable one year following completion and is based on the forecast financial results of FSD based on current budgeted financial results over this period. As at the date of this Prospectus, it is expected that the full earn out will be payable, which will be funded from retained earnings. However, as this contingent payment is an estimate based on future earnings, it is subject to change. Any subsequent changes in the fair value of this liability will be recognised through profit and loss. The earn out is an undiscounted amount.

**(b) Sea Harvest earn out**

As set out in Section 10.2(c) the Company entered into an Earn Out Entitlement and Equity Participation Agreement with Sea Harvest with an earn out of up to \$0.75 million payable to Sea Harvest. This amount is payable one year following completion and is based on the forecast financial results of FSD based on current budgeted financial results over this period. As at the date of this Prospectus, it is expected that the full earn out will be payable, which will be funded from retained earnings. However, as this contingent payment is an estimate based on future earnings, it is subject to change. Any subsequent changes in the fair value of this liability will be recognised through profit and loss. The earn out is an undiscounted amount.

**8.14 Share based payments**

As set out in Section 11.4 (Ancillary Offers) this Prospectus also contains the following offers:

- (a) an offer of 5,000,000 Incentive Options (each with an exercise price of \$0.20 expiring on the date 5 years from the date of issue) to Peter Hutchinson or his nominee(s);
- (b) an offer of 3,125,000 Performance Rights to James Clement or his nominee(s); and
- (c) an offer of 6,250,000 Performance Rights to David Lock or his nominee(s).

The fair value of the Incentive Options has been determined using the Black-Scholes options pricing model at \$0.0716 providing a total value of \$358,000. The fair value of the options has been recognised as an expense in the Statutory Forecast Income Statement.

The Performance Rights are rights to acquire Shares subject to the satisfaction of vesting conditions during the relevant performance period. The fair value of each Performance Right, in accordance with AASB 2 Share based Payment is \$0.20 each. Accordingly, the fair value of the Performance Rights, should they vest, is \$625,000 to James Clement or his nominee(s) and \$1,250,000 to David Lock or his nominee(s). At the date of this Prospectus there is insufficient certainty as to the vesting conditions being met, consequently no expense has been recognised in the Financial Information.

## 8.15 Pro forma Historical and Forecast Statement of Cash Flows

The table below presents the pro forma historical statement of cash flows for FY13, FY14 and FY15 and the pro forma and statutory forecast statement of cash flows for FY16.

**Table 9: Pro forma Historical and Forecast Statement of Cash flows**

	FY13 Pro forma Historical \$000's	FY14 Pro forma Historical \$000's	FY15 Pro forma Historical \$000's	FY16 Pro forma Forecast \$000's	FY16 Statutory Forecast <sup>2</sup> \$000's
<b>EBITDA</b>	3,307	1,662	2,404	6,503	214
Change in working capital	5,737	1,614	(339)	(777)	(2,450)
Net free cash flow before capital expenditure	9,045	3,276	2,065	5,727	(2,236)
Payment for the Acquisitions <sup>3</sup>	-	-	-	-	(22,222)
Acquisition of property, plant and equipment	(368)	(659)	(501)	(243)	(243)
VFAS payments	-	(1,262)	(2,157)	(2,157)	(2,157)
Net free cash flow before financing and tax	8,677	1,355	(594)	3,327	(26,858)
Net interest paid				(433)	(338)
Income tax paid				(1,638)	-
Net proceeds from New Debt Facilities				-	11,950
Net proceeds from the Offer				-	17,130
<b>Net cash flow</b>				<b>1,255</b>	<b>1,885</b>

### Notes

1. The Pro forma historical cash flows have been presented before financing and taxation as the Company's capital structure will be significantly different post Offer.
2. The Statutory Forecast Cash Flows are based on the Full Subscription of \$18 million. Should the Minimum Subscription be achieved, the Statutory Forecast net cash flows would reduce from a \$1.885 million net cash inflow to a \$0.035 million net cash out flow.
3. The payment for the Acquisitions includes the net cash consideration paid for the Nor-West Business and FSD, applicable stamp duty on the Acquisitions and other cash acquisition costs.

The reconciliation of the Statutory Forecast Statement of Cash Flows for FY16 and the Pro forma Forecast Statement of Cash Flows for FY16 is set out in Table 10 below.

**Table 10: Pro forma Forecast Statement of Cash flows and Statutory Forecast Statement of Cash flows**

<b>Cash flows</b>	<b>\$000's</b>
Statutory net cash flow	1,885
Pro forma full year impact of the acquisitions after tax <sup>1</sup>	6,324
Total payments for the Acquisitions <sup>2</sup>	22,222
Net proceeds from the Offer <sup>3</sup>	(17,130)
Net proceeds drawn from the New Debt Facilities <sup>4</sup>	(11,950)
Impact of new capital structure <sup>5</sup>	(96)
<b>Pro forma net cash flow</b>	<b>1,255</b>

### Notes

1. A pro forma adjustment has been made to the historical and forecast reporting periods, to reflect the net after tax cash flows of the Company as if the acquisitions were effected on 1 July 2012.
2. Total payments of the acquisitions includes the total cash consideration paid for the Acquisitions and all related cash acquisition costs including stamp duty and professional fees.
3. Net proceeds of the Offer assumes the full \$18 million is raised under the Offer net of capital raising costs, and \$0.25 million is raised from the exercise of the existing 50 million \$0.005 options. Should the Minimum Subscription be achieved, the net cash raised from the Offer would reduce by \$1.92 million to \$15.21 million.
4. Net proceeds from the New Debt Facilities assumes the drawdown of \$12 million from the New Debt Facilities less related costs.
5. Impact of new capital structure represents the impact of the New Debt Facilities over a full year net of any interest received on cash at bank.

## 8.16 Management discussion and analysis of the Historical Financial Information

Below is a discussion of the main factors which affected the Company's operations and relative financial performance in FY13, FY14 and FY15 (on a pro forma basis) and which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected the Company's pro forma historical operating and financial performance, nor everything which may affect the Company's operations and financial performance in the future.

### **Key operating metrics**

The following table provides a summary of the Company's key historical and forecast operating metrics, by business unit, relating to the Pro forma Historical and Forecast Income Statements.

**Table 11: Key operating metrics**

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	<b>Pro forma</b>	<b>Pro forma</b>	<b>Pro forma</b>	<b>Pro forma</b>
	<b>Historical</b>	<b>Historical</b>	<b>Historical</b>	<b>Forecast</b>
<b>Revenue</b>	<b>52,700</b>	<b>47,393</b>	<b>48,558</b>	<b>46,044</b>
Nor-West Business revenue	13,842	12,857	14,413	17,762
FSD revenue	38,859	34,536	34,145	28,282
<i>Revenue growth %</i>		-10.1%	2.5%	-5.2%
<i>Nor-West Business revenue growth %</i>		-7.1%	12.1%	23.2%
<i>FSD revenue growth %</i>		-11.1%	-1.1%	-17.2%
<b>Gross Profit</b>	<b>11,541</b>	<b>10,147</b>	<b>10,452</b>	<b>13,891</b>
Nor-West Business Gross Profit	5,635	5,212	5,360	9,081
FSD Gross Profit	5,907	4,934	5,092	4,810
<i>Gross Profit %</i>	21.9%	21.4%	21.5%	30.2%
<i>Nor-West Business Gross Profit %</i>	40.7%	40.5%	37.2%	51.1%
<i>FSD Gross Profit %</i>	15.2%	14.3%	14.9%	17.0%
<b>EBITDA</b>	<b>3,307</b>	<b>1,662</b>	<b>2,404</b>	<b>6,503</b>
Nor-West Business EBITDA	2,663	1,718	1,757	6,099
FSD EBITDA	858	195	978	1,327
Company EBITDA	(213)	(251)	(331)	(923)
<i>EBITDA %</i>	6.3%	3.5%	5.0%	14.1%
<i>Nor-West Business EBITDA %</i>	19.2%	13.4%	12.2%	34.3%
<i>FSD EBITDA %</i>	2.2%	0.6%	2.9%	4.7%
<b>EBIT</b>	<b>2,584</b>	<b>983</b>	<b>1,766</b>	<b>5,893</b>
Nor-West Business EBIT	1,982	1,085	1,163	5,492
FSD EBIT	815	151	936	1,324
Company EBIT	(213)	(253)	(333)	(923)
<i>EBIT %</i>	4.9%	2.1%	3.6%	12.8%
<i>Nor-West Business EBIT %</i>	14.3%	8.4%	8.1%	30.9%
<i>FSD EBIT %</i>	2.1%	0.4%	2.7%	4.7%



**Table 11: Key operating metrics (continued)**

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	<b>Pro forma</b>	<b>Pro forma</b>	<b>Pro forma</b>	<b>Pro forma</b>
	<b>Historical</b>	<b>Historical</b>	<b>Historical</b>	<b>Forecast</b>
<b>Nor-West Business</b>				
<b>Sales volumes (tonnes)</b>				
Prawns	977	848	960	1,066
Scallops	-	-	-	17
By-catch	74	143	180	231
<b>Total tonnes sold</b>	<b>1,051</b>	<b>991</b>	<b>1,140</b>	<b>1,314</b>
<b>Catch volumes (tonnes)</b>				
Prawns	742	965	932	1,046
Scallops	-	-	-	17
By-catch	55	154	222	232
<b>Total</b>	<b>797</b>	<b>1,119</b>	<b>1,154</b>	<b>1,294</b>
Revenue per KG	\$13.17	\$12.97	\$12.64	\$13.52
Cost of sales per KG	\$7.81	\$7.71	\$7.94	\$6.61
Total costs before interest tax and depreciation per KG	\$10.64	\$11.24	\$11.10	\$8.88
<b>EBITDA contribution per KG</b>	<b>\$2.53</b>	<b>\$1.73</b>	<b>\$1.54</b>	<b>\$4.64</b>

***Nor-West Business – Revenue, Cost of Sales and Gross Profit***

Revenue in the Nor-West Business is derived from the fishing operations in the SBPMF and the sale of caught stock consisting of four key categories being king prawns, tiger prawns, scallops and by-catch. By-catch, which effectively covers any other species allowable under the SBPMF licences, is retained and sold if material and includes coral and endeavour prawns, blue swimmer crab, squid and cuttlefish (whilst scallops fit in the by-catch category of the licences, this is considered a separate revenue item for management purposes due to the significant value and not included in 'by-catch' as referred to in the financial information).

In recent years the prawn catch has made up the vast majority of the revenue earned by the Nor-West Business with by-catch comprising a much lower proportion of revenue.

Scallops historically provided a material income stream, however no scallops were available while the SBSMF was closed from 2012 to 2014 due to environmental factors which had a negative impact on scallop stocks with no revenue being generated from scallop sales from FY13 to FY15. Scallop stocks are available in September in the 2015 season in the SBSMF as licence holders have been permitted to take scallops by way of an exemption from the Department of Fisheries.

Given the nature of the key revenue streams, the key drivers underpinning the results of the Nor-West Business are related to total catch volumes and prices realised for the catch stock in the domestic and international seafood markets. Catch volumes fluctuate from season to season and depend upon the available biomass in the fishery which varies with environmental conditions. Given the exposure to international markets, the Australian dollar exchange rate against both the US dollar and Japanese yen can have a significant bearing on sales revenue.

For the Nor-West Business cost of sales relate to the costs of operating and maintaining the Vessels, driven by the following key factors:

- (i) payments to the skippers and crew under share-fishing arrangements (crew share) based on catch volumes and species;
- (ii) fuel costs based on total fuel usage in litres and cost of diesel fuel. Fuels costs fluctuate and are affected by international oil prices and the exchange rate of the Australian dollar against the US dollar;

- (iii) significant repairs and maintenance costs including vessel refit at the end of each fishing season to meet survey requirements and to keep the operating assets in good working order; and
- (iv) other costs including harbour dues and consumables (including nets, gear and packaging).

Crew share and consumables costs are the main outgoings that are directly variable with volumes of catch. The other costs of operating the Vessels tend to be driven by fishing effort rather than volume achieved.

### ***FSD - Revenue, Cost of Sales and Gross Profit***

FSD generates its revenue through the sale and distribution of imported and domestic food products, achieving a margin on turnover of product handled. The key drivers of FSD's revenue and gross profit are the ability to secure supply of a quality product range and maintain an acceptable gross profit percentage by a combination of negotiation of appropriate product costs from suppliers, management of exchange rate exposures on imported product and market activity to support sales and pricing in the market.

### ***Employee expense***

Employee benefits expense comprises wages, salaries and related on-costs.

### ***Other operating costs***

Other operating expenses comprise insurance, travel, telecommunications, IT and back office administrative and finance activities.

### ***Sales and marketing costs***

These comprise selling and distribution costs including discounts, freight, storage and marketing fees.

### ***Capital expenditure***

Capital expenditure in the Nor-West Business relates to the cost of replacing and upgrading capital items on vessels during the refit period.

### ***Working capital***

Managing working capital is an important driver in both businesses. Working capital comprises inventory and accounts receivable, net of trade creditors. The level of working capital during the course of the year is affected by the seasonality of trading, with a peak in the important summer sales period.

### ***Seasonality***

There is a significant seasonal fluctuation in business, particularly the Nor-West Business which only operates the trawling fleet over a seven to nine month period each year in the months of March to November. Around 70% of sales in the Nor-West business are made in the first six months of the financial year. Similarly, but not to the same extent, FSD achieves greater sales in the first half of the financial year. Both businesses have a peak trading period in the summer months over the Christmas period.

(a) **Pro forma Historical Income Statements FY14 compared to FY13**

**Table 12: Pro forma historical consolidated income statements FY14 compared to FY13**

	<b>FY13 Pro forma Historical</b>	<b>FY14 Pro forma Historical</b>	<b>Change \$</b>	<b>Change %</b>
Revenue	52,700	47,393	(5,307)	(10.1)
Cost of sales	(41,159)	(37,247)	3,912	(9.5)
<b>Gross profit</b>	<b>11,541</b>	<b>10,147</b>	<b>(1,395)</b>	<b>(12.1)</b>
Employee benefits expense	(3,724)	(3,785)	(61)	1.6
Other operating expense	(1,496)	(1,803)	(307)	20.5
Sales and marketing expense	(3,014)	(2,897)	117	(3.9)
<b>EBITDA</b>	<b>3,307</b>	<b>1,662</b>	<b>(1,645)</b>	<b>(49.7)</b>
Depreciation	(723)	(679)	44	(6.1)
<b>EBIT</b>	<b>2,584</b>	<b>983</b>	<b>(1,601)</b>	<b>(62.0)</b>

Pro forma EBITDA of the Combined Group decreased by 49.7% to \$1.7 million in FY14 from \$3.3 million in FY13 as a result of the \$0.9 million decrease in the Nor-West Business EBITDA and the \$0.7 million reduction in the EBITDA of the FSD

**Nor-West Business**

Revenue in the Nor-West Business in pro forma historical FY14 decreased by \$1.0 million (7.1%) from pro forma FY13. The key drivers for the decrease in revenue were:

- (i) total sales volume by weight (all product) in pro forma FY14 decreased by 5.7% from pro forma FY13;
- (ii) total prawn sales in pro forma FY14 decreased by 11% from pro forma FY13 due to a 12.8% fall in volume, partially offset by an increase in average sales prices compared with FY13. The FY13 period sales volumes were boosted by the high level of inventory remaining from the previous year's season (being the high volume 2011 fishing season) which supplemented the low volumes available in the 2012 fishing season. During FY14, prawn volumes sold were in line with the catch in the period (being the majority of the 2013 fishing season and opening months of the 2014 fishing season, both of which achieved catches higher than the 2012 fishing season (refer to section 3.2 (a) of this Prospectus); and
- (iii) a large increase in by-catch sales by volume in pro forma FY14 compared to pro forma FY13 which increased revenue from by-catch by \$0.5 million and partially offset the fall in prawn sales.

Cost of sales in the Nor-West Business in pro forma historical FY14 decreased by \$0.6 million (6.8%) from pro forma FY13, consistent with lower sales.

In the period, expenditure on crew share and diesel fuel increased by \$0.6 million (26.3%) and \$0.9 million (68.5%) respectively, in line with the higher catch volumes in FY14 compared with FY13. The gross profit percentage achieved by the Nor-West Business was consistent in FY13 and FY14 at 40.7% and 40.5% respectively, while overall gross profit decreased by \$0.4 million due to lower prawn sales volumes.

Other operating expenses in the Nor-West Business in pro forma historical FY14 increased by \$0.2 million (26.7%) above pro forma FY13, mainly driven by an increase to repairs and maintenance costs (net of any insurance recoveries) during the year.

Employee benefits expense in the Nor-West Business in pro forma historical FY14 were relatively in line, increasing by \$0.05 million (2.8%) above pro forma FY13, broadly in line with inflation.

Sales and marketing expenses in the Nor-West Business in pro forma historical FY14 increased by \$0.3 million (51.2%) above pro forma FY13 as the business began outsourcing of sales and marketing function to a third party.

The reduction in gross profit of \$0.4 million combined with higher operating and sales and marketing costs resulted in a decrease in EBITDA of \$0.9 million.

### ***FSD***

The decrease in revenue and gross profit between FY13 and FY14 was driven by reduced product volumes being available from a key supplier due to lower catch and competition for the product from alternate global markets, higher product costs for another key category due to price increases and an unfavourable movement in exchange rate which could not be fully passed on to customers and highly competitive market conditions in certain commodity product lines. FSD was also undertaking a process to exit underperforming products and reduce the working capital investment in slow-moving categories.

Cost of sales of FSD decreased in line with the reduced sales volumes. The gross profit percentage decreased from 15.2% to 14.3% as a result of the margin pressure from the factors outlined above.

The reduction in gross profit of \$1.0 million from lower sales volumes and reduced gross profit margin was partially offset by lower selling and distribution costs from lower volumes and cost savings from the renegotiation of the national logistics and storage contract. These factors combined to result in a net decrease in EBITDA of \$0.7 million between FY13 and FY14.

(b) **Pro forma Historical Income Statements FY15 compared to FY14**

**Table 13: Pro forma Historical Income Statement FY15 compared to FY14**

	<b>FY14 Pro forma Historical</b>	<b>FY15 Pro forma Historical</b>	<b>Change \$</b>	<b>Change %</b>
Revenue	47,393	48,558	1,165	2.5
Cost of sales	(37,542)	(38,395)	(853)	2.3
<b>Gross profit</b>	<b>9,851</b>	<b>10,164</b>	<b>312</b>	<b>3.2</b>
Employee benefits expense	(3,785)	(3,754)	31	(0.8)
Other operating expense	(1,507)	(1,395)	112	(7.4)
Sales and marketing expense	(2,897)	(2,611)	287	(9.9)
<b>EBITDA</b>	<b>1,662</b>	<b>2,404</b>	<b>742</b>	<b>44.6</b>
Depreciation	(679)	(638)	41	(6.0)
<b>EBIT</b>	<b>983</b>	<b>1,766</b>	<b>783</b>	<b>79.6</b>

Pro forma EBITDA of the Combined Group increased by 44.6% to \$2.4 million in FY15 from \$1.7 million in FY14 as a result of the increased EBITDA of the FSD, while the EBITDA of the Nor-West Business was relatively stable between FY14 and FY15.

**Nor-West Business**

Revenue in the Nor-West Business for pro forma historical FY15 increased by \$1.6 million (12.1%) from pro forma FY14. The key drivers for the increase in revenue were:

- (i) total sales volume by weight (all product) in pro forma FY15 increased by 15.1% from pro forma FY14, boosted by a rundown of stock carried over from FY14;
- (ii) average sales price per kilogram (all product) in pro forma FY15 decreased by 2.6% from pro forma FY14; and
- (iii) the sales mix by species in pro forma FY15 changed from pro forma FY14 having a negative effect on average sales price per kilogram. The proportion of tiger prawns sold fell to approximately 22% of total sales by weight compared to approximately 30% in FY14 (32% in FY13). Tiger prawns historically achieve a higher price per kilogram than king prawns.

Cost of sales in the Nor-West Business in pro forma historical FY15 increased by \$1.4 million (18.4%) from pro forma FY14. The key drivers for the increase in cost of sales were:

- (i) increased sales largely driven by selling down stock on hand from FY14; and
- (ii) leasing charges in relation to ancillary fishing operations increased in pro forma FY15 by \$0.1 million above pro forma FY14.

The gross profit percentage achieved by the Nor-West Business decreased from 40.5% in FY14 to 37.2% in FY15 largely as a consequence of lower average sales prices.

Other operating expenses in the Nor-West Business in pro forma historical FY15 increased by \$0.1 million (11.7%) above pro forma FY14 mainly due to insurance in pro forma FY15 increasing by \$0.1 million (71.5%).

Employee benefits expense and sales and marketing expenses in the Nor-West Business in pro forma historical FY15 were comparable to FY14.

## **FSD**

During FY15 FSD's revenue remained comparable with FY14 in overall terms while the business continued the rationalisation of the product range and focus on higher margin products. The renegotiation of the supply terms with a key supplier supported higher volumes with better margins and offset the impact of the exit of under-performing products.

These factors combined to achieve an improvement of the overall gross profit percentage from 14.3% to 14.9% in FY15 compared with FY14, and an increase of \$158,00 in gross profit.

The FSD also achieved \$0.6 million in cost savings between FY14 and FY15 with lower selling and distribution costs from the full year effect of the new national logistics and storage contract and savings in staff costs. The overall impact was an increase in EBITDA of \$0.8 million between FY14 and FY15.

### **8.17 Forecast Financial Information**

The Forecast Financial Information has been prepared on the basis of the significant accounting policies adopted by the Company which are in accordance with the Australian Accounting Standards and disclosed at Section 14.

It is assumed that there will be no changes to Australian Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on the Company's accounting policies during the forecast period.

The Forecast Financial Information is based on a number of best estimate assumptions concerning future events as set out below. The Company believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 8.17(a) and the specific assumptions set out in Section 8.17(b). The actual results are likely to vary from the forecast and any variation may be materially positive or negative. The assumptions on which the Forecast Financial Information are based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Company and its Directors and are not reliably predictable.

Accordingly, none of the Company, its Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in quantum and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

Investors are advised to review the best estimate assumptions set out in Section 8.17 below in conjunction with the description of the basis of preparation of the forecast above, the sensitivity analysis in Section 0 and the risk factors set out in Section 7. The IAR on Directors' Forecasts and Financial Services Guide are set out in Section 9.

Accordingly, neither the Company and its Directors nor any other person can give any assurance that the forecast or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in quantum and timing from the assumptions, with a material consequential impact on the forecast. Investors are advised to recognise that the earnings of the Combined Group are materially affected by the level of catch from the fishing operations of the Nor-West Business which is inherently volatile due to changes in natural conditions impacting on biomass availability.

**(a) General Assumptions**

The material best estimate general assumptions made by the Directors in preparing the Forecast Financial Information are as follows:

- (i) no significant change in the economic conditions prevailing in Australia;
- (ii) no material change in the Competitive operating environment in which the Company operates;
- (iii) no material changes in the Australian Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that may have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosure of the Company during the Forecast Periods;
- (iv) no material changes in key personnel, including key management personnel, other than as set out in, or contemplated by, this Prospectus;
- (v) No material acquisitions or disposals of assets or businesses, other than as set out in, or contemplated by, this Prospectus;
- (vi) no material changes in applicable AASBs, other mandatory professional reporting requirements or the Corporations Act which have a material effect on the Company's financial performance, financial position, accounting policies, financial reporting or disclosure;
- (vii) the material agreements summarised in Section 10 of the Prospectus (and the current arrangements which they contemplate) remain in force and are not terminated, rescinded or varied in a manner which would have an adverse effect on the business of the Company.
- (viii) no material contractual disputes, contingent liabilities or legal claims will arise or be settled to the detriment of the Company;
- (ix) no material changes to the Company's corporate and funding structure other than as set out in, or contemplated by this Prospectus;
- (x) no material disruptions to the continuity of operations of the Company's nor other material changes in its business; and
- (xi) none of the Risk Factors listed in Section 7 will have a material adverse impact on the operations of the Company.

**(b) Directors best estimates and specific assumptions**

The Pro Forma Forecast Financial Information has been prepared with regard to the trading performance of the Combined Group for the three years ended 30 June 2015.

The Forecast Financial Information is based on various best estimate assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect the Company's forecast financial performance. The information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and it is not intended to be a representation that the assumptions will occur.

In addition, the Pro Forma Forecast Financial Information has been prepared in accordance with the general factors set out in Section 8.17(a).

The material best estimate specific assumptions made by the Directors in preparing the Pro Forma Forecast Financial Information are set out below.

The 2015 fishing season runs between March 2015 and November 2015. For the purposes of the Forecast Financial Information the 2015 fishing season includes the period 1 July 2015 to November 2015. The 2015 season specific assumptions are as follows:

- (i) the 2015 fishing season will yield 1,100 tonnes of prawns, 16.7 tonnes of scallop meat and 230 tonnes of by-catch. This is based on the actual catch achieved in the 2015 fishing season the end of September 2015 and current expectations for the remaining two months of the season. The expected prawn volumes are 11% higher than the 2014 fishing season which achieved 992 tonnes;
- (ii) prawn, by-catch and scallop sales are based on the market prices received and current in September 2015;
- (iii) average diesel fuel price net of fuel rebate of \$0.80 a litre and annual usage of 2.563 million litres; and
- (iv) all other operating expenses will be consistent with historical levels.

The 2016 fishing season runs between March 2016 and November 2016. For the purposes of the Forecast Financial Information the 2016 fishing season includes the period March 2016 to 30 June 2016. The 2016 season specific assumptions are as follows:

- (i) total 2016 fishing season will yield 992mt of prawns (returning to 2014 season volumes), 16.7 tonnes of scallop meat and 230 tonnes of by-catch.
- (ii) sales prices of prawns and by-catch will be in line with the prices received in the 2015 fishing season;
- (iii) scallop sales will occur late in the 2016 season and therefore will not be achieved before 30 June 2016;
- (iv) average diesel fuel price net of fuel rebate of \$0.80 and annual usage of 2.563 million litres;
- (v) the 2016 calendar year season will not use the Babbage Island cold-storage facilities as the Nor-West Business will outsource all cold storage activities; and
- (vi) all other operating expenses will be consistent with historical levels.

The FSD specific assumptions are as follows:

- (i) Revenue is based on:
  - (A) continuation of existing core imported and domestic product lines;
  - (B) minimum volumes under the Sea Harvest Supply and Distribution Agreement taking effect from December 2015;
  - (C) substitution of commodity products with lower volume, higher margin products;
  - (D) additional distributor margin for handling the Nor-West Business prawn product.
- (ii) Cost of sales and gross profit by product line are consistent with the FY15 actuals for existing core products, the contract minimum margin for Sea Harvest product



and estimated margins for new products. The increase in gross profit percentage to 17% reflects both the change in mix of traditional products to higher margin categories and the additional margin for the Nor-West Business prawn products to be distributed by FSD;

- (iii) Selling and distribution expense are based on the rate per value of sales achieved in FY15;
- (iv) Operating expenses are based on the following:
  - (A) employee costs reflect the current staffing of the business at expected pay rates, plus relevant on-costs;
  - (B) other operating expenses are based on FY15 actuals;
  - (C) back office services cost is based on the rates agreed in the Management Services Agreement with Craig Mostyn.

Other specific assumptions relevant to the Company are as follows:

- (i) company management costs will increase as the Company employs a management team as required generally by an ASX listed business of similar size and nature;
- (ii) depreciation rates will be in accordance with the accounting policies and on a straight line basis;
- (iii) working capital requirements in the Nor-West Business are not forecast to change materially from 30 June 2015 to 30 June 2016 on a pro forma basis. Net working capital for FSD is expected to increase by approximately 15% from 30 June 2015 to 30 June 2016 on a pro forma basis;
- (iv) capital expenditure is limited to the Nor-West Business and relates to the cost of replacing and upgrading capital items on vessels during the refit period in the out-of-season months in November to March. The expenditure will be in line with prior years historical spend;
- (v) interest on debt facilities is based on the terms of the New Debt facilities and the pro forma capital structure of the Company; and
- (vi) income tax effect is applied at a tax rate of 30%, which is the Australian corporate tax rate.

### ***Statutory Forecast Financial Information assumptions***

The material best estimate specific assumptions made by the Directors in preparing the Statutory Forecast Financial Information are set out below:

- (i) the Acquisitions are expected to complete on 1 December 2015. From this date all income and expenses relating to FSD will flow to the Company. The Nor-West Business is also acquired on this date, however major revenues are not expected to flow to the company until after commencement of the 2016 fishing season in or around March 2016. Operating expenses of the Nor-West Business, particularly repairs and maintenance and capital expenditure, are still forecast to be incurred from 1 December 2015 until 30 June 2016;
- (ii) Nor-West Business is being acquired with no working capital and the build-up of net working capital is forecast to be approximately \$2.9 million from the date of the Acquisition to 30 June 2016; and

- (iii) costs of the Acquisitions and Offer including one-off, non-recurring items are included in the Statutory Forecast Financial information based on costs to date and taking into account management's best estimate of the total costs of the transactions.

Other than the above, all other operating assumptions impacting revenues and expenses are the same as the Pro forma Forecast Financial Information.

(c) **Pro forma Forecast income statements FY16 compared to FY15**

**Table 14: Pro forma forecast income statements FY16 compared to FY15**

	FY15 Pro forma Historical Combined Group	FY16 Pro forma Forecast Combined Group	FY15 Pro forma Historical Nor-West Business	FY16 Pro forma Forecast Nor-West Business	FY15 Pro forma Historical FSD	FY16 Pro forma Forecast FSD
Revenue	48,558	46,044	14,413	17,762	34,145	28,282
Cost of sales	(38,106)	(32,153)	(9,053)	(8,681)	(29,053)	(23,472)
<b>Gross profit</b>	<b>10,452</b>	<b>13,891</b>	<b>5,360</b>	<b>9,081</b>	<b>5,092</b>	<b>4,810</b>
			37%	51%	14.9%	17.0%
Employee benefits expense	(3,754)	(3,692)	(1,784)	(1,273)	(1,870)	(1,664)
Other operating expense	(1,684)	(1,524)	(842)	(873)	(610)	(483)
Sales and marketing expense	(2,611)	(2,171)	(977)	(835)	(1,633)	(1,336)
<b>EBITDA</b>	<b>2,404</b>	<b>6,504</b>	<b>1,758</b>	<b>6,100</b>	<b>978</b>	<b>1,327</b>
<i>EBITDA movement</i>	170.5%		247.0%		35.7%	
Depreciation	(638)	(610)	(594)	(607)	(42)	(3)
<b>EBIT</b>	<b>1,766</b>	<b>5,894</b>	<b>1,163</b>	<b>5,493</b>	<b>936</b>	<b>1,324</b>
<i>EBIT movement</i>	233.7%		372.2%		41.5%	

**Note:** the table above excludes the pro forma historical results and pro forma forecast result of the Company.

The increase in EBITDA of the Combined Group in FY16 is the result of higher prawn catch and sales volumes in the Nor-West Business in conjunction with improved product sales prices together with the earnings from the available scallop allocation in the 2015 fishing season. In addition, earnings improve with FSD refining its product sales mix to focus on marketing a core range of premium products with higher margins while also leveraging its distribution network to sell the Nor-West Business prawn product and retaining a wholesaler margin.

**Nor-West Business**

The pro forma forecast FY16 revenue for the Nor-West Business is forecast to increase 23.2% over pro forma historical FY15 revenue due to a 15.1% increase in sales volume by weight and a 4.0% increase in the average sales price per kilogram.

The key drivers and assumptions for the increased sales volume and price are:

- an increase in sales of prawns and by-catch combined of 154,000kgs in pro forma forecast FY16 (based on actual year to date catch for fishing season 2015 and forecast historical average catch for fishing season 2016) above pro forma historical FY15. At an average sales price of \$12.64/kg this equates to an increase in forecast revenue of \$2.0 million;
- an increase in average sale price of \$0.50/kg for prawns and by-catch (combined) in pro forma forecast FY16 above pro forma historical FY15. When multiplied by the total forecast catch for financial year ending 30 June 2016 this equates to an increase in forecast revenue of \$0.6 million;

- (iii) the pro forma forecast FY16 revenue includes the Nor-West Business being able to catch an allocation of scallops in the 2015 fishing season which it has not been allocated in the prior three seasons. At forecast sales price of \$45/kg this equates to an increase in forecast revenue of \$0.7 million;
- (iv) prawn and by-catch sale prices for pro forma forecast FY16 are based on actual prices realised to the end of September 2015. The prices achieved also take into account actual catch results in regard to the species and volume;
- (v) prawn prices in the 2015 fishing season have increased from previous seasons in calendar years 2012, 2013 and 2014. This has been attributed to lower catch volumes in the east and north coast prawn fisheries reducing domestic supply and competition, and a currency environment conducive to export which has increased demand from international buyers; and
- (vi) scallop price assumptions are based on current market prices being achieved for Shark Bay scallop. The sales prices forecast for the balance of the period ending June 2016 season are the same as the current 2015 fishing season prices being achieved as outlined above.

The pro forma forecast FY16 cost of sales of the Nor-West Business is forecast to decrease slightly by 4.1% under pro forma historical FY15. The key drivers and assumptions for the decrease in cost of sales are:

- (i) no significant year-on-year movements on inventory, with annual sales to broadly match annual catch volumes (noting this is a highly seasonal factor and difficult to accurately predict);
- (ii) leasing fees in relation to ancillary fishing operations in the Nor-West Business in pro forma forecast FY16 decrease by \$0.2 million from pro forma historical FY15;
- (iii) crew share in pro forma forecast FY16 increases by \$0.3 million from pro forma historical FY15 due to the increase in prawn and scallop volume caught in the 2015 fishing season; and
- (iv) other key cost of sales in pro forma forecast FY16 such as repairs and maintenance, harbour dues, vessel insurance, nets and consumables are forecast to be consistent with pro forma historical FY15 numbers.

Due to the increase in revenue forecast in pro forma FY16 for the Nor-West Business coupled with generally fixed (other than crew share costs and consumables) cost of sales forecast for pro forma FY16, the gross margin of the Nor-West Business is forecast to increase 69.4%.

The pro forma forecast FY16 employee benefit expenses of the Nor-West Business are forecast to decrease by 28.6% under pro forma historical FY15. This is because the executive management component of the employment benefit expenses in pro forma forecast FY16 has been removed from the Nor-West Business and re-allocated as an employment benefit expense in the Company for pro forma forecast FY16.

The pro forma forecast FY16 other operating expenses of the Nor-West Business are forecast to increase by 3.7% from pro forma historical FY15. The key drivers and assumptions for the increase in other operating expenses are:

- (i) rent in pro forma forecast FY16 is expected to increase by \$0.1 million from pro forma historical FY15. The rent increase is due to the agreements for the use of the Babbage Island accommodation facilities and the Babbage Island cold storage facilities;

- (ii) variable expenses in relation to the administration of the Carnarvon operation in the pro forma forecast FY16 are expected to increase by \$0.1 million from pro forma historical FY15;
- (iii) insurance in pro forma forecast FY16 is expected to increase by \$0.1 million from pro forma historical FY15;
- (iv) electricity in pro forma forecast FY16 is expected to decrease by \$0.1 million from pro forma historical FY15 on the assumption that the Babbage Island cold storage facility will not be used;
- (v) water consumption in pro forma forecast FY16 is expected to decrease by \$0.1 million from pro forma historical FY15 on the assumption that the Babbage Island cold storage facility will not be used; and
- (vi) other operating costs in pro forma forecast FY16 are expected to remain stable in comparison to pro forma historical FY15 and or offset any variations in other operating cost movements.

The pro forma forecast FY16 sales and marketing expenses of the Nor-West Business are forecast to decrease by 14.5% compared to pro forma historical FY15. The key drivers and assumptions for the decrease in employee benefit expenses are:

- (i) third party sales and marketing providers contracted to the Nor-West Business will not provide their services in pro forma forecast FY16 reducing sales and marketing expenses by \$0.4 million in the period; and
- (ii) the marketing and product development role for the Nor-West Business will be internalised in pro forma forecast FY16. The Nor-West Business will employ marketing and product development personnel. This is forecast to add a sales and marketing expense increase of \$0.3 million in pro forma forecast FY16.

### ***FSD***

The pro forma FY16 revenue for FSD is forecast to decrease 17.2% to \$28.3 million from \$34.1 million in FY15. The decrease in revenue is a result of the business refining the product sales mix, including the cessation of certain product lines reducing total sales as the business directs its focus to marketing a core range of premium products to achieve better margins.

The pro forma FY16 cost of sales of FSD is forecast to decrease broadly in line with the total decrease in sales, while the gross profit percentage is forecast to improve. FSD's product strategy is currently being implemented and the actual results for gross profit percentage and EBITDA the first quarter of FY16 are in line with forecast for the same period.

FSD will also use its distribution network to sell the Nor-West Business prawn product and is forecasting to retain a wholesaler margin on product handled. On a net contribution basis, this additional activity will increase the gross profit percentage to 17% in FY16.

### ***Combined Group***

#### ***EBITDA***

EBITDA is forecast to increase by 170.5% to \$6.5m in FY16. As highlighted above, this is a result of the Nor-West Business revenue growth, gross margin improvements in both the Nor-West Business and FSD and cost savings identified and planned to be implemented as the Acquisitions are transitioned into the Company. As such, EBITDA margin is expected to increase from 5.0% in FY15 to 14.0% in FY16.

### **Seasonality**

As discussed in Section 8.16 above, sales and EBITDA are significantly higher in the first half of the year as this half includes the majority of the catch volumes and leads into the Christmas and summer trading period, which has a higher proportion of sales and higher EBITDA margins. The table below demonstrates the impact of seasonality on sales and EBITDA of the Company for pro forma forecast FY16.

Due to seasonality, the sales profile and the working capital requirements of the company peak in the first half of the financial year (July to December).

**Table 15: Pro forma forecast half year income statements**

	Pro forma		Pro forma
	1H FY16F	2H FY16F	FY16F
<b>Revenue</b>			
Nor-West Business	12,781	4,981	17,762
FSD	15,132	13,151	28,282
<b>Total revenue</b>	<b>27,913</b>	<b>18,131</b>	<b>46,044</b>
<b>EBITDA</b>			
Nor-West Business	7,263	(1,165)	6,099
FSD	848	479	1,327
<b>Total EBITDA</b>	<b>8,112</b>	<b>(686)</b>	<b>7,426</b>

**Note:** the table above excludes the pro forma forecast result of the Company.

## 8.18 Sensitivity analysis

The Forecast Financial Information set out in Section 8.17 is based on a number of assumptions as described in that Section. These estimates and assumptions are subject to environmental, business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivity of the pro forma forecast results for FY16 to changes in a number of key assumptions. The changes in key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

**Table 16: Sensitivity Analysis**

<b>Assumption</b>	<b>increase/ (decrease)</b>	<b>FY16 Pro forma NPAT impact \$000's</b>
<b>Nor-West Business</b>		
Total catch/sales volume (no scallop increase)	15% / (15%)	1450 / (1511)
Average product sales price per kilogram	5% / (5%)	622 / (621)
Net fuel costs	10% / (10%)	(130) / 130
Scallop catch/sales <sup>1</sup>	0 / (100%)	0 / (414)
<b>FSD</b>		
Revenue	5% / (5%)	122 / (121)
Gross Profit (as a percentage of sales)	1% / (1%)	195 / (195)
<b>Combined Group</b>		
Operating costs (excluding cost of sales)	5% / (5%)	(277) / 277

### Notes

1. The Nor-West Business currently has a capped scallop quota and is assuming taking its full allocation in FY16. The sensitivity shows the impact on pro forma NPAT if there is no scallop catch, as occurred in FY13 to FY15.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables in order to illustrate their likely impact on the Forecast Financial Information. In practice, changes in assumptions may offset each other or be cumulative and it is likely that management would respond to any adverse change in any one assumption to seek to minimise the net effect on the Company's financial performance.

## 8.19 Dividend policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to invest in the business. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors.

## 9 Investigating Accountant's Report



**RSM Bird Cameron Corporate Pty Ltd**  
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Email: [andy.gilmour@rsmi.com.au](mailto:andy.gilmour@rsmi.com.au)  
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AJG/JUM  
22 October 2015

The Directors  
Style Limited  
7 The Esplanade  
MOUNT PLEASANT WA 6153

Dear Directors

### Investigating Accountants Report

#### Independent Limited Assurance Report ("Report") on the Pro forma Historical and Forecast Financial Information and Financial Services Guide

##### 1. Introduction

- 1.1. We have been engaged by Style Limited (the "Company") to report on the pro forma historical and pro forma forecast financial information of the Company for inclusion in the Prospectus to be dated on or about 22 October 2015 ("the Prospectus") pursuant to which the Company is offering 90,000,000 fully paid ordinary shares in the Company at an issue price of \$0.20 per share to raise \$18,000,000 (before costs and expenses), subject to a minimum subscription of \$16,000,000 ("Capital Raising").
- 1.2. RSM Bird Cameron Corporate Pty Ltd is wholly owned by RSM Bird Cameron and holds the appropriate Australian Financial Services Licence under the *Corporations Act 2001* for the issue of this Report.
- 1.3. Expressions and terms defined in the Prospectus have the same meaning in this Report.

##### 2. Scope of Examination

- 2.1. The Directors have requested RSM Bird Cameron Corporate Pty Ltd to review the following information of the Company included in the Prospectus:

RSM Bird Cameron  
Corporate Pty Ltd  
ABN 82 050 508 024  
AFS Licence No 255847

Major Offices in:  
Perth, Sydney,  
Melbourne, Adelaide,  
Canberra and Brisbane.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the Directors of RSM Bird Cameron. RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



## RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

### *Historical Financial Information:*

- 2.2. The Historical Financial Information as set out in the Prospectus comprises:
- The pro forma consolidated historical income statements for FY13, FY14 and FY15;
  - The pro forma consolidated historical cash flow statements for FY13, FY14 and FY15; and
  - The pro forma consolidated historical statement of financial position as at 30 June 2015,
- together the "Pro forma Historical Financial Information"; and
- The reconciliation of the statutory historical income statements and the pro forma historical income statements,
- together the "Historical Financial Information".
- 2.3. The Pro forma Historical Financial Information presented in the Prospectus reflects a pro forma consolidation of the Company and the Acquisitions (being the acquisitions of the Nor-West Business and FSD) and therefore assumes both the contemplated Acquisitions and Capital Raisings.
- 2.4. The Pro forma Historical Financial Information has been compiled by the Company to illustrate the impact of the Capital Raising and Acquisitions on the Company's financial position as at 30 June 2015 and the Company financial performance for FY13, FY14 and FY15. As part of this process, the pro forma historical financial information has been derived from a combination of audited financial statements and financial information sourced from a combination of audited financial statements and financial information sourced from records of entities that have been subject to audit, including:
- The financial statements of the Company where the financial statements were audited by BDO for FY14 and FY15 in accordance with Australian Auditing Standards and by another auditor for FY13 in accordance with Australian Auditing Standards. A qualified audit opinion was issued in FY13 in respect of lack of appropriate evidence to support the financial information of overseas controlled entities. A qualified audit opinion was issued in FY14 in respect of comparative figures, the subject of the FY13 audit qualification and in respect of the gain on disposal of various subsidiaries in FY14. An unqualified audit opinion was issued for FY15, however the auditor noted material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern;
  - The income statement and balance sheet of FSD, were audited by RSM Bird Cameron Partners for the FY13, FY14 and FY15 with unqualified audit opinions being issued for each of these years; and
  - The financial information of the Nor-West Business, which is partly recorded in Nor-West Seafoods Pty Ltd and partly in Tennereef Pty Ltd, both wholly owned subsidiaries of Orange Sun Development Corporation Pty Ltd ("Orange Sun"). The financial information of the Nor-West Business has been extracted from the financial information which comprises the special purpose financial statements Orange Sun for FY13, FY14 and FY15 and have been subject to audit by another auditor in accordance with Australian Auditing Standards. A qualified audit opinion was issued for each of FY13, FY14 and FY15 for Orange Sun in respect of the inability of the auditor to verify the accuracy of the stock on hand at each year end due to a lack of a stock take and the auditor being unable to obtain sufficient appropriate audit evidence to support the property, plant and equipment balance at cost. In addition, the auditor, for FY13, FY14 and FY15, provided an emphasis of matter regarding the ability of each entity to continue as a going concern. The auditor stated that the validity of this depends on the success of the proposed asset sale and/or the continued support of the entity's financier (related parties and financial institutions).

Page 2 of 8





- 2.5. The stated basis of preparation is the recognition and measurements principle contained in Australian Accounting Standards and the Company's adopted accounting principles applied to the historical financial information and the event(s) or transaction(s) if those event(s) or transaction(s) had occurred as at the date of the Pro forma Historical Financial Information. Due to their nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.
- 2.6. The Pro forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

*Forecast Financial Information:*

- 2.7. The Pro forma and statutory forecast financial information as set out in the Prospectus comprises:
- Pro forma consolidated forecast income statement for FY16;
  - Statutory consolidated forecast income statement for FY16;
  - Pro forma consolidated forecast cash flow statement for FY16; and
  - Statutory consolidated forecast cash flow statement for FY16;
- together the "Forecast Financial Information".
- 2.8. The Forecast Financial Information as described in Section 8 of the Prospectus has been prepared in accordance with the Directors' best estimate assumptions. The stated basis of preparation used in the preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The pro forma forecast financial information includes pro forma adjustments applied to the statutory forecast financial information as set out in Section 8 of the Prospectus as if those events or transactions had occurred at that date of the forecast. Due to its nature, the pro forma forecast financial information does not represent the Company's actual prospective performance or cash flows for FY16.
- 2.9. The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for FY16. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.
- 2.10. The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.



- 2.11. Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus and the inherent uncertainty relating to the prospective financial information. Accordingly, prospective investors should have regard to the investment risks and sensitivities set out in Section 7 and Section 8 of the Prospectus respectively. The sensitivity analysis set out in Section 8.18 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecasts will be achieved.

### **3. Directors' Responsibility**

- 3.1. The Directors are responsible for:
- The preparation and presentation of the Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro forma Historical Financial Information;
  - The preparation of the Pro forma and Statutory Forecast Financial Information, including the best estimate assumptions underlying the Pro forma and Statutory Forecast Financial Information and the selection and determination of the pro forma adjustments; and
  - The information contained within the Prospectus.
- 3.2. This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information, Pro forma Historical Financial Information and the Pro forma and Statutory Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

### **4. Our Responsibility**

- 4.1. Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.
- 4.2. Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified had we performed an audit. Accordingly we will not express an audit opinion.
- 4.3. We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

#### *Pro forma Historical Financial Information*

- A consistency check of the application of the stated basis of preparation, to the pro forma historical financial information;
- A review of the work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of the pro forma adjustments; and
- The performance of analytical procedures applied to the pro forma historical financial information.





*Pro forma Forecast Financial Information*

- Enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- Analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Pro forma Forecast Financial Information;
- Review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- Consideration of the Pro forma Adjustments applied in preparing the Pro forma Forecast Financial Information.

**5. Conclusions**

*Historical Financial Information*

- 5.1. Based on our procedures which are not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 8.

*Pro forma Forecast Financial Information*

- 5.2. Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that:
- (i) The Directors' best estimate assumptions used in the preparation of the Pro forma and Statutory Forecast Financial Information do not provide reasonable grounds for the Pro forma and Statutory Forecast Financial Information;
  - (ii) In all material respects, the Pro forma and Statutory Forecast Financial Information:
    - (a) Is not prepared on the basis of the Directors' best estimate assumptions as described in Section 8 of the Prospectus;
    - (b) Is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and
  - (iii) The Pro forma Forecast Financial Information itself is unreasonable.

**6. Restriction on Use**

- 6.1. Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.



## RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

### 7. Responsibility

- 7.1. RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM Bird Cameron Corporate Pty Ltd has not authorised the issue of the Prospectus. Accordingly, RSM Bird Cameron Corporate Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

### 8. Disclosure of Interest

- 8.1. RSM Bird Cameron Corporate Pty Ltd does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM Bird Cameron Corporate Pty Ltd will receive a professional fee for the preparation of this Report.

### 9. Financial Services Guide

- 9.1. We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

A J GILMOUR  
Director



**RSM Bird Cameron Corporate Pty Ltd**

AFS Licence No 255847

## **APPENDIX A**

### **Financial Services Guide**

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

#### **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

#### **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.





## RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

### Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

### Remuneration or other benefits received by our employees

All our employees receive a salary.

### Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

### Complaints Resolution

#### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

#### *Referral to External Dispute Resolution Scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

### Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

## 10 Material Contracts

### 10.1 General

The material contracts of the Company are set out in Section 10.2. Material contracts in relation to the running of the Nor-West Business are set out in Section 10.3. These contracts will be assigned or novated to Mareterram P/L at completion. The material contract in relation to the running of the FSD is set out in Section 10.4. This contract will be assigned or novated to Mareterram Trading at completion.

### 10.2 Company Material Contracts

#### (a) Nor-West BPA

Parties	Nor-West, Mareterram P/L and Mr Kelvin John Waldron-Brown.
Description	Mareterram P/L will acquire the Nor-West Business under the agreement. Mr Waldron-Brown has agreed to guarantee the obligations of Nor-West under the agreement.
Consideration	<p>\$18 million cash and 10,000,000 Shares (which will be voluntarily escrowed for a period of 24 months from the date they are issued).</p> <p>With effect from completion, Mareterram P/L will assume the liability for accrued employee entitlements and accruals for bonus payments under Nor-West's bonus scheme for skippers as at the date of completion (which will be set off by Mareterram P/L against the cash consideration payable to Nor-West).</p>
Conditions Precedent	<p>Completion is subject to the satisfaction or waiver of a number of conditions precedent. The conditions which have not yet been satisfied or waived as at the date of this Prospectus are set out below:</p> <ul style="list-style-type: none"><li>(a) the Company obtaining all necessary Shareholder approvals pursuant to the ASX Listing Rules, the Corporations Act and any other applicable law or regulations in relation to the purchase of the Nor-West Business and the Re-Compliance;</li><li>(b) the Company completing the capital raising the subject of the Offer;</li><li>(c) ASX conditionally approving the re-quotation of the Shares on the Official List of ASX on terms acceptable to Mareterram P/L;</li><li>(d) application forms for the transfer of the Fishing Licences to Mareterram P/L being lodged with the Department of Fisheries, the FCEO approving the transfers, and the advertising period under the FRM Act in respect of the relevant Fishing Licences expiring without any application for review being made;</li><li>(e) receipt of all necessary consents and approvals for the transfer to Mareterram P/L of any other licences and authorisations necessary to conduct the Nor-West Business (including any jetty licence or other licence required under the Carnarvon Small Boat Harbour Leases) on terms acceptable to Mareterram P/L;</li><li>(f) registration of the Carnarvon Small Boat Harbour Lease with</li></ul>

	<p>respect to Lot E with Landgate, including any renewal of that lease;</p> <p>(g) the lessor under the Carnarvon Small Boat Harbour Leases agreeing to novate or assign the leases to Mareterram P/L, and transfer the first right of refusal in relation to Lot Z, Carnarvon Small Boat Harbour to Mareterram P/L;</p> <p>(h) the key employees of the Nor-West Business entering into employment contracts with Mareterram P/L; and</p> <p>(i) there being no material adverse change to the Nor-West Business prior to completion.</p> <p>Each of these conditions precedent is for the benefit of Mareterram P/L. If any of these conditions precedent are not satisfied or waived by Mareterram P/L before 24 December 2015, Mareterram P/L may terminate the agreement, provided Mareterram P/L is not in breach of a material obligation under the agreement.</p>
Completion	Completion will occur on the date 5 business days following satisfaction or waiver of all of the conditions (or such other date as the parties may agree).
Vessels to be in satisfactory condition	Nor-West and Mareterram P/L must inspect the Vessels during the Inspection Period. If a Vessel is damaged and not in Satisfactory Condition, Nor-West must repair the Vessel so that it is in Satisfactory Condition (or pay Mareterram P/L the costs of doing so). If the Vessel cannot be repaired or is lost, Nor-West must pay Mareterram P/L an amount equal to the value of the Vessel as set out in the agreement or replace the vessel with an equivalent or substantially similar vessel.
Warranties and indemnities	Nor-West and Mr Waldron-Brown have given warranties relating to the Nor-West Business which are typical for an agreement of this nature and has agreed to indemnify the Company for any loss up to \$5 million arising from a breach of these warranties, a breach of environmental laws prior to completion, any contamination at the areas the subject of the Carnarvon Small Boat Harbour Leases prior to completion (or which migrates onto that area after completion), any breach by Nor-West of the covenants under the Carnarvon Small Boat Harbour Leases before completion, and any make good or remedial obligations which the Company must satisfy attributable to any act or omission by Nor-West prior to completion.



(b) **FSD BPA**

Parties	Craig Mostyn, Mareterram Trading and the Company
Description	Mareterram Trading will acquire the FSD under the agreement. The Company has agreed to guarantee the obligations of Mareterram Trading under the agreement.
Consideration	<p>The initial consideration to be paid at completion is \$7 million, comprised of \$3 million in cash and \$4 million worth of Shares at an issue price of \$0.20 (being 20,000,000 Shares) (which will be voluntarily escrowed for a period of 24 months from the date they are issued).</p> <p>Craig Mostyn is also entitled to an earn out whereby if the EBITDA of the FSD is \$1 million or more in the 12 months following completion, Craig Mostyn will be entitled to an amount of \$500,000 plus \$0.50 for each dollar of EBITDA in excess of \$1 million, up to a maximum of \$750,000.</p> <p>The initial consideration is subject to the following adjustments:</p> <ul style="list-style-type: none"><li>(a) the amount by which the net working capital of the FSD is more or less than \$7 million - if the net working capital is less than \$7 million, Craig Mostyn must pay the difference to Mareterram Trading and if it is more than \$7 million, Mareterram Trading must pay the difference to Craig Mostyn;</li><li>(b) an adjustment for inventory of the FSD that was on hand for greater than 120 days at the completion date and which is not sold within 120 days after the completion date - Craig Mostyn must pay Mareterram Trading the value of any such inventory (net of any sales proceeds received from Mareterram Trading's sale of that inventory); and</li><li>(c) an adjustment for any receivables of the FSD as at completion which have not been paid in full to Mareterram Trading within 120 days after the completion date – Mareterram Trading will assign these receivables back to Craig Mostyn and Craig Mostyn must pay the value of these receivables to Mareterram Trading (net of any recoveries received by Mareterram Trading).</li></ul> <p>With effect from completion, Mareterram Trading will assume the liability for trade creditors of the FSD as at the date of completion of the FSD BPA, together with the obligations for accrued employee entitlements for FSD employees (and the initial consideration payable to Craig Mostyn will be reduced by 70% of the value of such employee entitlements).</p>
Conditions Precedent	<p>Completion is subject to the satisfaction or waiver of a number of conditions precedent. The conditions which have not yet been satisfied or waived as at the date of this Prospectus are set out below:</p> <ul style="list-style-type: none"><li>(a) the Company obtaining all necessary Shareholder approvals pursuant to the ASX Listing Rules, the Corporations Act and any other applicable law or regulations in relation to the purchase of the FSD and the Re-Compliance;</li><li>(b) the Company completing the capital raising the subject of the Offer;</li><li>(c) ASX conditionally approving the re-quotation of the Shares on</li></ul>

	<p>the Official List of ASX on terms acceptable to Mareterram P/L;</p> <p>(d) the novation of the Sea Harvest Supply and Distribution Agreement to Mareterram Trading;</p> <p>(e) completion occurring under the Nor-West BPA;</p> <p>(f) there being no material adverse change to the FSD up to completion;</p> <p>(g) there being no material adverse change to the Company and its subsidiaries or the Nor-West Business;</p> <p>(h) the cancellation of the \$0.01 Options and the exercise of all of the \$0.005 Options; and</p> <p>(i) there being no prescribed occurrence in relation to the Company or any of its subsidiaries.</p> <p>The conditions precedent referred to in:</p> <p>(i) paragraphs (a), (b), (c) and (e) above are for the benefit of Mareterram Trading and Craig Mostyn;</p> <p>(ii) paragraphs (d) and (f) above are for the benefit of Mareterram Trading; and</p> <p>(iii) paragraphs (g), (h) and (i) above are for the benefit of Craig Mostyn</p> <p>If any of these conditions precedent are not satisfied or waived by the party or parties with the benefit of that condition precedent before 24 December 2015, the party with the benefit of that condition precedent (solely or jointly with the other party) may terminate the agreement, provided the terminating party is not in breach of a material obligation under the agreement.</p>
Completion	Completion will occur on the date 5 business days following satisfaction or waiver of all of the conditions (or such other date as the parties may agree).
Board nominee right	<p>For the:</p> <p>(a) initial period commencing on completion of the FSD BPA and ending on the date of payment of the earn out amount (or if no earn out amount is payable, the date the earn out statement relating to the earn out amount is agreed) (<b>Initial Period</b>); and</p> <p>(b) if at the end of the Initial Period Craig Mostyn has voting power in Shares comprising not less than 15% of the Shares on issue, then for the period until that voting power falls below 15%,</p> <p>Craig Mostyn will have the right to appoint a Non-Executive director to the Board.</p>
Warranties	Craig Mostyn has given warranties relating to the FSD which are typical for an agreement of this nature. Craig Mostyn's liability for loss or damage under the agreement is capped at \$2 million. The Company has agreed to guarantee the obligations of Mareterram Trading under the FSD BPA.

(c) **Sea Harvest Earn Out and Equity Participation Agreement**

Parties	Sea Harvest Holdings, Sea Harvest Corporation, Mareterram Trading and the Company
Description	This agreement sets out Sea Harvest's rights to an incentive payment, to participate in the Public Offer and appoint a nominee to the Board.
Incentive payment	<p>Mareterram Trading agrees to pay Sea Harvest an incentive payment of \$500,000 if the EBITDA of the FSD for the first 12 months after completion of the acquisition of the FSD is \$1 million or more, plus \$0.50 for each dollar of EBITDA in excess of \$1 million, up to a maximum of \$750,000 (<b>Incentive Payment</b>). This right is subject to the novation of the Sea Harvest Supply and Distribution Agreement being novated to Mareterram Trading from completion of the acquisition of the FSD and the Sea Harvest Supply and Distribution Agreement remaining in full force and effect (unless terminated because of a breach, insolvency, major change in ownership or reorganisation of Mareterram Trading).</p> <p>Sea Harvest may elect to have the Incentive Payment settled through the issue of Shares at a deemed issue price of \$0.20 per Share (<b>Consideration Shares</b>), provided its voting power in the Company upon completion of the issue of the Consideration Shares does not exceed 19.9%. The Company will seek Shareholder approval under the ASX Listing Rules 7.1 and 10.1 (if required) to make the Incentive Payment.</p>
Right to participate in the Offer	Sea Harvest has the right to acquire Shares under the Public Offer, which when aggregated with the maximum number of Consideration Shares, is not more than 19.9% of the Company's issued share capital (on an undiluted basis).
Board nominee	Sea Harvest may nominate a director to the Board for so long as the Sea Harvest Group's voting power in the Company is at least 15%.
Anti-dilution right	Subject to the Company obtaining a waiver from ASX Listing Rule 6.18, Sea Harvest will have an anti-dilution right to maintain its shareholding in the Company.

(d) **Euroz mandate**

Parties	Euroz Securities Limited ( <b>Euroz</b> ) and the Company
Description	The Company has agreed to appoint Euroz as corporate adviser in relation to the Acquisitions and the Re-Compliance and as the sole lead manager to the Offer.
Fees	<p>As consideration for these services, the Company will pay Euroz:</p> <ul style="list-style-type: none"><li>(a) an advisory fee of \$40,000;</li><li>(b) a capital raising fee of 4.5% plus GST of the amount raised under the Offer from investors other than defined Company introduced investors; and</li><li>(c) a capital raising fee of 3.5% plus GST of the amount raised under the Offer from the defined Company introduced investors.</li></ul>

	In addition, the Company agrees to reimburse Euroz for all reasonable out of pocket expenses incurred in performing their role.
Right of first refusal	<p>The Company grants Euroz a first right of refusal to act as sole lead manager in relation to any equity capital raisings the Company undertakes for a period of 18 months from the date of the agreement, and as financial adviser in relation to any transaction that relates to at least 50% of the value of the net assets of the Company at the time.</p> <p>Any future engagement is subject to a formal agreement being entered into, and the parties agree to negotiate such agreement in good faith.</p>
Other	The mandate also contains other standard clauses customary to an agreement of this nature, including an indemnity from the Company to Euroz, its associates and related parties, and their directors, agents and staff against (broadly) any losses arising in connection with the agreement or the services to be provided under it.

(e) **New Debt Facilities Terms Sheet**

Parties	National Australia Bank Limited ( <b>NAB</b> ), Mareterram P/L and Mareterram Trading and the Company.
Description	Term sheet outlining a credit approved conditional offer from NAB for new banking facilities ( <b>New Debt Facilities</b> ). The New Debt Facilities will be utilised to assist with funding the purchase of the Nor-West Business, for working capital and to enable the issuance of bank guarantees to the Department of Transport (in relation to the Carnarvon Small Boat Harbour Leases).
Availability of Funding	The availability of funding under the New Debt Facilities is subject to execution of final documentation and satisfaction of conditions precedent, including the Company raising the Minimum Subscription under the Offer and other conditions precedent set out in NAB's general conditions.
Facilities	<p>The New Debt Facilities comprise of:</p> <ul style="list-style-type: none"> <li>(a) \$12m loan facility with a maximum 15 year term (with a review on 31 October 2020) with two year interest only and then interest and principal amortising over the term to assist with funding the purchase of the Nor-West Business and to part fund working capital requirements (<b>Facility 1</b>);</li> <li>(b) \$5m two year loan facility for working capital funding subject to an advance limit of 85% of the value of debtors (excluding any debtors greater than 3 months (90 days)) (<b>Facility 2</b>); and</li> <li>(c) \$100,000 bank guarantee facility expiring on 31 October 2017 to enable issuance of bank guarantees to the Department of Transport (<b>Facility 3</b>).</li> </ul> <p>In addition, a \$500,000 revolving leasing facility and \$100,000 NAB commercial card facility will be made available.</p>
Interest rates and fees	Facilities 1 and 2 have a variable interest rate by reference to BBSY plus margin and are subject to a default interest rate by reference to the Bank's Base Indicator Rate plus margin. An establishment fee is

	payable. In addition, Facility 2 is subject to an annual facility fee and Facility 3 is subject to an issuing fee and an annual service fee. Other customary fees may also apply.
Security	<p>The New Debt Facilities will be secured by:</p> <ul style="list-style-type: none"> <li>(a) registered security interests and charges over all of the present and future rights, property and undertakings of the Company, Mareterram P/L and Mareterram Trading;</li> <li>(c) in the case of Facilities 1 and 3, mortgages over the Vessels, the SBPMF Licences, 10 Shark Bay Scallop class B managed fishery licences and the Carnarvon Small Boat Harbour Leases; and</li> <li>(d) in the case of Facility 2, an invoice finance facility agreement and a charge over Mareterram Trading's debtor book.</li> </ul>
Guarantees and indemnities	The New Debt Facilities will be supported by cross guarantees and indemnities from the Company, Mareterram P/L and Mareterram Trading and subject to Deeds of Subordination of Intercompany Loans between the Company and each of Mareterram P/L and Mareterram Trading.
Documentation	The New Debt Facilities will be made available under NAB's standard form documentation incorporating conditions precedent, representations and warranties, information and general undertakings, review events and events of default that are consistent with the term sheet and NAB's general conditions, bank guarantee facility specific conditions (for Facility 3) and corporate market loan facility specific conditions (for Facility 1) and in a form and substance satisfactory to NAB.
Covenants	The New Debt Facilities will be subject to a financial covenant, under which the Company must comply with a minimum interest cover ratio of 4.00 times as measured for the 12 month period ending on 30 June 2017 and thereafter annually for the Company. Interest cover is defined as EBITDA /interest expense.
Events of Default	The events of default will be customary or appropriate for a transaction of this type, and may include (but are not limited to) failure to make payments that are due, failure to comply with any obligation, representation and warranty not being true or correct when made or repeated, the occurrence of a default under any other banking facilities, failure to satisfy the interest cover ratio, the occurrence of an insolvency event and the occurrence of an event or series of events which results in a material adverse change.
Undertakings	<p>In addition to NAB's standard undertakings, the following additional undertakings will apply:</p> <ul style="list-style-type: none"> <li>(a) maximum capital expenditure of \$1,000,000 per annum for the Company and its subsidiaries. Capital expenditure for expansion of fixed assets is not permitted beyond the amount detailed for the nominated period, without NAB's prior written consent. This covenant excludes VFAS payments and earn out payments to Craig Mostyn and/or Sea Harvest;</li> <li>(b) the borrower is to provide a written valuation from a fisheries broker who is an acceptable provider of valuations for fishing licences to NAB every three years for the 10 SBPMF Licences</li> </ul>

	and 10 Shark Bay Scallop class B managed fishery licences; and (c) dividend payments for the Company are not permitted during the two-year interest only period for Facility 1 without the prior written consent of NAB.
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(f) **Employment Agreement – David Lock**

Parties	The Company and David Lock	
Position	Managing Director and Chief Executive Officer	
Commencement Date	1 January 2016 or such other date the parties may agree.	
Remuneration	<p>Total fixed Base Salary: \$500,000 per annum (inclusive of superannuation)</p> <p>Commencement Fee: \$250,000 to be paid within 6 months of commencement date</p> <p>Short term incentives (STI): Cash bonus payment of up to \$250,000 per annum subject to achievement of key performance indicators (KPIs) and Board approval. The KPIs will be linked to achievement of the Company's objectives, including achievement of budgets, EPS, EBIT, TSR and other performance objectives.</p> <p>For the first 12 months following the Commencement Date, the STI will be dependent on the Company's share price being not less than \$0.22 as calculated by the 10 day volume weighted average price shown on ASX for period ending 15 December 2016.</p> <p>The method for calculating STIs for subsequent periods of 12 months following the anniversary of the Commencement Date will be agreed by the Company and Mr Lock and as a minimum, provide for an STI of up to 50% of Base Salary, as approved by the Board.</p> <p>Mr Lock must be employed by the Company at the time an STI is due in order to be eligible for payment (subject to the provisions below regarding termination on material diminution, in which event Mr Lock will be deemed to have achieved 100% of the KPI's for the year in which termination occurs and a pro rata payment will be made).</p> <p>Long term incentives (LTI): Subject to Shareholder approval, Mr Lock will be granted Performance</p>	

	Rights as detailed in Section 11.4.
Termination payments for material diminution	<p>If there is a material diminution in the status or position of Managing Director and Chief Executive Officer of the Company with the effect that Mr Lock would suffer a material diminution in his authority or change in his reporting relationship with the Board, Mr Lock may terminate his employment by written notice and the following provisions will apply:</p> <ul style="list-style-type: none"> <li>(a) if the material diminution occurs before the Commencement Date, Mr Lock will be entitled to a termination payment of 6 months Base Salary plus the Commencement Fee;</li> <li>(b) if the material diminution occurs in the 2 years after the Commencement Date, Mr Lock will be entitled to a termination payment of 6 months Base Salary and 50% of his LTIs shall vest; or</li> <li>(c) if the material diminution occurs more than 2 years after the Commencement Date, Mr Lock will be entitled to a termination payment of 6 months Base Salary and all of his LTIs shall vest.</li> </ul> <p>If any of the termination payments above cannot be made under section 200B of the Corporations Act without Shareholder approval, the Company shall seek such approval at the Company's next annual general meeting. If Shareholders do not approve the payment, the amount payable to Mr Lock is the maximum amount that may lawfully be paid without shareholder approval.</p>
Termination by the Company	<p>The Company may terminate Mr Lock's employment at any time in the event he becomes bankrupt, is guilty of gross misconduct, is convicted of a criminal offence, becomes incapacitated to the extent he cannot perform his duties, refuses or neglects to comply with reasonable directions given by the Company, breaches the employment agreement and fails to rectify the breach or is removed or disqualified from being a Director, or resigns, retires or fails to be re-elected as a Director.</p> <p>The Company may also terminate Mr Lock's employment by 6 months' notice at any time on or after 1 July 2019 without providing a reason for termination.</p>
Termination by Mr Lock	<p>Mr Lock may terminate the employment:</p> <ul style="list-style-type: none"> <li>(a) if the Company breaches the employment agreement and does not remedy the breach; or</li> <li>(b) by 6 months' notice.</li> </ul>
Post-employment restraints	<p>After termination, for a period of up to 6 months, Mr Lock must not, in Australia:</p> <ul style="list-style-type: none"> <li>(a) engage in any activity that competes with the business of the Company in which Mr Lock was involved in at any time in his last 12 months with the Company;</li> <li>(b) solicit any person who was a client of the Company in his last 12 months with the Company with a view to obtaining the custom of that client;</li> <li>(c) interfere with the relationship between the Company and its clients, employees or suppliers; or</li> <li>(d) induce or assist in the inducement of any employee of the Company to leave their employment.</li> </ul>



(g) **Employment Agreement – James Clement**

Parties	The Company and James Clement	
Position	Executive Director and Chief Operating Officer	
Commencement Date	1 January 2016 or such other date the parties may agree.	
Remuneration	<p>Total fixed Base Salary: \$250,000 per annum (inclusive of superannuation)</p> <p>Commencement Fee: \$125,000 to be paid within 1 month of commencement date</p> <p>Short term incentives (<b>STI</b>): Cash bonus payment of up to \$125,000 per annum subject to achievement of key performance indicators (<b>KPIs</b>) and Board approval. The KPIs will be linked to achievement of the Company's objectives, including achievement of budgets, EPS, EBIT, TSR and other performance objectives.</p> <p>For the first 12 months following the Commencement Date, the STI will be dependent on the Company's share price being not less than \$0.22, as calculated by the 10 day volume weighted average price shown on ASX for period ending 15 December 2016.</p> <p>The method for calculating STIs for subsequent periods of 12 months following the anniversary of the Commencement Date will be agreed by the Company and Mr Clement and as a minimum, provide for an STI of up to 50% of Base Salary, as approved by the Board.</p> <p>Mr Clement must be employed by the Company at the time an STI is due in order to be eligible for payment (subject to the provisions below regarding termination on material diminution, in which event Mr Clement will be deemed to have achieved 100% of the KPI's for the year in which termination occurs and a pro rata payment will be made).</p> <p>Long term incentives (<b>LTI</b>): Subject to Shareholder approval, Mr Clement will be granted Performance Rights as described in Section 11.4.</p>	
Termination payments for material diminution	If there is a material diminution in the status or position of Executive Director and Chief Operating Officer of the Company with the effect that Mr Clement would suffer a material diminution in his authority or change in his reporting relationship with the Board, Mr Clement may	



	<p>terminate his employment by written notice and the following provisions will apply:</p> <ul style="list-style-type: none"> <li>(a) if the material diminution occurs before the Commencement Date, Mr Clement will be entitled to a termination payment of 6 months Base Salary plus the Commencement Fee;</li> <li>(b) if the material diminution occurs in the 2 years after the Commencement Date, Mr Clement will be entitled to a termination payment of 6 months Base Salary and 50% of his LTIs shall vest; or</li> <li>(c) if the material diminution occurs more than 2 years after the Commencement Date, Mr Clement will be entitled to a termination payment of 6 months Base Salary and all of his LTIs shall vest.</li> </ul> <p>If any of the termination payments above cannot be made under section 200B of the Corporations Act without Shareholder approval, the Company shall seek such approval at the Company's next annual general meeting. If shareholders do not approve the payment, the amount payable to Mr Clement is the maximum amount that may lawfully be paid without Shareholder approval.</p>
Termination by the Company	<p>The Company may terminate Mr Clement's employment at any time in the event he becomes bankrupt, is guilty of gross misconduct, is convicted of a criminal offence, becomes incapacitated to the extent he cannot perform his duties, refuses or neglects to comply with reasonable directions given by the Company, breaches the employment agreement and fails to rectify the breach or is removed or disqualified from being a Director of the Company.</p> <p>The Company may also terminate Mr Clement's employment by 6 months' notice at any time on or after 1 July 2019 without providing a reason for termination.</p>
Termination by Mr Clement	<p>Mr Clement may terminate the employment:</p> <ul style="list-style-type: none"> <li>(a) if the Company breaches the employment agreement and does not remedy the breach; or</li> <li>(b) by 6 months' notice.</li> </ul>
Post-employment restraints	<p>After termination, for a period of up to 6 months, Mr Clement must not, in Australia:</p> <ul style="list-style-type: none"> <li>(a) engage in any activity that competes with the business of the Company in which Mr Clement was involved in at any time in his last 12 months with the Company;</li> <li>(b) solicit any person who was a client of the Company in his last 12 months with the Company with a view to obtaining the custom of that client;</li> <li>(c) interfere with the relationship between the Company and its clients, employees or suppliers; or</li> <li>(d) induce or assist in the inducement of any employee of the Company to leave their employment.</li> </ul>

(h) **Employment Agreement – David Durack**

Parties	David Durack and Mareterram Trading
Description	Mareterram Trading will employ Mr Durack as General Manager, subject to and from completion of the Nor-West BPA and FSD BPA. Mr Durack will be paid a fixed salary plus statutory superannuation and will be eligible to participate in any bonus incentive scheme established by the Company. Either party may terminate the agreement with 4 weeks' notice. Mareterram Trading may terminate employment immediately if Mr Durack commits an act of serious misconduct.

(i) **Deeds of indemnity, insurance and access**

Parties	The Company and each of the Directors, Mr Hutchinson, Mr Clement and Mr Pitts. The Company also intends to enter into a similar deed of indemnity, insurance and access with proposed Director Mr Lock.
Description	Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

(j) **Babbage Island Accommodation Facilities Agreement**

Nor-West Seafoods Pty Ltd and Mareterram P/L will enter into the agreement described below at completion under the Nor-West BPA.

Parties	Nor-West Seafoods Pty Ltd and Mareterram P/L
Description	Nor-West agrees to allow the employees, agents and contractors of Mareterram P/L and the employees or contractors of the operators of any fishing vessels owned or operated by or on behalf of Mareterram P/L who are engaged on working on those vessels (together, the <b>Nominated Persons</b> ), use of the accommodation facilities located on Babbage Island Lease on a priority basis.
Term	2 years commencing on the date of completion of the acquisition of the Nor-West Business under the Nor-West BPA.
Consideration	Mareterram P/L will pay Nor-West Seafoods Pty Ltd the sum of \$150,000 for each year of the term in two instalments of \$75,000 on 1 April and 30 October.
Termination	Mareterram P/L may terminate the agreement if there is an unremedied breach by Nor-West Seafoods Pty Ltd.

### 10.3 Material contracts relating to the Nor-West Business

#### (a) Carnarvon Small Boat Harbour Lease – Lots A, B, C, M & N

Parties	The Minister for Transport (Lessor) and Tennereef
Permitted use	<p>Lots A, B and C are only to be used for the purposes of receiving and processing fish products, maintenance, fuel storage and refuelling of vessels.</p> <p>Lots M and N are only to be used for the purposes of fishing and associated purposes.</p>
Term	11 years and 9 months commencing 1 November 2008 and expiring on 31 July 2020 with a further 5 year term commencing on 1 August 2020 and expiring on 31 July 2025.
Renewal	The Lessor must grant the further term of the lease if Tennereef has used the premises appropriately and there is no subsisting default by Tennereef in the payment of money or performance of its covenants under the lease.
Annual rent	\$60,146 per annum (ex GST) (indexed to CPI) or such other amount determined by a more current market valuation.
Rent review	Rent is to be reviewed on 1 August 2016, 1 August 2019 and 1 August 2022 so that it is the greater of the market rent (as agreed or determined by a valuer), the monthly rent for the previous month multiplied by 12 and adjusted for CPI and the monthly rent for the previous month multiplied by 12.
Other payments	<p>Harbour Levy for Lots A, B and C the greater of \$0.05 per square metre of the area of the premises per annum (to a maximum of \$5,000) or \$500 per annum, until varied. The current levy payable is \$4,335 per annum (ex GST).</p> <p>Harbour Levy for Lots M and N, from 1 November 2014 until varied, the greater of \$0.05 per square metre of the area of the premises per annum (to a maximum of \$5,000) or \$500 per annum. The current levy payable is \$1,586 per annum (ex GST).</p> <p>On each third anniversary from 1 November 2008, the levy will be reviewed so that it is the greater of the current levy and the current levy adjusted for CPI.</p> <p>Turnover Rent: Tennereef must pay to the Lessor the turnover rent of \$0.05 for each litre of petroleum products sold or dispensed by Tennereef from the premises.</p>
Assignment	<p>Tennereef must not assign, mortgage, charge, sublet, part with possession of or dispose of the premises without the consent of the Lessor.</p> <p>If the lessee is not quoted on any stock exchange in Australia, a change in beneficial ownership of shares, or issue or cancellation of shares, in Tennereef or its holding company is deemed an assignment. The Lessor must not unreasonably withhold consent to an assignment if the proposed assignee is a respectable and responsible person of good financial standing, all money due and payable has been paid, there are no unremedied breaches of</p>

	<p>Tennereef's covenants, Tennereef procures the proposed assignee to execute a deed of assignment with the Lessor, the assignee covenants to pay all money payable under lease and observe all of Tennereef's covenants and Tennereef pays the Lessor all reasonable legal, professional and other costs incurred by the Lessor with respect to the assignment.</p> <p>If the assignee is a corporation that is not listed, the Lessor may require that the directors or substantial shareholders of that corporation guarantee to the Lessor the observance and performance of all covenants and payment of all money payable under the lease.</p> <p>Any assignment will not relieve Tennereef from its covenants under the lease.</p>
Security	<p>Tennereef must deliver to the Lessor a bank guarantee or cash bond for an amount being the greater of 50% of the total rent and outgoings payable under the lease for each 12 month period or \$25,000. The amount to be secured will be varied every 3 years to take into consideration inflation and any increases in rent and outgoings. Tennereef has provided bank guarantees totalling \$33,000.</p>
Insurances	<p>Tennereef must effect and maintain public liability insurance in the amount of \$10,000,000, insurance for the premises and Tennereef's fixtures on the premises, workers compensation insurance and insurance with respect to the glass in the doors, walls or windows of or to the premises.</p>
Indemnities	<p>Tennereef must indemnify the Lessor against all losses for which the Lessor becomes liable in respect of loss or damage to property or death or injury cause or contributed to by the use or occupancy of the premises except to the extent cause or contributed to by the act or omission of the Lessor, resulting from an act or omission of Tennereef or resulting from a notice, claim, demand to pay, done or performed by Tennereef under the lease except to the extent that the Lessor is obliged under the lease to pay for or contribute to that cost.</p>
Termination	<p>The Lessor may terminate the lease if an event of default occurs (such as rent remaining unpaid for 14 days, a breach of a covenant continuing for 14 days after notice is given and certain insolvency events). The Lessor may terminate the lease if Tennereef does not actively and regularly use substantially the whole of the premises for purposes of carrying out Tennereef's business on a substantial basis for any period of 60 consecutive days.</p>
Environmental covenants	<p>Tennereef must do all things to prevent pollution or contamination to the premises. Tennereef must use the premises in a manner that complies with all environmental laws and authorisations and provide the Lessor on demand with an environmental assessment report. On demand by the Lessor, Tennereef must (at its cost) promptly clean up and remove any substance that is capable of causing material harm to the environment from the premises and any such substance which escapes from the premises onto land and waters adjacent and make good any damage caused by that clean up or removal.</p>
Other	<p>Tennereef must obtain a commercial jetty licence under the Jetties Act 1926 from the Lessor in respect of the premises.</p> <p>Tennereef must obtain all licences and permits required by law in relation to Tennereef's use of the surrounding waters.</p>

(b) **Carnarvon Small Boat Harbour Lease – Lot E**

Parties	The Minister for Transport ( <b>Lessor</b> ) and Nor-West
Permitted use	The premises include land, seabed, the jetty and slipway and is to be used for slippage and maintenance of vessels.
Term	2 years commencing 1 September 2011 and expiring on 31 August 2013 with two further four year terms, from 1 September 2013 to 31 August 2017 and 1 September 2017 to 31 August 2021.
Renewal	The Lessor must grant the further term of the lease if Nor-West has used the premises appropriately and there is no subsisting default by Nor-West in the payment of money or performance of its covenants under the lease.
Annual rent	<p>\$37,481 per annum (ex GST) plus an amount equivalent to the swing mooring annual fee prescribed under the Shipping Pilotage (Ports and Harbours) Regulations 1966 for the mooring of 6 vessels from 19 metres to 19.99 metres in length (which is currently \$8,290 per annum (ex GST)).</p> <p>If at any time more than 6 vessels are moored at any one time, Nor-West must pay to the Lessor an additional swing mooring fee calculated by reference to the swing mooring annual fee prescribed under the <i>Shipping Pilotage (Ports and Harbours) Regulations 1966</i> to be apportioned on a daily basis for each additional vessel moored.</p>
Rent review	Rent is to be reviewed on every third anniversary of 1 September 2014 so that it is the greater of the market rent (as agreed or determined by a valuer), the monthly rent for the previous month multiplied by 12 and adjusted for CPI and the monthly rent for the previous month multiplied by 12.
Other payments	<p>Harbour area contribution: \$3,568 per annum (ex GST).</p> <p>On each third anniversary from 1 September 2014, the contribution will be reviewed so that it is the greater of the current contribution and the current contribution adjusted for CPI.</p>
Assignment	<p>Nor-West must not assign, mortgage, charge, sublet, part with possession of or dispose of the premises without the consent of the Lessor.</p> <p>If the Lessee is not quoted on any stock exchange in Australia, a change in beneficial ownership of shares, or issue or cancellation of shares, in Nor-West or its holding company is deemed an assignment.</p> <p>The Lessor must not unreasonably withhold consent to an assignment if the proposed assignee is a respectable and responsible person of good financial standing, all money due and payable has been paid, there are no unremedied breaches of Nor-West's covenants, Nor-West procures the proposed assignee to execute a deed of assignment with the Lessor, the assignee covenants to pay all money payable under the lease and observe all of Nor-West's covenants and Nor-West pays the Lessor all reasonable legal, professional and other costs incurred by the Lessor with respect to the assignment.</p>

	<p>If the assignee is a corporation that is not listed, the Lessor may require that the directors or substantial shareholders of that corporation guarantee to the Lessor the observance and performance of all covenants and payment of all money payable under the lease.</p> <p>Any assignment will not relieve Nor-West from its covenants under the lease.</p>
Security	Nor-West must deliver to the lessor a bank guarantee or cash bond for \$14,000. The amount to be secured will be reviewed every 3 years to take into consideration inflation and any increases in rent and outgoings.
Insurances	Nor-West must effect and maintain public liability insurance in the amount of \$10,000,000, insurance for the premises and Nor-West's fixtures on the premises, workers compensation insurance and insurance with respect to the glass in the doors, walls or windows of or to the premises.
Indemnities	Nor-West must indemnify the Lessor against all losses for which the Lessor becomes liable in respect of loss or damage to property or death or injury cause or contributed to by the use or occupancy of the premises except to the extent cause or contributed to by the act or omission of the Lessor, resulting from an act or omission of Nor-West or resulting from a notice, claim, demand to pay, done or performed by Nor-West under the lease except to the extent that the Lessor is obliged under the lease to pay for or contribute to that cost.
Termination	The Lessor may terminate the lease if an event of default occurs (such as rent remaining unpaid for 14 days, a breach of a covenant continuing for 14 days after notice is given and certain insolvency events). The Lessor may terminate the lease if Nor-West does not actively and regularly use substantially the whole of the premises for purposes of carrying out Nor-West's business on a substantial basis for any period of 60 consecutive days.
Environmental covenants	Nor-West must do all things to prevent pollution or contamination to the premises. Nor-West must use the premises in a manner that complies with all environmental laws and authorisations and provide the Lessor on demand with an environmental assessment report. On demand by the Lessor, Nor-West must (at its cost) promptly clean up and remove any substance that presents or has the potential to present a risk of harm to human health, the environment or any environmental value from the premises and any such substance which escapes from the premises onto land and waters adjacent and make good any damage caused by that clean up or removal.
Other	<p>Nor-West must when the whole or part of the seabed area of the premises are not required or being used for the purpose of mooring vessels, permit the passage of vessels owned by third parties over those areas.</p> <p>Nor-West must operate and provide its services in relation to the slipway on the premises to all members of the public who can be accommodated within the capacity of the slipway for a minimum of 8 hours each weekday (excluding public holidays) in Western Australia. Nor-West must implement and enforce a booking system with respect to the slipway on a first come first served basis, other than in the case of emergencies.</p>



	Nor-West may, with the Lessor's consent, carry out capital improvements to the slipway and on termination of the lease, Nor-West grants to the Lessor an irrevocable option to purchase any of those capital improvements.
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#### 10.4 Material contracts relating to the FSD

##### (a) Sea Harvest Supply and Distribution Agreement<sup>1</sup>

Parties	Sea Harvest Corporation and Craig Mostyn
Description	<p>Sea Harvest Corporation grants Craig Mostyn the exclusive right to market, sell and distribute certain fish products (<b>Products</b>) in wholesale and bulk formats to the Foodservice market segment within Australia (defined as the hotel, restaurant, and catering sector together with quick service restaurants and clearance discounters but excluding the major retail segment) (<b>Consumers</b>). Craig Mostyn will also have the exclusive right to market, sell and distribute new and improved Sea Harvest Corporation products within Australia.</p> <p>Craig Mostyn shall purchase the Products from Sea Harvest Corporation and then resell these Products to customers as an independent contractor in its own name and for its own account.</p>
Term	The agreement commenced on the date it was signed (being 4 August 2015) and ends on the date 24 months from the date of completion of the FSD BPA.
Extension	6 months prior to expiry, the parties must either extend the agreement for a minimum of 2 years, or agree to terminate the contract at expiry. If no agreement is reached at this time, an automatic 2 year extension is triggered.
Minimum quantities	To preserve the right for exclusivity, Craig Mostyn must sell (and Sea Harvest Corporation commits to deliver) certain minimum tonnages of Product in year 1 and year 2 following the date of completion of the FSD BPA.
Distributor Margin	Sea Harvest Corporation is committed to Craig Mostyn achieving an agreed target distributor margin on average over the Product range. The actual margin achieved will be reviewed regularly and adjustments made to the sell and/or buy price of the Products such that the margin can be achieved in each year of the agreement following the date of completion of the FSD BPA.
Sales Promotion	Craig Mostyn shall use its best efforts to promote, increase and extend the sales of the Products and maintain a level of Product support necessary for the proper selling of Products in Australia. Craig Mostyn shall also engage in end user work to present and develop the Products to customers, and ensure there is advertising and marketing of the Products in Australia.

<sup>1</sup> On 12 August 2015, Mareterram Trading, Craig Mostyn and Sea Harvest Corporation entered into a letter agreement for the novation of the Sea Harvest Supply and Distribution Agreement which is conditional upon and will take effect on completion of the acquisition by Mareterram Trading of the FSD. On and from that date, Mareterram Trading will be bound by Craig Mostyn's obligations and will be entitled to all of Craig Mostyn's rights under the Sea Harvest Supply and Distribution Agreement which arise after that date.

Intellectual property	Craig Mostyn has the right to use certain intellectual property of Sea Harvest Corporation in its marketing and promotional material, however ownership of intellectual property shall remain exclusively with Sea Harvest Corporation and any rights accrued by Craig Mostyn shall promptly be assigned to Sea Harvest Corporation.
Non-compete	<p>Craig Mostyn may not:</p> <ul style="list-style-type: none"> <li>(a) conduct active sales of the Products outside Australia; and</li> <li>(b) sell products to the Consumers (with the exception of a specific quantity of Atlantic cod) which compete directly with the Products.</li> </ul> <p>In addition, Craig Mostyn will:</p> <ul style="list-style-type: none"> <li>(c) only obtain Products from Sea Harvest Corporation; and</li> <li>(d) sell a limited volume of Atlantic cod and must not be used to substitute the sale of Products.</li> </ul>
Assignment	The agreement may not be assigned by Craig Mostyn without Sea Harvest Corporation's prior written consent.
Termination	<p>Sea Harvest Corporation may terminate the agreement upon 30 days prior written notice if Craig Mostyn fails to fulfil any of its obligations under the agreement and has not remedied the default with 60 days of the date on which written notice of default has been dispatched to Craig Mostyn. Alternatively, in the event of Craig Mostyn failing to meet minimum sales volumes, Sea Harvest Corporation may choose to make the distribution rights non-exclusive instead of terminating the agreement.</p> <p>Craig Mostyn may terminate the agreement upon 30 days prior written notice, if Sea Harvest Corporation fails to fulfil any of its obligations and has not remedied the default with 60 days of the date on which written notice of default has been dispatched to Sea Harvest Corporation. Alternatively, in the event of Sea Harvest Corporation failing to meet minimum delivery volumes, Craig Mostyn may require Sea Harvest Corporation to release it from non-compete obligations under the agreement.</p> <p>Either party may terminate the agreement in the event of insolvency or bankruptcy of the other party.</p> <p>The agreement terminates if the sale of the FSD is not completed by 29 January 2016 or any other date agreed to by the parties in writing.</p> <p>The agreement may be terminated by Sea Harvest Corporation if there is a major change in the ownership of Craig Mostyn or if Craig Mostyn is reorganised in a way that will, in the reasonable opinion of Sea Harvest Corporation, affect the fulfilment of the agreement negatively.</p>
Governing law	South Africa

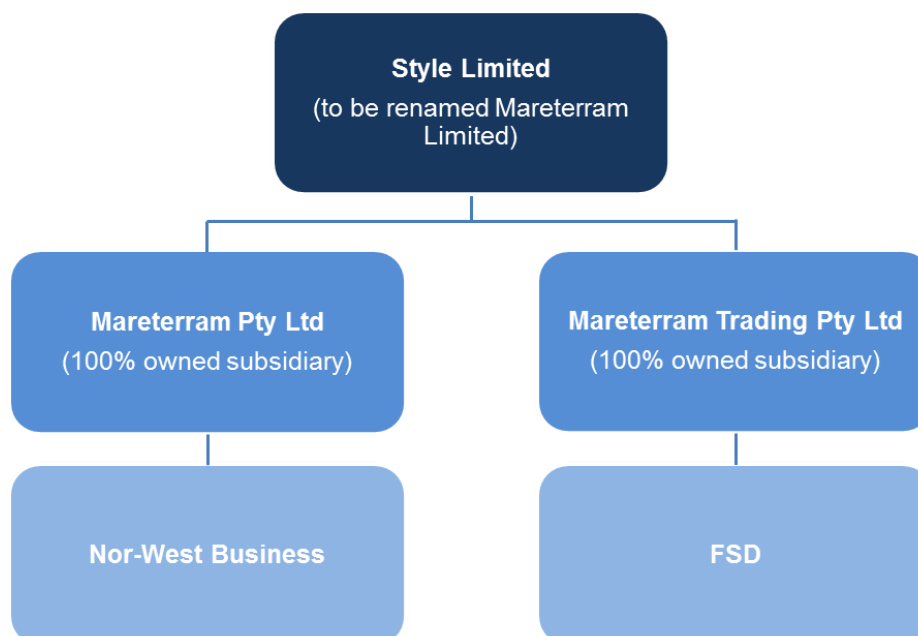


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## 11 Additional Information

### 11.1 Corporate structure

The corporate structure of the Company following completion of the Acquisitions is set out below:



The current capital structure of the Company, together with the indicative capital structure of the Company following completion of the Acquisitions and the Offer, are set out in the table in Section 1.5.

### 11.2 Fishing regulation in Western Australia and the Fishing Licences

The principal legislation currently regulating the management, utilisation and conservation of fish in Western Australia is the FRM Act. The FRM Act governs the management of fish resources, including the development and management of fisheries and aquaculture, and the conservation of fish and other aquatic resources and their habitats, as well as the authorisation, or licencing, regime. Fishing in Western Australia is also regulated by various pieces of subsidiary legislation, including the FRM Regulations, management plans, notices and orders and FCEO determinations. The Minister for Fisheries may also exempt persons from all or any provisions of the FRM Act on such conditions as the Minister sees fit, which exemptions can also be varied or revoked by the Minister.

A large proportion of commercial fisheries in Western Australia, including the Shark Bay Prawn and Shark Bay Scallop commercial fisheries, are managed under management plans. Various controls are put in place under management plans to assist in managing the commercial fisheries.

Under the FRM Act, FRM Regulations and management plans:

- (a) a person must not use a boat for commercial fishing without having a fishing boat;
- (b) licence a person must not process fish for a commercial purpose unless authorised under a fish processor's licence; and
- (c) a person must not commercially fish for specified species of fish in fisheries managed in accordance with a management plans unless authorised by a managed fishery licence.

Pursuant to the Nor-West BPA, Mareterram P/L will acquire from Nor-West (amongst other things):

- (i) 10 fishing boat licences;
- (ii) 10 sea-based fish processor's licences;
- (iii) 10 SBPMF licences;
- (iv) 10 Shark Bay Scallop class B managed fishery licences; and
- (v) if and when granted, 10 Shark Bay Crab managed fishery licences.

**(a) Fishing boat licences**

Fishing boat licences are granted under the FRM Act and may be granted by the FCEO to applicants who satisfy the criteria set out in the FRM Regulations. Fishing boat licences authorise a person to use a boat for commercial fishing. The holder of a fishing boat licence must comply with the terms of the licence, the FRM Act and the FRM Regulations. Fishing boat licences are granted for a period of 12 months (unless otherwise provided in the FRM Act or in the licence). If a person applies to renew a fishing boat licence, the licence is to be renewed by the FCEO except in certain circumstances such as, where the holder has been convicted of an offence against the FRM Act or any other law relating to fishing and the management of fish resources, if a condition of the licence has been contravened, the FCEO is satisfied the holder is no longer a fit and proper person to hold the licence or the holder has not used the authorisation in the previous 2 years.

All of the fishing boat licences granted to Tennereef have been granted on similar terms, have been granted for a period of 12 months and are due to expire on 31 December 2015.

**(b) Fish processor's licences**

Fish processor's licences are granted under the FRM Act and may be granted by the FCEO to applicants who satisfy the criteria set out in the FRM Act. Fish processor's licences authorise a person to process fish for commercial purposes on any boat if taken by the use of that boat or at any place for the purpose of the fish being sold by retail to the public or served as meals to the public in, on or from that place. The holder of a fish processor's licence must comply with the terms of the licences, the FRM Act and the FRM Regulations. Fish processor's licences are granted for a period of 12 months (unless otherwise provided in the FRM Act or in the licence) and if a person applies to renew a fish processor's licence, the licence is to be renewed by the FCEO except in certain circumstances as noted above.

All of the fish processor's licences granted to Tennereef have been granted on similar terms, have been granted for a period of 12 months and are due to expire on 31 December 2015.

**(c) Shark Bay Prawn managed fishery licences**

Shark Bay Prawn managed fishery licences are granted under the FRM Act and authorise holders to commercially fish for prawns in the SBPMF in accordance with the FRM Act and the SBPMF Management Plan. The holder of these licences must comply with the terms of the licences, the FRM Act, the FRM Regulations and the SBPMF Management Plan. Shark Bay prawn managed fishery licences are granted for a period of 12 months (unless otherwise provided in the FRM Act or in the licences) and if a person applies to renew the licence, the licence is to be renewed by the FCEO except in certain circumstances as noted above. All of the SBPMF Licences have been granted on similar terms, have been granted for a period of 12 months and are due to expire on 1 March 2016.

Some of the key terms of SBSMF Licences require:

- (i) a person to not fish for prawns in the fishery other than in accordance with the SBPMF Management Plan and under the authority of a licence;
- (ii) unless otherwise authorised in writing by the Minister a person to not take, or attempt to take prawns in the fishery other than by a maximum of either: 2, 3 or 4 eight fathom nets (as endorsed on the licence); and 1 try net. The SBPMF Licences authorise the use of 2 eight fathom nets;
- (iii) otter boards, warp wires and otter trawl nets carried or attached to any boat to be secured to that boat and kept out of the water during certain hours unless gear is being trialled in accordance with the SBPMF Management Plan;
- (iv) an Automatic Location Communicator to be installed in all authorised boats by an approved person;
- (v) unless otherwise authorised, no more than 6 persons to be on an authorised boat at any one time. However, the Executive Director has by advice in writing allowed up to 8 persons on a boat authorised under a Shark Bay prawn managed fishery licence for the 2015 Shark Bay Prawn fishing season; and
- (vi) compliance with the various closure times for various parts of the fishery.

**(d) Shark Bay scallop class B managed fishery licences**

Shark Bay scallop class B managed fishery licences are granted under the FRM Act and authorise holders to commercially fish for scallops in the SBSMF in accordance with the FRM Act and the SBSMF Management Plan. The holder of these licences must comply with the terms of the licences, the FRM Act, the FRM Regulations and the SBSMF Management Plan. Shark Bay scallop managed fishery licences are granted for a period of 12 months ending on 1 March each year (unless otherwise provided in the FRM Act or in the licences) and if a person applies to renew the licence, the licence is to be renewed by the FCEO except in certain circumstances as noted above.

Fishing for scallops in the SBSMF was prohibited in all parts of the fishery from 2 June 2015 to 8am on 1 June 2016. However, an exemption was granted to Tennereef allowing Tennereef to fish for scallops in the fishery from 14 August 2015 to 20 November 2015 which exemption allows the meat weight of scallop taken to not exceed 16,660 kilograms.

All of the Shark Bay scallop managed fishery licences included in the Fishing Licences have been granted on similar terms, have been granted for a period of 12 months and are due to expire on 1 March 2016.

Some of the key terms of Shark Bay scallop class B managed fishery licences require:

- (i) a person to not fish for scallops in the fishery other than in accordance with the Shark Bay Scallop Management Plan and under the authority of a licence;
- (ii) unless otherwise authorised in writing by the Minister a person to not take, or attempt to take scallops in the fishery from a class B boat other than by either: 2, 3 or 4 eight fathom nets (as endorsed on the licence); and 1 try net. The Shark Bay scallop managed fishery licences included in the Fishing Licences authorise the use of 2 eight fathom nets;
- (iii) otter boards, warp wires and otter trawl nets carried or attached to any class B boat to be secured to that boat and kept out of the water during certain hours unless gear is being trialled in accordance with the Shark Bay Scallop Management Plan;

- (iv) an automatic location communicator to be installed in all authorised boats by an approved person;
- (v) unless otherwise authorised, a class B boat to not have more than 6 persons on board at any one time if it is authorised to use 2 eight fathom nets; and
- (vi) compliance with the closure times for the fishery.

(e) **Shark Bay crab fishery**

A person must not fish for crab at any time in any of the waters of the areas described in the *Shark Bay Crab Fishery (Interim) Management Plan 2005* (WA) other than in accordance with that plan or under the authority of a permit. The holders of Shark Bay prawn and Shark Bay scallop managed fishery licences are currently exempt from the application of the *Shark Bay Crab Fishery (Interim) Management Plan 2005* (WA).

However, the *Shark Bay Crab Managed Fishery Draft Management Plan 2015* (WA) (**Draft Crab Plan**) is anticipated to come into operation when it is gazetted in mid-October 2015 and subject to certain exceptions, will apply from 20 November 2015. The *Shark Bay Crab Fishery (Interim) Management Plan 2005* (WA) will then be revoked. Under the Draft Crab Plan, if a person is the holder of a Shark Bay prawn managed fishery licence on the date the Draft Crab Plan is published in the gazette, that person may apply and the CEO may grant that person a class A licence for the fishery.

Under the Draft Crab Plan, the total allowable catch (TAC) for the first licensing period (20 November 2015 to 31 October 2016) is proposed to be 450 tonnes (whole weight) of crab and entitlements to fish for crab totalling the TAC is proposed to be divided between the commercial sectors, with 33.80% being allocated to the prawn trawl sector. Further, 25% of the prawn trawl sector allocation is proposed to be divided equally between the Shark Bay prawn managed fishery licence holders, with the remaining 75% allocated on catch history.

Under the Nor-West BPA, Tennereef has agreed to apply for Class A managed fishery licences under the Draft Crab Plan once it is implemented and to transfer these licences to Mareterram Pty Ltd if and when they are granted.

### 11.3 Rights attaching to Shares

The Company's current constitution governs the rights attaching to Shares in the Company, including those Shares offered under the Offer.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Company's Shares upon re-listing on ASX. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are:

- (i) set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours; and
- (ii) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

All Shares issued pursuant to this Prospectus will, from the time that they are issued, rank equally with the Company's existing issued Shares.

**(a) Voting**

Subject to the Constitution and any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of Shareholders or classes of Shareholders:

- (i) every Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands every Shareholder who is present in person or by proxy, attorney or representative has one vote; and
- (iii) on a poll every Shareholder who is present in person or by proxy, attorney or representative has one vote for every Share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

A poll may be demanded before a vote for a show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the meeting, by at least five Shareholders present and entitled to vote on the resolution or by any one or more Shareholders representing at least 5% of the votes that may be cast on the resolution on a poll.

**(b) Dividends**

Subject to the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and the rights or restrictions attached to a share or class of shares, the Directors may pay a dividend in respect of Shares as, in their judgment, the financial position of the Company justifies.

Dividends shall (subject to the rights of any preference shareholders and to the right of the holders of any shares created or raised under any special arrangement as to a dividend), be payable in the proportion which the amounts paid (not credited) on shares bears to the total amounts paid and payable (excluding amounts credited) on the share. Interest is not payable by the Company in respect of the dividend.

The Directors may authorise the payment to Shareholders of an interim dividend as, in their judgement, the financial position of the Company justifies.

**(c) Transfer of Shares**

Subject to the Constitution and to the rights or restrictions attached to any share or class of shares, a Shareholder may transfer Shares by a Proper ASTC Transfer (as defined in the *Corporations Regulations 2001 (Cth)*); or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may ask ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer or may decline to register an instrument of transfer of Shares received, where permitted or required by the ASX Listing Rules or the ASX Settlement Operating Rules or, except for a Proper ASTC Transfer, under the terms of the issue of the Shares or where the transfer is not in registrable form, where the Company has a lien on the Shares transferred, where the transfer may breach a law of Australia, when the holding would be less than a marketable parcel (in the case of paper-based transfers), or where the transfer is not permitted under the terms of an employee incentive scheme.

The Company must give written notice of the refusal, or the request for a holding lock, and the precise reasons for it:

- (i) to the holder of the Shares, if the Company asks ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer; or

- (ii) to the party lodging the transfer, if the Company declines to register any other transfer.

**(d) General Meetings and Notice**

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

**(e) Winding Up**

Subject to the Constitution and to the rights of Shareholders entitled to Shares with special rights in a winding up, if the Company is wound up and the property of the Company is more than sufficient to pay all of the debts and liabilities of the Company and the costs, charges and expenses of the winding up, all monies and property to be distributed between Shareholders shall be distributed to them in proportion to the Shares held by them. The amount that would otherwise be distributed to the holder of a partly paid share must be reduced by the amount unpaid on that share at the date of the distribution; and if the effect of the would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to the Company.

A liquidator may, with the sanction of special resolution of the Company, divide among the Shareholders the whole or any part of the property of the Company and may determine how the division is to be carried out between Shareholders or different classes of Shareholders.

**(f) Restricted Securities**

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to be paid any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

**(g) Variation of Class Rights**

The rights attached to any class of shares may unless their terms of issue state otherwise, be varied with the written consent of the holder of 75% of the shares of the class or by special resolution passed at a separate meeting of the holder of shares of the class.

The provisions of the Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy, attorney or representative, at least 25% of the issued shares of that class.

The rights conferred on the holders of any class of shares are to be taken as not having been varied by the creation or issue of further shares ranking equally with them.

**(h) Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and applicable ASX Listing Rules convert all or any of the Shares into a larger or smaller number of Shares.

**(i) Shareholder Liability**

As the Shares issued under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) **Alteration to the Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) **ASX Listing Rules**

As the Company is listed on ASX, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

#### **11.4 Ancillary Offers**

This Prospectus also contains the following offers:

- (a) an offer of 5,000,000 Options (each with an exercise price of \$0.20 expiring on the date 5 years from the date of issue) (**Incentive Options**) to Peter Hutchinson or his nominee(s);
- (b) an offer of 3,125,000 Performance Rights to James Clement or his nominee(s); and
- (c) an offer of 6,250,000 Performance Rights to David Lock or his nominee(s),

(together the **Ancillary Offers**).

The Ancillary Offers are separate offers to Mr Hutchinson, Mr Clement and Mr Lock (respectively), and may only be accepted by them (or their nominees). Personalised application forms will be issued for the Ancillary Offers.

The Ancillary Offers are being made to ensure the on-sale of the Incentive Options and Performance Rights, as well as the on-sale of Shares issued on exercise of the Incentive Options or vesting of Performance Rights, does not require a disclosure document under the Corporations Act.

The issue of the Incentive Options and Performance Rights is subject to Shareholder approval which will be sought at the Annual General Meeting.

The Company has made submissions to ASX that ASX's mandatory escrow regime should not apply in respect of the Re-Compliance on the basis that the Company (on a pro forma basis) has a track record of profitability and revenue that is acceptable to ASX. If ASX does not agree with these submissions, it is likely the Incentive Options to be granted to Mr Hutchinson (or his nominees) and the Performance Rights to be granted to Mr Clement (or his nominees) will be subject to escrow for a period of 24 months from the date of re-quotation of the Shares on ASX. It is not expected that the Performance Rights to be granted to Mr Lock will be subject to escrow.

The Performance Rights are rights to acquire Shares subject to the satisfaction of vesting conditions during the relevant performance period. The Performance Rights to be granted to Mr Clement and Mr Lock (or their nominees) will vest in 3 equal tranches at the end of the financial years ending 30 June 2019, 30 June 2020 and 30 June 2021, subject to satisfaction of the vesting conditions relating to the relevant tranche.

The vesting conditions for each tranche of Performance Rights and the dates on which the vesting conditions will be tested are set out below:

Tranche	Holder	Number of Performance Rights to vest	Test Date	Vesting Conditions
1	David Lock	2,083,333	30 June 2019	- Service Condition
	James Clement	1,041,666		- Cumulative EPS of \$0.0928
2	David Lock	2,083,333	30 June 2020	- Service Condition
	James Clement	1,041,666		- Cumulative EPS of \$0.1221
3	David Lock	2,083,334	30 June 2021	- Service Condition
	James Clement	1,041,667		- Cumulative EPS of \$0.1543

The service condition means that Mr Lock or Mr Clement (as applicable) must be employed for the entire period from the date each of them commences employment with the Company to the relevant test date. For example, to meet the service condition for the tranche 2 Performance Rights, Mr Lock or Mr Clement (as applicable) must be employed for the entire period from the date he commences employment with the Company to 30 June 2020.

The earnings per Share (**EPS**) condition is based on the achievement of compound annual growth in the Company's EPS of 10% per annum from the financial year ending 30 June 2016 (**Base Year**), with the EPS target for the Base Year being \$0.02. The table below shows how the cumulative EPS condition for each tranche of Performance Rights has been determined:

Tranche	Financial Year	Annual EPS Target	Cumulative EPS Target
	FY16	\$0.0200	\$0.0200
	FY17	\$0.0220	\$0.0420
	FY18	\$0.0242	\$0.0662
1	FY19	\$0.0266	\$0.0928
2	FY20	\$0.0293	\$0.1221
3	FY21	\$0.0322	\$0.1543

The cumulative EPS calculation will be based on the Company's cumulative net profit after tax up until the relevant test date divided by the weighted average number of Shares on issue over the relevant period, taking into account any new Shares issued (or cancelled by the Company in the relevant period). For the avoidance of doubt, the EPS calculation shall include any unvested Performance Rights, but exclude any unexercised options or other form of convertible securities.

Testing of each tranche of Performance Rights are not interdependent. For example, if the cumulative EPS calculation for the tranche 1 Performance Rights is not met on 30 June 2019, but the cumulative EPS calculation for the tranche 2 Performance Rights is met on 30 June 2020, the tranche 2 Performance Rights will vest (subject to the service condition being met) but the tranche 1 Performance Rights do not vest.

The full terms of the Incentive Options are set out in Section 11.5 and the full terms of the Performance Rights are set out in Section 11.6.



## 11.5 Terms and Conditions of the Incentive Options

Each Incentive Option entitles the holder to subscribe for one Share upon exercise of each respective Incentive Option on the following terms:

(a) **Exercise Price**

Subject to paragraph (k) the amount payable upon exercise of each Incentive Option will be \$0.20 (**Exercise Price**).

(b) **Expiry Date**

Each Incentive Option will expire at 5.00pm (WST) on or after the date 5 years from the date of issue (**Expiry Date**). An Incentive Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The Incentive Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(d) **Notice of Exercise**

The Incentive Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Incentive Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Incentive Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Incentive Option being exercised in cleared funds (**Exercise Date**).

(f) **Timing of issue of Shares on exercise**

Within 10 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Incentive Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Incentive Options.

If a notice delivered under (f)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(g) Shares issued on exercise**

Shares issued on exercise of the Incentive Options rank equally with the then issued shares of the Company.

**(h) Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Incentive Options.

**(i) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Incentive Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(j) Participation in new issues**

There are no participation rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options without exercising the Incentive Options.

**(k) Change in exercise price**

An Incentive Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Incentive Option can be exercised. Except that the exercise price of an Incentive Option may be reduced in accordance with the ASX listing rules in the event that a pro-rata issue is made to the holders of the underlying securities in the Company.

**(l) Unquoted**

The Company will not apply for quotation of the Incentive Options on ASX.

**(m) Transferability**

The Incentive Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## **11.6 Terms and Conditions of the Performance Rights**

Each Performance Right entitles the Holder to be issued one Share for zero consideration, subject to the terms and conditions below:

**(a) No transfer**

The Performance Rights may not be assigned, transferred, novated, encumbered, or otherwise disposed of by the Holder, unless:

- (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

- (ii) such assignment or transfer occurs by force of law upon the death of the Holder to the Holder's legal personal representative.

**(b) Vesting Conditions**

The vesting conditions applicable to the Performance Rights are set out in Section 11.4.

**(c) Notice of vesting of Performance Right**

Within 30 days following each Test Date, the Board shall determine whether relevant Vesting Conditions attaching to the relevant Performance Rights have been met, and shall provide written notice to the Holder (or where the Holder was a Nominee, the Eligible Person) as to that determination.

**(d) Early vesting of Performance Rights**

The Board may in its sole and absolute discretion resolve that despite the Vesting Conditions not being satisfied, that Performance Rights will vest in the following circumstances:

- (i) if the Holder (or where the Holder was a Nominee, the Eligible Person) ceases to be an employee due to death or Total and Permanent Disability or retirement or redundancy; or
- (ii) the Holder (or where the Holder was a Nominee, the Eligible Person) suffers severe financial hardship; or
- (iii) the death or terminal illness of the Holder (or where the Holder was a Nominee, the Eligible Person) or of an immediate family member of the Holder (or where the Holder was a Nominee, the Eligible Person); or
- (iv) substantial change in circumstances, out of the control of the Holder (or where the Holder was a Nominee, the Eligible Person) which affects the ability of the Holder (or where the Holder was a Nominee, the Eligible Person) to perform his or her role with a Group Company,

and will provide written notice to the Holder (or where the Holder was a Nominee, the Eligible Person) of any such determination.

**(e) Exercise of Performance Right by Holder**

Where a Holder (or where the Holder was a Nominee, the Eligible Person) has received notice from the Board that a Performance Right has vested, the vested Performance Right may be exercised at any time up until 5.00pm (WST) on the Last Exercise Date by the delivery to the Company Secretary of:

- (i) the certificate for the Performance Rights or, if the certificate for the Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed; and
- (ii) a duly completed and executed notice of exercise of a Performance Right in the form approved by the Board from time to time.

**(f) Interest in Shares**

A Holder has no right or interest in a Share the subject of a Performance Right held by the Holder unless and until the Performance Right is exercised and the Share is issued. Nor does the Holder have any rights to dividends, rights to vote or rights to the capital of the Company as

a shareholder as a result of holding a Performance Right. Subject to the Corporations Act and the Constitution, a Holder will not, as a holder of a Performance Right, have any right to attend to vote at general meetings of holders of Shares.

**(g) Equal rank**

A Share issued on exercise of a Performance Right will rank equally in all respects with Shares already on issue on the date of issue of the Shares, except for entitlements which had a record date before the date of issue of that Share.

**(h) Official quotation**

The Company will make application for Shares which are issued upon exercise of Performance Rights to be quoted in accordance with the Listing Rules within 10 Business Days of the later of:

- (i) the date the Shares are issued; and
- (ii) the date that any restriction period applying to the Shares under Chapter 9 of the Listing Rules ends,
- (iii) provided the Company is listed on the ASX at the time.

**(i) Lapse of Performance Rights**

Unless determined otherwise by the Board a Performance Right lapses on the earlier of:

- (i) the Board determining that any Vesting Condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
- (ii) an unauthorised dealing in, or hedging of, the Performance Right;
- (iii) the day immediately following the Last Exercise Date;
- (iv) the Expiry Date; or
- (v) the Company undergoing a Change of Control Event or winding up;
- (vi) the Performance Right lapsing in accordance with paragraph (I).

Where Performance Rights have lapsed:

- (i) all rights of a Holder in respect of those Performance Rights are forfeited; and
- (ii) the Company will:
  - (A) notify the Holder that the Performance Rights have lapsed;
  - (B) cancel the Performance Rights;
  - (C) if only part of the Performance Rights covered by a certificate have lapsed, issue a certificate stating the remaining number of Performance Rights held by the Holder that have not lapsed; and
  - (D) not be liable for any damages or other amounts to the Holder (or where the Holder was a Nominee, the Eligible Person) in respect of the Performance Rights.

**(j) Change of Control**

If a Change of Control Event occurs, the Board may in its sole and absolute discretion, and subject to the Listing Rules determine how unvested Performance Rights held by a Holder will be treated, including but not limited to:

- (i) determining that unvested Performance Rights (or a portion of unvested Performance Rights) will vest and become immediately exercisable in accordance with paragraph (f), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Holder (or Eligible Person) is terminated or ceases in connection with the Change of Control Event; and/or
- (ii) reducing or waiving any of the Vesting Conditions attaching to those unvested Performance Rights.

Whether or not the Board determines to accelerate the vesting of any Performance Rights under this clause, the Company shall give written notice of any proposed Change of Control Event to each Holder.

**(k) Breach, fraud or misconduct**

If the Board determines that a Holder (or where the Holder was a Nominee, the Eligible Person) at any time:

- (i) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Holder (or Eligible Person) without notice;
- (ii) has been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a Group Company;
- (iii) has had a judgement entered against him or her in civil proceedings in respect of the contravention by the Holder (or Eligible Person ) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of a Group Company;
- (iv) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence);
- (v) is in material breach of any of his or her duties or obligations to a Group Company; or
- (vi) has done an act which brings a Group Company into disrepute,

The Board may determine that all Performance Rights held by the relevant Participant will lapse in accordance with paragraph (i).

**(l) No participation rights**

There are no participating rights or entitlements inherent in the Performance Rights and a Holder will not be entitled to participate in new issues of capital offered to holders of Shares during the currency of the Performance Rights.

**(m) Reorganisation**

A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised. However, if there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Holder (including the number of Performance Rights to which each Holder is

entitled) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(n) **Escrow**

The Performance Rights may be classified by ASX as restricted securities for a period of 24 months commencing on the date the Company's securities are reinstated to quotation on ASX following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

In this Section 11.6 the following terms have the following meanings:

**ASX** means the Australian Securities Exchange.

**Board** means the board of directors of the Company.

**Business Day** means a day on which banks are open for general business in Perth, Western Australia, excluding Saturdays or Sundays.

**Change of Control Event** occurs where:

- (a) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional;
- (b) the Court sanctions/shareholders approve with the requisite majorities under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (c) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;
- (d) any Group Company enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the Group to a person, or a number of persons, none of which are Group Companies; or
- (e) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are Group Companies.

**Company** means Style Limited ACN 009 248 720.

**Company Secretary** means the company secretary of the Company.

**Eligible Person** means the person to whom the Performance Rights were offered.

**Expiry Date** means the date which is the earlier of:

- (a) the date the Holder (or where the Holder was a Nominee, the Eligible Person) resigns as a full time employee of the Company;
- (b) the date falling 12 months after the date of the Holder's (or where the Holder was a Nominee, the Eligible Person's) retirement from the Company; and
- (c) the date falling 12 months after the date the Holder's (or where the Holder was a Nominee, the Eligible Person's) position is made redundant by the Company.

**Group Company** means the Company, its subsidiaries or any other related body corporate of the Company.

**Holder** means the holder of a Performance Right.

**Last Exercise Date** means the date that is 90 days after the date the Board determines that a Performance Right vests in accordance with these terms.

**Listing Rules** means the official listing rules of ASX as amended from time to time.

**Nominee** means in respect of an Eligible Person:

- (a) an immediate family member of the Eligible Person;
- (b) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993) where the Eligible Person is a director of the trustee; or
- (c) a company whose members comprise no persons other than the Eligible Person or immediate family members of the Eligible Person.

**Notice** means the Company's 2015 Notice of Annual General Meeting.

**Performance Right** means a conditional right to acquire a Share on the terms set out in these terms and conditions.

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

**Test Date** means the date at which Vesting Conditions attaching to a Performance Right are to be tested to determine whether the Performance Right vests, as set out in Section 18.1 of the Notice.

**Total and Permanent Disablement** means in relation to a Holder (or Eligible Person as the case may be), the termination or cessation of that person's employment with a Group Company as a result of total and permanent disablement, as determined by the Board.

**Vesting Conditions** means the conditions set out in paragraph (c) of the terms and conditions.

## 11.7 Litigation

So far as the Directors are aware, other than as described elsewhere in this Prospectus, there is no current or threatened civil litigation, arbitration, proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned or which is likely to have a material adverse impact on the business or financial position of the Company.

## 11.8 Disclosure of interests

The Company's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting (currently \$300,000). The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee. Directors are not required to hold any Shares.

Details of the Directors' and proposed Director's remuneration and relevant interests in the securities of the Company as at the date of this Prospectus are set out in the table below:

Director/proposed Director		Peter Hutchinson <sup>2</sup>	James Clement <sup>3</sup>	Mark Pitts	David Lock
Remuneration for year ended 30 June 2015		Nil	Nil	Nil	Nil
Shares	(pre-Consolidation)	136,250,000	4,000,000	Nil	Nil
Options		65,000,000 <sup>1</sup>	Nil	Nil	Nil
Shares	(post-Consolidation)	3,406,250	100,000	Nil	Nil
Options		1,637,500	Nil	Nil	Nil

1. This comprises 25 million \$0.005 Options and 40,000,000 \$0.01 Options on issue. Subject to Shareholder approval to be sought at the Annual General Meeting, it is proposed that all of the \$0.01 Options will be cancelled. It is a condition precedent to completion under the FSD BPA that the \$0.005 Options are exercised.
2. These Securities are registered in the name of Molonglo Pty Ltd <P & J Hutchinson S/F A/c> of which Peter Hutchinson is a director and shareholder.
3. These Securities are registered in the name of Tombel Holdings Pty Ltd <Clement Super Fund> of which James Clement is a director and shareholder.

At the Annual General Meeting, the Company will seek Shareholder approval for the Directors/proposed Director to participate in the Offer to the extent set out below:

Director/proposed Director	Participation in the Offer (Shares)	Participation in the Offer (\$)
Peter Hutchinson	968,750	\$193,750
James Clement	150,000	\$30,000
Mark Pitts	250,000	\$50,000
David Lock	750,000	\$150,000

Details of the Directors' and proposed Directors' remuneration and relevant interests in the securities of the Company on completion of the Acquisitions and Offer (on a post-Consolidation basis) and assuming Shareholders approve the Directors' and proposed Director's participation in the Offer, are set out in the table below:

Director/proposed Director	Proposed annual remuneration	Shares	Options	Performance Rights
Peter Hutchinson <sup>1</sup>	\$100,000	5,000,000	5,000,000	Nil
James Clement <sup>2</sup>	\$250,000	250,000	Nil	3,125,000
Mark Pitts <sup>3</sup>	\$25,000	250,000	Nil	Nil
David Lock <sup>4</sup>	\$500,000	750,000	Nil	6,250,000

1. Mr Hutchinson is currently the Executive Chairman of the Company. Mr Hutchinson will not receive any Directors fees for this role for the period 1 July 2015 to 31 December 2015. Mr Hutchinson has agreed to move into the role of Non-Executive Chairman of the Company on 1 January 2016 and will be paid fees of \$100,000 per annum for this role. Subject to Shareholder approval, the Company will issue 5,000,000 Incentive Options to Mr Hutchinson with the terms set out in Section 11.5. The Incentive Options are being issued (in part) in recognition of Mr Hutchinson's efforts in connection with the Acquisitions, the Re-Compliance and the Offer.
2. Mr Clement was appointed a Non-Executive Director of the Company on 10 August 2015 and under the terms of the appointment, is entitled to Directors fees of \$25,000 per annum. As detailed in Section 10.2(g), Mr Clement has entered into an agreement with the Company under which he will move into the role of Executive Director and Chief Operating Officer of the Company on 1 January 2016 and will be paid a salary of \$250,000



*per annum, be entitled to an annual cash bonus of up to \$125,000 subject to the satisfaction of key performance indicators, will also be entitled to a once off commencement fee of \$125,000, and will, subject to Shareholder approval, be issued 3,125,000 Performance Rights with the terms set out in Section 11.6. The Performance Rights are being issued (in part) in recognition of Mr Clement's efforts in connection with the Acquisitions, the Re-Compliance and the Offer.*

3. *Mr Pitts was appointed a Non-Executive Director of the Company on 10 August 2015 and under the terms of the appointment, is entitled to Directors fees of \$25,000 per annum.*
4. *Mr Lock is not currently a Director of the Company. As detailed in Section 10.2(f), Mr Lock has entered into an agreement with the Company under which he will be the Managing Director and Chief Executive Officer of the Company with effect from 1 January 2016 for which he will be paid a salary of \$500,000 per annum, be entitled to an annual cash bonus of up to \$250,000 subject to the satisfaction of key performance indicators, be entitled to a once off commencement fee of \$250,000, and will, subject to Shareholder approval, be issued 6,250,000 Performance Rights with the terms set out in Section 11.6.*

None of the current or proposed Directors have received Directors fees in the previous two years prior to this Prospectus. Messrs Clement and Pitts will receive Non-Executive Director fees from the date of their appointment (10 August 2015) at the rate of \$25,000 per annum. In addition, Endeavour Corporate, a firm associated with Mr Mark Pitts has received an amount of \$43,195 in 2015 (2014: \$54,066) for company secretarial, accounting and registered office services.

### **11.9 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue of a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Euroz Securities Limited has acted as a Lead Manager in relation to the Offer. The Company estimates it will pay Euroz Securities Limited a total of approximately \$720,000 (excluding GST and assuming Full Subscription of the Offer) for these services. Further details of Euroz Securities Limited's engagement as Lead Manager is set out in Section 10.2(d). During the 24 months preceding lodgement of this Prospectus with ASIC, Euroz Securities Limited has not received any fees from the Company.

RSM Bird Cameron Corporate Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 9. The Company estimates it will pay RSM Bird Cameron Corporate Pty Ltd a total of \$200,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, RSM Bird Cameron Corporate Pty Ltd has not received any fees from the Company.

BDO Audit (WA) Pty Ltd acts as the Company's Auditors. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Audit (WA) Pty Ltd has received fees from the Company in the amount of \$38,810.

Gilbert + Tobin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Gilbert + Tobin a total of approximately \$440,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Gilbert + Tobin has provided services to the Company for which they have received (or are entitled to receive) fees from the Company in the amount of approximately \$302,482.

#### **11.10 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Euroz Securities Limited has given its written consent to being named as Lead Manager to the Offer in this Prospectus. Euroz Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

RSM Bird Cameron Corporate Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 in the form and context in which it is included. RSM Bird Cameron Corporate Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Gilbert + Tobin has given its written consent to being named as the solicitors to the Company in this Prospectus. Gilbert + Tobin has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

BDO Audit (WA) Pty Ltd has given its written its consent to be named as the Company's auditor and to the inclusion of the Company's audited financial statements for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Sea Harvest has given its written consent to be named in this Prospectus and to the inclusion of statements in sections 1.5 and 1.7 which are based on statements made by Sea Harvest in the form and context in which they appear. Sea Harvest has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

None of the consenting parties has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. None of the consenting parties has authorised or caused the issue of this Prospectus and does not make any offer of Shares.

### 11.11 Interests of Directors

Other than as set out elsewhere in this Prospectus, no Director (or proposed Director) holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services rendered in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### 11.12 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,394,040 (assuming Minimum Subscription) or \$1,476,040 (assuming Maximum Subscription) and are expected to be applied as follows:

Item of Expenditure	Minimum Subscription (\$)	Full Subscription (\$)
ASIC fees	4,320	4,320
ASX fees	79,720	81,720
Lead Manager fee	640,000	720,000
Legal fees	440,000	440,000
Investigating Accountant's fees	200,000	200,000
Printing and Distribution	10,000	10,000
Annual General Meeting and share registry costs	10,000	10,000
Miscellaneous	10,000	10,000
<b>Total</b>	<b>\$1,394,040</b>	<b>\$1,476,040</b>

### **11.13 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporation Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publically released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### **11.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statements that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding the Company during the preceding month.

### **11.15 Privacy Act**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that the Company or its share registry holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

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## 12 Directors' Consent

This Prospectus is issued by Style Limited and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and proposed Director has consented in writing to the lodgement of this Prospectus with ASIC.



Peter Hutchinson  
Executive Chairman

**FOR AND ON BEHALF OF STYLE LIMITED (TO BE RENAMED MARETERRAM LIMITED)**

## 13 Definitions

Term	Meaning
<b>\$0.005 Options</b>	Options with an exercise price of \$0.005 expiring 16 May 2017.
<b>\$0.01 Options</b>	Options with an exercise price of \$0.01 expiring 16 May 2017.
<b>Accommodation Facility</b>	has the meaning given in Section 3.2(a).
<b>Accounting Standards</b>	accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.
<b>Acquisitions</b>	the proposed acquisition by the Company of the Nor-West Business pursuant to the Nor-West BPA, and the FSD under the FSD BPA.
<b>Ancillary Offer</b>	has the meaning given in Section 11.4.
<b>Annual General Meeting</b>	the 2015 annual general meeting of the Company scheduled to be held on 23 November 2015.
<b>Application Monies</b>	the amount accompanying an Application Form submitted by an investor.
<b>Applicant</b>	an investor that applies for Shares using an Application Form pursuant to this Prospectus, and <b>Application</b> has a corresponding meaning.
<b>Application Form</b>	the Public Offer Application Form or the Priority Offer Application Form.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691).
<b>ASX Listing Rules</b>	the listing rules of ASX.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.
<b>AUD\$, Dollar or \$</b>	Australian dollars.
<b>Babbage Island Lease</b>	the lease of crown land dated 22 April 1999 between the State of Western Australia and Nor-West, as varied.
<b>Bankruptcy Act</b>	<i>Bankruptcy Act 1966</i> (Cth).
<b>Board</b>	the board of Directors.
<b>Business Day</b>	a day on which trading takes place on the stock market of ASX.
<b>Carnarvon Small Boat Harbour Leases</b>	<p>(a) The Regional Facilities Ground Lease for Lots A, B, C, M and N, Carnarvon Boat Harbour dated 22 January 2010 between the Minister for Transport and Tennereef Pty Ltd; and</p> <p>(b) the Regional Facilities Ground Lease for Lot E, Carnarvon Boat Harbour dated 16 January 2012 between the Minister for Transport and Nor-West, as extended by a Deed of Renewal of Lease dated 25 November 2013 between the Minister for Transport and Nor-West Seafoods Pty Ltd.</p>
<b>Closing Date</b>	the closing date for receipt of Application Forms under this Prospectus being 30 November 2015 (unless extended or closed early by the Company in its absolute discretion).
<b>CPI</b>	consumer price index.

Term	Meaning
<b>Craig Mostyn</b>	Craig Mostyn & Co Pty Ltd (ACN 000 047 745).
<b>Craig Mostyn Group</b>	Craig Mostyn Holdings Pty Ltd, together with its controlled entities.
<b>Company</b>	Style Limited ACN 009 248 720 (to be renamed Mareterram Limited) and where the context required includes its subsidiaries, Mareterram P/L and Mareterram Trading.
<b>Constitution</b>	the Company's Constitution as at the date of this Prospectus.
<b>Consideration Shares</b>	has the meaning given in Section 10.2(c).
<b>Consolidation</b>	the proposed consolidation of the Securities of the Company on the basis that every 40 Securities will be consolidated into one Security.
<b>Corporations Act</b>	the <i>Corporations Act 2001 (Cth)</i> .
<b>Department of Fisheries</b>	the Western Australian Department of Fisheries.
<b>Department of Transport</b>	the Western Australian Department of Transport.
<b>Directors</b>	directors of the Company.
<b>EBIT</b>	has the meaning given in Section 8.2(c).
<b>EBITDA</b>	has the meaning given in Section 8.2(c).
<b>Eligible Shareholders</b>	Shareholders with a registered address in Australia on the Record Date.
<b>EPS</b>	earnings per share.
<b>Expiry Date</b>	the date that is 13 months after the date of this Prospectus.
<b>Exposure Period</b>	the period of 7 days from the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for a further period of up to 7 days.
<b>FAO</b>	the Food and Agriculture Organisation of the United Nations
<b>Facility 1</b>	has the meaning given in Section 10.2(e).
<b>Facility 2</b>	has the meaning given in Section 10.2(e).
<b>Facility 3</b>	has the meaning given in Section 10.2(e).
<b>FCEO</b>	the chief executive officer of the Department of Fisheries.
<b>Fishing Licences</b>	the fishing licences to be acquired by Mareterram P/L under the Nor-West BPA, including those detailed in Section 11.2.
<b>Financial Information</b>	the financial information set out in Section 8.
<b>Forecast Financial Information</b>	has the meaning given in Section 8.1.
<b>FRM Act</b>	the <i>Fish Resources Management Act 1994 (WA)</i> .
<b>FRM Regulations</b>	the <i>Fish Resources Management Regulations 1995 (WA)</i> .
<b>FSD</b>	the food distribution business conducted by Craig Mostyn as a division of the Craig Mostyn Group, but excluding certain assets, including plant, equipment, machinery, furniture, computer and communications hardware, fixtures, fittings and motor vehicles, cash, computer programs, databases, software and software licences and negatives, certain intellectual property licences, trade marks, domain names,

<b>Term</b>	<b>Meaning</b>
	product names and business names.
<b>FSD BPA</b>	the business purchase agreement between Mareterram Trading, the Company and Craig Mostyn dated 11 August 2015 relating to the FSD, as amended by letters of variation dated 1 October 2015 and 5 October 2015.
<b>FSI</b>	the food services industry in Australia.
<b>Full Subscription</b>	means \$18,000,000, being the maximum number of Shares offered under the Offer of 90,000,000 Shares at an issue price of \$0.20 per Share.
<b>FWI</b>	the food wholesaling industry in Australia.
<b>FY13</b>	financial year ended 30 June 2013.
<b>FY14</b>	financial year ended 30 June 2014.
<b>FY15</b>	financial year ended 30 June 2015.
<b>FY16</b>	financial year ending 30 June 2016.
<b>Gross Profit</b>	has the meaning given in Section 8.2(c).
<b>Historical Financial Information</b>	has the meaning given in Section 8.1.
<b>Incentive Options</b>	Options with the terms set out in Section 11.5.
<b>Inspection Period</b>	the period commencing 1 week after the end of the fishing season for 2015 and ending 1 month after the completion date of the Nor-West BPA (or such other period as may be agreed by the parties).
<b>Investigating Accountant's Report or IAR</b>	the Investigating Accountant's Report included in Section 9.
<b>Lead Manager</b>	Euroz Securities Limited (AFSL 243302).
<b>Listing</b>	the commencement of trading in Shares on the Official List of the ASX.
<b>Mareterram P/L</b>	Mareterram Pty Ltd ACN 606 006 848, a wholly owned subsidiary of the Company.
<b>Mareterram Trading</b>	Mareterram Trading Pty Ltd ACN 607 380 389, a wholly owned subsidiary of the Company.
<b>Minimum Subscription</b>	means \$16,000,000, being the minimum number of Shares to be issued under the Offer of 80,000,000 Shares at an issue price of \$0.20 per Share.
<b>Minister of Transport</b>	the Western Australian Minister of Transport.
<b>MSC</b>	the Marine Stewardship Council.
<b>NAB</b>	National Australia Bank Limited ABN 12 004 044 937.
<b>New Debt Facilities</b>	has the meaning given in Section 10.2(e).
<b>Nor-West</b>	Nor-West Seafoods Pty Ltd ACN 060 430 346 and Tennereef Pty Ltd ACN 009 309 317.
<b>Nor-West BPA</b>	the business purchase agreement between Mareterram P/L, Nor-West and Kelvin Waldron-Brown dated 9 June 2015, as amended by letters of variation dated 5 September 2015 and 5 October 2015.
<b>Nor-West Business</b>	the commercial fishing business conducted by Nor-West (but excluding



Term	Meaning
	certain assets including cash, pre-completion receivables, the 2015 fishing season catch, the Babbage Island Lease and the Accommodation Facility, Processing Facilities and other improvements located on that lease) at Shark Bay and Carnarvon, Western Australia.
<b>NPAT</b>	has the meaning given in Section 8.2(c).
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Offer</b>	the offer under this Prospectus for 90,000,000 Shares by the Company at the Offer Price, subject to the Minimum Subscription.
<b>Offer Price</b>	\$0.20 per Share.
<b>Official List</b>	the official list of ASX.
<b>Official Quotation</b>	quotation on the official list of ASX.
<b>Opening Date</b>	the opening date for receipt of Application Forms under this Prospectus being 22 October 2015.
<b>Option</b>	an option to acquire a Share.
<b>Performance Right</b>	performance rights to acquire Shares with the terms set out in Section 11.6.
<b>Priority Offer</b>	the offer of Shares to Shareholders on the Record Date as part of the Offer.
<b>Priority Offer Application Form</b>	the application form attached to or accompanying this Prospectus relating to the Priority Offer.
<b>Privacy Act</b>	<i>Privacy Act 1988 (Cth)</i> .
<b>Processing Facility</b>	has the meaning in Section 3.2(a).
<b>Prospectus</b>	this Prospectus.
<b>Public Offer</b>	the offer of Shares under this Prospectus to the general public comprising part of the Offer.
<b>Public Offer Application Form</b>	the application form attached to or accompanying this Prospectus relating to the Public Offer.
<b>Record Date</b>	Friday 16 October 2015.
<b>Registry</b>	Automic Registry Services (ABN 27 152 260 814).
<b>Re-Compliance</b>	the re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and re-quotation of the Shares on the Official List of ASX in accordance with Chapter 11 of the ASX Listing Rules
<b>Satisfactory Condition</b>	in respect of a Vessel, that the Vessel (taking into account its age and reasonable wear and tear) is seaworthy, in proper working order and is capable of doing the work for which it is designed and is in good repair and condition.
<b>SBPMF</b>	Shark Bay Prawn Managed Fishery managed in accordance with the SBPMF Management Plan.
<b>SBPMF Licences</b>	the 10 Shark Bay Prawn managed fishery licences that form part of the Fishing Licences.
<b>SBSMF</b>	the Shark Bay Scallop Managed Fishery managed in accordance with the SBSMF Management Plan.
<b>SBPMF Management</b>	the Shark Bay Prawn managed fishery management plan established

<b>Term</b>	<b>Meaning</b>
<b>Plan</b>	under the <i>Shark Bay Prawn Limited Entry Fishery Notice 1993</i> (WA).
<b>SBSMF Management Plan</b>	the Shark Bay Scallop managed fishery plan established under the <i>Shark Bay Scallop Limited Entry Fishery Notice 1994</i> (WA).
<b>Sea Harvest</b>	Sea Harvest Holdings and its wholly owned subsidiaries including Sea Harvest Corporation.
<b>Sea Harvest Corporation</b>	Sea Harvest Corporation Proprietary Limited (a corporation organised and existing under the laws of South Africa with registration number 2008/024147/07).
<b>Sea Harvest Holdings</b>	Sea Harvest Holdings Proprietary Limited (a corporation organised and existing under the laws of South Africa with registration number 2008/001066/07).
<b>Sea Harvest Earn Out and Equity Participation Agreement</b>	the earn out and equity participation agreement between Sea Harvest Corporation, Sea Harvest Holdings, Mareterram Trading and the Company dated 14 August 2015.
<b>Sea Harvest Supply and Distribution Agreement</b>	the supply and distribution agreement between Sea Harvest Corporation and Craig Mostyn dated 4 August 2015, as amended by a letter of variation dated 2 October 2015.
<b>Section</b>	a section of this Prospectus.
<b>Security</b>	a Share, Option or Performance Right.
<b>SFWI</b>	the seafood wholesaling industry in Australia.
<b>Share</b>	a fully paid ordinary share in the capital of the Company and, where the context permits, means the Shares the subject of the Offer.
<b>Shareholders</b>	the holders of Shares.
<b>Tennereef</b>	Tennereef Pty Ltd ACN 009 309 317.
<b>Underlying NPAT</b>	has the meaning given in Section 8.2(c).
<b>VFAS</b>	the voluntary fishing adjustment scheme implemented in 2010 relation to the SBPMF under the Western Australia's Fisheries Adjustment Schemes Act (1987).
<b>Vessels</b>	Cape Inscription, NW Carnarvon II, Cape Bellefin, N.W. Henri Freycinet, N.W. Herald Bay, N.W. Heirisson I, N.W. Levillian, N.W. Louisa Bay, N.W. Shark Bay and Abel Tasman
<b>WA</b>	Western Australia.
<b>WST</b>	Western Standard Time.

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## 14 Summary of Significant Accounting Policies

The Financial Information has been prepared on an accrual basis and is based on historical costs, modified by the revaluation of selected non-current assets and financial liabilities, for which the fair value basis of accounting has been applied.

Cost is based on the fair value of the consideration given in exchange for the assets.

The following significant accounting policies have been adopted in the preparation of the Financial Information included in Section 8 of this Prospectus. The accounting policies have been consistently applied unless otherwise stated.

### 14.1 Basis of Preparation

#### (a) Statement of Compliance

The Financial Information has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (**AASBs**) adopted by the Australian Accounting standards Board (**AASB**).

### 14.2 Summary of significant accounting policies

#### (a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and the results of subsidiaries.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Company from the date on which control is obtained by the Company. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries are consistent with accounting policies adopted by the Company.

#### (b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the

appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**(c) Business combinations and goodwill**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

***Sale of goods***

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when the goods are provided. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of goods and services tax, returns and allowances, trade discounts and volume rebates.

***Interest income***

Interest income is recognised on a time proportion basis using the effective interest (EIR) method.

**(d) Taxes**

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period. Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

### ***Tax Consolidation Legislation***

The Company and its wholly-owned Australian controlled entities intend to form a tax consolidated group and apply the tax consolidation legislation.

The deferred tax balances recognised by the parent entity and the Company in relation to wholly-owned entities joining the tax consolidated group are initially measured and remeasured based on the carrying amounts of the assets and liabilities of those entities at the level of the tax consolidated group and their tax values, as applicable under the tax consolidation legislation.

The Company, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax (expense)/benefit.

In accordance with *UIG 1052 Tax Consolidation Accounting*, the controlled entities in the tax consolidated group account for their own deferred tax balances, except for those relating to tax losses.

### ***Goods and services tax (GST)***

Revenues, expenses and assets are recognised net of the amount of GST, except:

- (i) when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable;
- (ii) when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**(e) Property, plant and equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

(i)	Fishing vessels	20 years
(ii)	Motor vehicles	3 to 5 years
(iii)	Plant & equipment	3 to 12 years
(iv)	Office equipment	4 to 5 years
(v)	Leasehold improvements	5 to 10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

**(f) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### ***Goodwill***

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of these cash-generating units represents the Company's investment in each business segment.

### ***Other Intangibles***

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

## **(g) Financial Instruments**

### ***Financial Assets***

**Initial recognition and measurement:** Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

**Subsequent measurement:** For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) financial assets at fair value through profit or loss;
- (ii) loans and receivables

**Financial assets at fair value through profit or loss:** Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as

held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

**Loans and receivables:** This category is the most relevant to the Company and generally applies to trade receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

### ***Financial liabilities***

**Initial recognition and measurement:** Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, financial guarantee contracts, and derivative financial instruments.

**Subsequent measurement:** The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss:** Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 138. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied.

**Loans and borrowings:** After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

### **(h) Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) **raw materials:** purchase cost on a first in, first out basis;



- (ii) **finished goods:** cost include direct materials and labour or the direct purchase costs and an appropriate portion of landing and into store costs for each shipment of goods received and other costs directly attributable to the acquisition of inventories less any applicable rebates and settlement discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(i) **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) **Leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

***Operating leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

***Finance leases***

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal.

(k) **Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(l) **Employee benefits**

***Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### ***Long service leave***

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### ***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### ***Superannuation***

The Company contributes superannuation benefits to numerous, but solely accumulation-type superannuation funds including personal, award based at various percentages of salary pursuant to employee contracts and statutory obligations.

### ***Employee benefit on-costs***

On-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

#### **(m) Share based payments**

The Company may engage in the practice of allocating its employees shares and share options as part of their remuneration packages.

The grant-date fair value of share-based payment awards granted to employees is recognised as a share based payment expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the equity instrument is calculated using the Black-Scholes model. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### **(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**(o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**(p) Financing costs**

Financing costs are recognised as expenses in the period in which they are incurred. Financing costs include interest on bank overdraft, finance lease charges, short-term and long-term borrowings and ancillary costs incurred in connection with arrangement of borrowings.

**(q) Maintenance and repairs**

Certain plant and equipment is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

**(r) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

**(s) Contingent liabilities recognised in a business combination**

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

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## Corporate Directory

### Directors

Mr Peter Hutchinson

Mr James Clement

Mr Mark Pitts

### Proposed Director

Mr David Lock

### Company Secretary

Mr Mark Pitts

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Facsimile: +61 8 9315 5475

### Registered Office

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### Website

<http://www.stylelimited.com/>

### ASX Code

Current: SYP

Proposed: MTM

### Investigating Accountant

RSM Bird Cameron

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Telephone: +61 8 9261 9100

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### Lead Manager

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Telephone: +61 8 9488 1400

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### Solicitors to the Company

Gilbert + Tobin

1202 Hay Street

West Perth WA 6005

Telephone: +61 8 9413 8400

Facsimile: +61 8 9413 8444

### Share Registry\*

Automic Registry Services

Suite 1a, Level 1

7 Ventnor Avenue

West Perth WA 6005

Telephone: +61 8 9324 2099

Facsimile: +61 8 9321 2337

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.



This is a Public Offer Application Form to apply for Shares in Style Limited (**Company**) under the terms set out in the Prospectus dated 22 October 2015. If you wish to make payment by cheque, your completed Application Form and your cheque must be received by the Company's registry, Automic Registry Services, by 5.00pm (WST) on the Closing Date. If you wish to make payment by electronic funds transfer (**EFT**) you must first email your completed form to the Company's registry at [info@automic.com.au](mailto:info@automic.com.au) (with the subject line "Style Limited Share Offer"). The registry will then contact you regarding the procedure for making payment by EFT. All EFT payments and the associated completed Application Form must be received by the registry by 5.00pm (WST) on the Closing Date. Applicants should be aware of their financial institution's cut-off time. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

a) acknowledge you have received a copy of the Prospectus attached to this Application Form, that you have read and understood the Prospectus and that this Application Form is given pursuant to the Prospectus;

b) declare that this Application Form has been completed and lodged according to the Prospectus and that all details and statements made by you are complete and accurate;

c) authorise the Directors to complete or amend this Application Form where necessary to correct any errors or omissions;

d) agree to be bound by the Company's constitution and warrant to the Company that your subscription of Shares will not cause the Company or you to violate the laws of Australia or any other jurisdiction which may be applicable to the subscription for Shares in the Company.

**1** Number of Shares you are applying for     ,     ,

**2** Total amount payable (multiply box 1 by \$0.20 per share)  
 A\$    ,     ,     .

**3** Write the name(s) you wish to register the shares in (see reverse for instructions)

[illegible][illegible]

**5** CHESS Participants only – Holder Identification Number (HIN)

X									
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**Note:** if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

**6** Email Address (see reverse of form – this is for all communications legally permissible and despatched by the Company)

7 TFN/ABN/Exemption Code														
Applicant 1					Applicant #2					Applicant #3				

If NOT an individual TFN/ABN, please note the type in the box  
C = Company; P = Partnership; T = Trust; S = Super Fund

**8 PAYMENT - PLEASE INSERT CHEQUE DETAILS OR, IF PAYING BY EFT, PLEASE CONTACT THE REGISTRY**  
 Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to "Style Limited Share Offer Account" **and** crossed "Not Negotiable" and forwarded to Automic Registry Services to arrive no later than the Closing Date.

*Cheque Number*  *BSB*  -  *Account Number*

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

Telephone Number ( ) Contact Name (PRINT)

## INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

#### 1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be for a minimum of 10,000 Shares and in multiples of 5,000 Shares thereafter.

#### 2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for in section 1 by \$0.20, the application price per Share.

#### 3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

#### CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

#### 4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – [www.automic.com.au](http://www.automic.com.au)

#### 5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

#### 6 Email Address

As permitted under the Corporations Act, Style Limited will only be forwarding printed annual reports to shareholders electing to receive one. Our company annual report and company information will be available at [www.stylelimited.com](http://www.stylelimited.com). You may elect to receive all communications despatched by Style Limited electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

#### 7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

#### 8 Payment - Cheque or Electronic Funds Transfer (EFT)

If you wish to make payment by cheque, the cheque must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to "Style Limited Share Offer Account" and crossed "Not Negotiable". Please complete the relevant details in section 8.

If you wish to make payment by EFT, you must first email your completed form to the Company's registry at [info@automic.com.au](mailto:info@automic.com.au) (with the subject line "Style Limited Share Offer"). The registry will then contact you regarding the procedure for making payment by EFT. Applicants should be aware of their financial institution's cut-off time. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

#### 9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

#### HOW TO LODGE YOUR APPLICATION FORM

Mail or deliver your completed Application Form with your cheque to the following address.

##### Mailing Address

Style Limited  
C/- Automic Registry Services  
PO Box 223  
WEST PERTH WA 6872

##### Hand Delivery (Please do not use this address for mailing purposes)

Style Limited  
C/- Automic Registry Services  
Level 1  
7 Ventnor Avenue  
WEST PERTH WA 6005

«EntityRegistrationDetailsLine1Envelope»  
 «EntityRegistrationDetailsLine2Envelope»  
 «EntityRegistrationDetailsLine3Envelope»  
 «EntityRegistrationDetailsLine4Envelope»  
 «EntityRegistrationDetailsLine5Envelope»  
 «EntityRegistrationDetailsLine6Envelope»

**Holder Number**  
 «AccountNumber»

**IMPORTANT: THIS FORM CAN ONLY BE USED TO APPLY FOR SHARES IN THE NAME OF THE ELIGIBLE HOLDER WHOSE DETAILS APPEAR ON THE LEFT SIDE OF THIS FORM. TO APPLY FOR SHARES IN A DIFFERENT NAME YOU MUST COMPLETE THE PUBLIC OFFER APPLICATION FORM ACCOMPANYING THE PROSPECTUS.**

## PRIORITY OFFER APPLICATION FORM

This is a Priority Offer Application Form to apply for Shares in Style Limited (**Company**) under the terms set out in the Prospectus dated 22 October 2015. If you wish to apply for Shares and pay by cheque, your completed Application Form and your cheque must be received by the registry, Automic Registry Services, by 5:00pm (WST) on the Closing Date. If you wish to utilise the BPAY payment option there is no need to complete this Application Form. Please be aware of your financial institution's cut-off time (the payment must be made to be processed overnight). It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

**The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. A copy of the Prospectus can be downloaded at [www.stylelimited.com](http://www.stylelimited.com).** You agree that you will not provide this Application Form to another person unless it is attached to or accompanied by a copy of the Prospectus. By submitting this Application Form you:

- acknowledge you have received a copy of the Prospectus, that you have read and understood the Prospectus and that this Application Form is given pursuant to the Prospectus;
- declare that this Application Form has been completed and lodged according to the Prospectus and that all details and statements made by you are complete and accurate;
- authorise the Directors to complete or amend this Application Form where necessary to correct any errors or omissions;
- agree to be bound by the Company's constitution and warrant to the Company that your subscription of Shares will not cause the Company or you to violate the laws of Australia or any other jurisdiction which may be applicable to the subscription for Shares in the Company.

Where you make payment by BPAY® you are not required to submit this form, but to the extent applicable, you are taken to provide the acknowledgement in paragraph (a) and the agreement in paragraph (d) above.

**1** Number of Shares you are applying for

 ,  , 

**2** Total amount payable (multiply box 1 by \$0.20 per share)

A\$  ,  ,  .

Applications must be for a **minimum of 10,000 Shares** and thereafter in **multiples of 5,000 Shares**.

### 3 PLEASE INSERT CHEQUE DETAILS

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to "Style Limited Share Offer Account" and crossed "Not Negotiable" and forwarded to Automic Registry Services to arrive no later than the Closing Date.

Cheque Number

BSB

Account Number





Please note, the BPAY payment option is only available to the registered shareholding as detailed above. If you are wishing to apply for Shares in Style Limited under a differing registrable title to that stated above, please use a Public Offer Application Form. **DO NOT PAY BY BPAY.**

### 4 BPAY PAYMENTS

	<b>Biller Code:</b> <input type="text"/>
	<b>Ref:</b> <input type="text"/>
<b>Telephone &amp; Internet Banking – BPAY®</b> Contact your bank or financial institution to make this payment from your cheque, savings, debit, or transaction account. More info: <a href="http://www.bpay.com.au">www.bpay.com.au</a>	

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on this Application Form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight). It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Shares for which you have paid.**

### 5 CONTACT DETAILS

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

Telephone Number

Contact Name (PRINT)



## INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS.  
The below instructions are cross-referenced to each section of the Application Form.

#### 1 Number of Shares

Enter into section 1 the number of Shares you wish to apply for. Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 5,000 Shares.

#### 2 Payment Amount

Enter into section 2 the total amount payable for the number of Shares for which you are applying. Multiply the number of Shares applied for in section 1 by \$0.20 – (the application price per Share).

#### 3 Cheque Details

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “**Style Limited Share Offer Account**” and crossed “Not Negotiable”. Please complete the relevant details in section 3.

#### 4 BPAY®

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on this Application Form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution’s cut-off time (the payment must be made to be processed overnight). It is the Applicant’s responsibility to ensure funds are submitted correctly by the Closing Date and time.

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Shares for which you have paid.**

#### 5 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm. We may use this number to contact you regarding your application form, if necessary.

### HOW TO LODGE YOUR APPLICATION FORM

If paying by cheque, you must mail or deliver your completed Application Form with your cheque to the following address by the closing date and time.

#### Mailing Address

Style Limited  
C/- Automic Registry Services  
PO Box 223  
WEST PERTH WA 6872

#### Hand Delivery (*Please do not use this address for mailing purposes*)

Style Limited  
C/- Automic Registry Services  
Level 1  
7 Ventnor Avenue  
WEST PERTH WA 6005





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