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Prospectus

Bellamy's Australia Limited
ACN 124 272 108

LEAD MANAGER AND UNDERWRITER



Important Information

Offer

The Offer contained in this Prospectus is an invitation to apply for 35,875,380 fully paid ordinary shares ("Shares") in Bellamy's Australia Limited ("Bellamy's" or the "Company") (ACN 124 272 108) (the "Offer").

Lodgement and Listing

This Prospectus is dated 21 July 2014 ("Prospectus") and was lodged with the Australian Securities Investment Commission ("ASIC") on that day. This is a replacement prospectus which replaces the prospectus dated 4 July 2014 ("Initial Prospectus") and lodged with ASIC on that day ("Prospectus Date").

A summary of the material differences between this replacement Prospectus and the Initial Prospectus is as follows:

Sections 1.4 and 5.1.7 has been amended to reflect the change to regulatory risk in respect of China;

Section 4.8.2.2 includes additional disclosure in respect to the breakdown of the Company's forecast revenue growth in FY2015 and the Company's inventory in China;

Section 9.4.4 includes additional disclosure in respect of the Company's distribution arrangements in China.

In addition, the lodgement of a replacement Prospectus has also required certain references to "Prospectus" to be amended to refer to the "initial Prospectus" and to reflect that an application has been lodged to ASX for admission of Bellamy's to the Official List for Official Quotation of its Shares on the ASX.

Bellamy's applied to ASX Limited ("ASX") within seven days of the Prospectus Date for admission of the Company to the Official List and Quotation of its Shares on the ASX. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

No Shares will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety and seek professional advice where necessary before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of Bellamy's and in particular the assumptions underlying the Forecast Financial Information. 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, tax advisor or other independent and qualified professional adviser before deciding whether to invest in Shares. Some of the Key Risks that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in the 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 Bellamy's. 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 which 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 on information contained in this Prospectus.

Disclosing Entity

Once admitted to the Official List, the Company will be a disclosing entity for the purposes of the Corporations Act and as such will be subject to regular reporting and disclosure obligations under the

Corporations Act and the ASX Listing Rules. Refer to Section 6.8.6 for further information.

Financial information presentation

The Historical Financial Information for FY2012, FY2013 and YTD2014 included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian accounting standards, except where otherwise stated.

The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of presentation and presentation of the Historical Financial Information. The Historical Financial Information and the Forecast Financial Information should be read in conjunction with, and are qualified by reference to, the information contained in Section 4. Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information. The basis of preparation of that information is set out in Section 4.1. All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Investors should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of Bellamy's. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 4.

Forward looking statements

This Prospectus may contain forward looking statements, which may be identified by words such as "may", "could", "believes", "estimates", "expects" or "intends" and other similar words that connote risks and uncertainties. Certain statements, beliefs, and opinions contained in this Prospectus, in particular those regarding the possible or assumed future financial or other performance, industry growth or other trend projections are only predictions and subject to inherent risks and uncertainties. Financial forecasts have been prepared and included in this Prospectus in Section 4.

Except as required by law, and only to the extent so required, neither the Company, its Directors nor any other person cannot and do 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 such forward looking statements.

Any forward looking statements are subject to various risk factors, many of which are beyond the control of the company and its Directors that could cause Bellamy's actual results to differ materially from the results expressed or anticipated in these statements.

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 Prospectus Date, are expected to take place.

Forward looking statements should be read in conjunction with the Key Risks set out in Section 5, general assumptions as set out in Section 4.8.1, specific assumptions as set out in Section 4.8.2, the key sensitivities as set out in Section 4.9, and other information in this Prospectus.

The Directors cannot and do 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.

This Prospectus, including the industry overview in Section 2, uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the Key Risks set out in Section 5.

Foreign Jurisdictions

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

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia please refer to Section 7.15.

Exposure Period

The Corporations Act prohibits the Company from processing Applications to subscribe for Shares in the seven day period after the date of lodgement of the Initial Prospectus (the "Exposure Period"). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Applications

Applications may be made only during the Offer Period on the appropriate application form ("Application Form") attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from bellamysorganic.com.au. By making an application, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

Electronic Prospectus

The Company proposes to make this Prospectus available on its website at bellamysorganic.com.au.

The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in other jurisdictions (including the United States or US Persons). Persons who access the Prospectus in electronic form should ensure that they download and read the entire Prospectus.

Persons having received a copy of this Prospectus in its electronic form may, before the Closing Date of the Offer, obtain a hard copy of this Prospectus free of charge by contacting the Bellamy's Offer Information Line on 1800 206 847 (toll free within Australia) between 9:00am and 5:00pm AEST. If you are eligible to participate in the Offer and are calling from outside Australia, please call +61 1800 206 847. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus, or in its paper copy form which must be downloaded in its entirety from bellamysorganic.com.au.

The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus, which should form the basis of your investment decision.

No cooling-off rights

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

Defined Terms and Time

Some of the terms and abbreviations used in this Prospectus have defined meanings. These are capitalised and are defined in Section 10 of this Prospectus. Unless otherwise stated or implied, a reference to a time is a reference to Australian Eastern Standard Time ("AEST").

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to Bellamy's through Bellamy's service provider, the Share Registry. Bellamy's, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, Bellamy's and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by Bellamy's which it considers may be of interest to you.

Your personal information may also be provided to Bellamy's agents and service providers on the basis that they deal with such information in accordance with Bellamy's privacy policy and as authorised under the Privacy Act 1988 (Cth). Bellamy's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- the Lead Manager and the Underwriter in order to assess your Application
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing Bellamy's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares for associated actions.

You may request access to your personal information held by (or on behalf of) Bellamy's. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information by sending an email to privacy.officer@linkmarketservices.com.au, or writing to or by telephoning the Share Registry as follows:

Attn: Privacy Officer
Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000
Phone: +61 3 9615 9800

If any of your information is not correct or has changed, please contact the Share Registry or Bellamy's to update your information. In accordance with the requirements of the Corporations Act, information on the share register will be accessible to certain members of the public.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown 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.

Offer Management

The Offer is managed and underwritten by Wilson HTM Corporate Finance Ltd (ABN 65 057 547 323, AFSL 238 383).

Investigating Accountant's Report on the Financial Information and financial services guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided for in Section 8.

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Letter from the Chair



4 July 2014

Dear Investor

On behalf of the Directors of Bellamy's Australia Limited ("**Bellamy's**" or the "**Company**"), I am delighted to invite you to consider becoming a shareholder of Bellamy's, a Tasmanian-based branded food business.

Bellamy's offers consumers an organic food range for babies and children with over 30 products in its range. All products are 100% Australian-made and 100% certified organic. Bellamy's believes that true organic foods are an important part of consumer decision making, particularly in the area of baby and children's food consumption across Australia and overseas. Bellamy's products are delivered to our customers throughout Australia by a well established distribution network and through an ever expanding footprint in Asia.

The Directors and Staff are proud of our achievements to date, being the fastest growing brand in the Australian baby food category and leveraging our brand strength to expand the Bellamy's business across Asia. We have achieved sustained revenue growth averaging more than 55% per annum since financial year 2010.

The direct management and deep understanding of the organic supply chain and distribution provides Bellamy's with a platform to further develop our product range, dive deeper into existing markets and expand into new markets. This coupled with the deployment of the capital raised in this IPO will allow Bellamy's to continue its revenue growth for the benefit of all shareholders.

The Company is seeking to raise up to \$25 million through the issue of up to 25 million Shares at a price of \$1.00 per Share. The Offer also includes the transfer of approximately 10.9 million Shares by SaleCo. The Offer is an important next step in the evolution of our Company and the Board believes it is an integral part of our long term growth strategy. The Offer provides an opportunity for you to share in our exciting future.

This Prospectus contains detailed information about the Offer and the financial and operating performance of Bellamy's. It also includes a description of the Key Risks associated with an investment in Bellamy's. I encourage you to read the Prospectus carefully and in its entirety before making your investment decision. You should seek professional advice if required.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely,

A handwritten signature in black ink that reads "Rob Woolley". The signature is written in a cursive style and is positioned above a horizontal line.

Rob Woolley
Chair

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Key Offer Information

Important dates

Initial Prospectus lodgement date	4 July 2014
Opening Date of Offer	21 July 2014
Closing Date of Offer	28 July 2014
Allotment of Shares (Completion of Offer)	31 July 2014
Expected despatch of Holding Statements	1 August 2014
Shares expected to begin trading on ASX (on a normal settlement basis)	5 August 2014

Dates may change

The above dates are subject to change and are indicative only. The Company (in consultation with the Lead Manager) reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications as early as possible.

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Key Offer Information

Offer Price	\$1.00
Total number of New Shares to be issued under the Offer	25,000,000
Total number of Existing Shares to be sold under the Offer	10,875,380
Total number of Shares on issue on Completion of the Offer ⁽¹⁾	95,000,392
Total number of Options on issue on Completion of the Offer ⁽²⁾	2,200,000
Indicative Market capitalisation ⁽³⁾	\$95,000,392
Offer Price/Pro Forma FY2015 Earnings per Share (times) ⁽⁴⁾	19.0x
Indicative annual dividend yield (based on a dividend payout ratio of 30% and Pro Forma forecast FY2015 NPAT) ⁽⁵⁾	1.6%

How to invest

Applications for Shares can only be made by completing and lodging an Application Form contained in this Prospectus. Instructions on how to apply are set out in Section 7.11.2 and on the back of the Application Form. Applications must be for at least 2,000 Shares and in multiples of 1,000 thereafter.

(1) The total number of Shares on issue on Completion of the Offer includes:

- 17,567,622 Shares held by Existing Shareholders that will be subject to voluntary escrow arrangements until the Company's audited financial accounts for FY2015 are released to ASX by the Company as described further in Section 7.13; and
- 77,432,770 Shares that are not the subject of any escrow agreements.

(2) For details regarding the Options on issue on Completion of the Offer please see Section 6.7.

(3) Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price

(4) This ratio is commonly referred to as a forward price to earnings ratio, or forward PE, ratio. A forward PE ratio is a company's share price divided by its forecast annual earnings per share.

(5) Indicative annual dividend yield is calculated as the implied dividend per Share based on the Company's target dividend payout ratio of 30% and the Pro Forma forecast FY2015 NPAT, divided by the Offer Price. It is the Board's current intention to declare a final dividend in respect of FY2015. However, the payment of dividends by the Company, if any, subject to law, is at the complete discretion of the Directors. In determining whether to declare future dividends, the Directors will have regard to Bellamy's earnings, overall financial condition and requirements, the outlook for the organic baby food industry, the taxation position of Bellamy's' and future capital requirements. It is expected that all future dividends will be franked to the maximum extent possible. For more information on the Company's dividend policy, see Section 4.10.



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Investment Overview



1. Investment Overview

1.1 Business Overview

Topic	Summary	For more information
<p>What is Bellamy's business?</p>	<p>Bellamy's is a Tasmanian-based branded food business.⁽¹⁾</p> <p>Bellamy's offers a range of organic food and formula products for babies and toddlers. Bellamy's products are all Australian-made and certified organic. This forms the centrepiece of Bellamy's brand appeal and the brand promise of a Pure Start to Life®.</p> <p>Bellamy's offers over 30 products that are tailored to the needs of babies and toddlers:</p> <ul style="list-style-type: none"> • Babies from birth to 6 months <ul style="list-style-type: none"> – Baby formula, baby food pouches, dry cereals • Babies from 6 to 12 months <ul style="list-style-type: none"> – Baby formula, baby food pouches, dry cereals, teething rusks, pasta • Toddlers from 1 to 3 years <ul style="list-style-type: none"> – Toddler milk, baby food pouches, dry cereals, teething rusks, fruit snacks, fruit bars, pasta <p>These products are delivered to consumers through a well established retail distribution network:</p> <ul style="list-style-type: none"> • In Australia <ul style="list-style-type: none"> – via major supermarkets and pharmacies – via a direct to market internal sales force to independent supermarkets • In China <ul style="list-style-type: none"> – via distribution networks across major cities in China • In South-East Asia <ul style="list-style-type: none"> – via major supermarkets in Singapore and Hong Kong – via distribution networks in Vietnam, Malaysia and New Zealand • Online <p>Bellamy's utilises contract and toll manufacturing and is involved in the management of the global organic ingredient supply chain.</p> <p>Bellamy's has achieved sustained revenue growth since FY2012 and is well positioned post-IPO to further enhance its product range, dive deeper into existing markets and expand into new markets.</p> <p><small>(1) References to Bellamy's in this Prospectus include references to wholly-owned subsidiaries of the Company. See Section 9.3 for further information on the Corporate Structure.</small></p>	<p>See Section 3</p>

Topic	Summary	For more information
What is the Offer?	<p>The Company is seeking to:</p> <ul style="list-style-type: none"> raise up to \$25 million through the issue of New Shares at a price of \$1.00 per Share; and facilitate a sale of up to 10,875,380 Existing Shares by SaleCo at a price of \$1.00 per Share. 	See Section 7.1
What is SaleCo and what role does it play in the Offer?	<p>SaleCo, a special purpose vehicle, has been established to enable certain Existing Shareholders to sell some or all of their Shares. The relevant Existing Shareholders have executed a deed poll in favour of SaleCo under which they irrevocably offer to sell Existing Shares to SaleCo prior to Completion of this Offer. The Existing Shares which SaleCo acquires from Existing Shareholders will be transferred to successful Applicants under the Offer.</p>	See Section 9.4.3
Why is the Offer being conducted?	<p>The Offer is being conducted to provide Bellamy's with:</p> <ul style="list-style-type: none"> an increased working capital capability providing additional operational flexibility to meet the demands of significant business growth; a liquid market for its Shares and an opportunity for others to invest in Shares; and additional financial flexibility and access to capital markets to pursue growth opportunities. <p>The Offer also provides certain Existing Shareholders the opportunity to realise all or part of their investment in Bellamy's.</p>	See Section 7.4

1.2 Key Features of Bellamy's Business Model

Topic	Summary	For more information
How and where does Bellamy's generate its revenue?	<p>Bellamy's receives its revenue primarily from the sale of its products:</p> <ul style="list-style-type: none"> direct to consumer operations (principally supermarkets); through distribution agents in offshore jurisdictions (that then on-sell direct to consumer operations); and direct to consumers through Bellamy's online store. <p>Bellamy's generates its revenue through the sale of some or all of its products in multiple jurisdictions including Australia, China, Singapore, Hong Kong, Vietnam, Malaysia and New Zealand.</p> <p>It is estimated that in FY2014, approximately 15% of Bellamy's revenue will be derived from non-Australian markets.</p> <p>Bellamy's has more than 30 products available for consumers although not all products are sold through all retail distribution channels nor in all jurisdictions. It is estimated that for FY2014 approximately 85% of Bellamy's revenue comes from baby formula products.</p>	See Section 3.7

Topic	Summary	For more information
<p>How does Bellamy’s develop its products?</p>	<p>Bellamy’s has an internal sales and marketing team that is responsible for product development. It works closely with all elements in the supply chain and distribution network to enable a clear pathway to customers.</p> <p>Bellamy’s has a deep understanding of the complex global organic ingredient supply chain. Bellamy’s identifies key ingredients and works closely with suppliers to manage supply of its raw materials.</p> <p>Bellamy’s brings expertise to manufacturing solutions through strong relationships with ingredient suppliers, contract and toll manufacturers and contract packers.</p>	<p>See Section 3</p>
<p>What is Bellamy’s strategy?</p>	<p>Bellamy’s has established a comprehensive strategy to deliver continued growth through:</p> <ul style="list-style-type: none"> • expansion into Asian markets by growing distribution networks into new Asian markets and penetrating deeper into existing Asian markets; • expansion into other new markets by identifying key markets for growth outside of Asia; • category development outside the Baby category by leveraging Bellamy’s brand awareness into range extensions outside the Baby category; • new products within the Baby category by continuing to grow the baby proposition and through innovation and product development; and • full distribution across Australia and expanding the product range and type of distribution outlets within Australia. 	<p>See Section 3.5</p>
<p>How does Bellamy’s expect to fund its expansion?</p>	<p>To date Bellamy’s operations have been funded through shareholder contributions, internally generated cash flows and bank financing. After Listing it is expected that Bellamy’s will have access to significant working capital to meet the expected growth of the business.</p>	<p>See Section 7.4</p>

Topic	Summary								For more information
What is Bellamy's Pro Forma historical and forecast financial performance?		Pro Forma Historical Results			Pro Forma Forecast Results		Statutory Forecast Results		See Section 4.4
	Year Ending 30 June \$'million	FY12	FY13	YTD14	FY14	FY15	FY14	FY15	
	Revenue	17.4	28.8	35.9	48.2	83.8	48.2	83.8	
	Cost of Sales	11.1	18.3	23.0	30.7	53.7	30.7	53.7	
	Gross Profit	6.3	10.5	12.9	17.5	30.1	17.5	30.1	
	Total Direct Costs	2.0	3.7	5.8	8.8	14.1	8.8	14.1	
	GP after Direct Costs	4.3	6.8	7.1	8.7	16.0	8.7	16.0	
	Employee Costs	1.7	2.4	2.2	2.9	4.4	4.1	4.9	
	Marketing & Promotion	0.8	1.4	0.6	0.9	3.0	0.9	3.0	
	Other Costs	1.8	2.1	1.8	2.4	2.3	2.0	2.3	
	Total indirect costs	4.3	5.9	4.6	6.2	9.7	6.2	10.1	
	Total other income	0.1	0.3	0.0	0.2	0.6	0.2	0.6	
	EBITDA	0.1	1.2	2.6	2.7	6.9	2.7	6.5	
	Depreciation & Amortisation	0.1	0.1	0.1	0.1	0.2	0.1	0.2	
	EBIT	0.0	1.1	2.5	2.6	6.7	1.8	6.2	
	Net interest expense/ (revenue)	0.0	0.1	0.2	0.2	(0.4)	0.2	(0.4)	
	(Loss)/Profit before tax	0.0	1.0	2.3	2.4	7.1	1.6	6.6	
	Income tax expense/ (benefit)	(0.4)	(0.4)	0.7	0.6	2.1	0.4	2.1	
	NPAT	0.4	1.4	1.6	1.8	5.0	1.2	4.5	
	<p>The Financial Information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the Key Risks set out in Section 5.</p>								

1.3 Key Strengths

Topic	Summary	For more information
Brand Recognition	Bellamy's is an established, recognised brand in the baby food and formula category across Australia and Asia. Bellamy's products are easily recognised on the shelf through well designed packaging that reinforces the core brand values of Australian-made and certified organic.	See Section 3.2 and 3.3.1
Strong Australian market position	<p>Bellamy's has established a large distribution footprint in Australia, directly to major and independent supermarkets and chemist networks. In addition Bellamy's has established a successful online sales capacity.</p> <p>This breadth of distribution has enabled Bellamy's to consistently grow its baby formula market share since 2012 to approximately 10%. It is estimated that for FY2014 approximately 85% of Bellamy's revenue is derived from Australian distribution channels.</p>	See Section 3.7 and 3.7.1
Established Platform for offshore expansion	<p>Bellamy's has invested time and capital in establishing wholly-owned entities and the direct employment of Bellamy's staff in offshore markets in China (Shanghai) and Singapore.</p> <p>Bellamy's presence in these markets has enabled the construction of a well developed global distribution platform that penetrates greater China as well as other South-East Asian countries such as Singapore, Vietnam, Malaysia and Hong Kong.</p> <p>Through an established relationship with a Chinese state-owned enterprise agent and multiple Chinese distribution partners as well as distribution agents in other South-East Asian countries, Bellamy's has grown its international sales in FY2014 to approximately 15% of Bellamy's total revenue.</p>	See Section 3.7
Experienced management team	<p>Bellamy's has a highly experienced management team led by its Managing Director and CEO, Laura McBain. Their skills cut across all elements of the Bellamy's business particularly in sales and marketing, global distribution networks and supply chain management.</p> <p>Laura has over 7 years of experience working with Bellamy's and, together with the Board, has been responsible for driving the development of the Bellamy's brand and market positioning, managing the expansion of the product range and the establishment of the supply chain.</p>	See Section 3.4 and 6.2
Competitive advantage 100% Australian-made & 100% certified organic	The most important differentiator of the Bellamy's brand and product suite is 100% Australian-made and 100% certified organic. The authenticity of this statement is backed by a rigorous focus on the supply chain and source of raw materials, as well as independent Australian organic certification for every product.	See Section 3.2, 3.2.1 and 3.6.1

Topic	Summary	For more information
Exposure to growth sectors	Global demand for authentic organic food has been growing. The baby food sector is also growing strongly.	See Section 2
Flexible Operations	Bellamy's has created a flexible production model that does not weigh the business down with owning and operating a manufacturing base but instead focuses a small and functional team on sales and marketing, brand and product development. Bellamy's currently engages numerous manufacturing facilities across Australia as part of its supply chain network that deliver efficiency in manufacturing and flexibility in dealing with increasing demand for Bellamy's products.	See Section 3.6
Global positioning	Whilst packaging requirements do differ across jurisdictions, Bellamy's products and their appeal to consumers do not have geographic or cultural boundaries which makes the Bellamy's business able to operate and grow in a global environment.	See Section 3.3.1
Revenue growth	Bellamy's has a track record of revenue growth. Revenue has grown from \$17.4 million in FY2012 and is forecast to reach \$83.8 million in FY2015, approximately 69% compound annual growth.	See Section 4

1.4 Summary of Key Risks

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

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

Set out below are specific Key Risks that the Company is exposed to. Further general risks associated with an investment in Bellamy's are outlined in Section 5.2.

Topic	Summary	For more information
Certified organic	A key factor to Bellamy's success and consumer's identification with the Bellamy's organic brand is the certification of Bellamy's products as organic. This relies upon the raw materials and product ingredients meeting the requirements specified by the certifying bodies. Quality control issues in respect of raw materials and ingredients that result in the finished products not being certified as organic could have a material adverse impact on the Bellamy's brand and consequently Bellamy's financial performance, its future prospects and the Share price.	See Section 5

Topic	Summary	For more information
Raw material supply	The availability of certified organic raw materials to meet the growing demand of Bellamy's products is a critical part of supply chain management. Should there be interruptions in the Bellamy's supply chain or economic or environment events impacting the availability of these raw materials then this could have a material adverse impact on Bellamy's ability to meet consumer demand and impact the financial performance and future prospects of the business.	See Section 5
Manufacturing	Bellamy's utilises a number of manufacturers across the product range. There is a concentration of manufacturing with one provider, Tatura Milk Industries Limited ("TMI"), in relation to baby formula production. There is no formal manufacturing contract in place between Bellamy's and TMI, although the parties have worked together for many years and are currently discussing a formal manufacturing contract. Should there be a disruption with this particular manufacturer or the manufacturer elects not to continue manufacturing baby formula for Bellamy's then this could have a material adverse impact on Bellamy's ability to meet consumer demand and may impact the financial performance and future prospects of the business.	See Section 5 See also Section 3.6.2
Product concentration	Bellamy's product mix and revenues are highly dependent on baby formula. This product category generated 87% of sales in FY2013 and is forecast to generate approximately 85% of sales in FY2014. Adverse changes in consumer demand for Bellamy's baby formula could have a material adverse impact on Bellamy's financial performance and future prospects of the business.	See Section 5 See also Section 3.6.2
Distribution concentration	Currently Bellamy's revenue is concentrated in the Australian market distribution channel with approximately 85% FY2014 revenue coming from this market. Within this channel approximately 70% of revenue is derived from four large customers. Should any large customers elect to disrupt the distribution of Bellamy's products, this could have a material adverse impact on Bellamy's financial performance and future prospects of the business.	See Section 5
Competition	Bellamy's participates in a highly competitive FMCG global business against materially larger, globally focussed competitors with significantly more access to capital and resources. Should any of Bellamy's competitors participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on Bellamy's financial performance and future prospects of the business.	See Section 5

Topic	Summary	For more information
<p>Specific China Regulatory Risk</p>	<p>The Chinese government has instituted an imported dairy food products regulatory regime that requires, among other things, certain foreign manufacturing facilities to complete a registration process. This requirement applies to the TMI facility used to blend and pack Bellamy’s baby formula products. As at the Prospectus Date, the TMI facility has not satisfied the relevant regime requirement. Consequently, the Company’s baby formula that is blended and packed at that facility is currently unable to be imported into China. While it is entirely a matter for the relevant Chinese authorities, it is the opinion the Company that the TMI facility contains the standards and features required for registration. Due to significant stock levels in China this current situation has not had any material impact on Bellamy’s sales to date.</p> <p>In Section 9.4.4 there is a summary of the material terms of the Company’s distribution arrangements in China, including the existing distribution agreement with a Chinese state owned enterprise. There is a risk given the above regulatory matter that the Company will not be able to supply the minimum order quantity of approximately \$12.8 million of product under the current term of that agreement.</p> <p>Importantly, a current TMI subcontracted blending and canning facility has been approved under the Chinese regime. As a contingency, Bellamy’s has reached an in principle verbal agreement with the subcontracted facility to undertake the relevant production arrangements that would permit Bellamy’s products to be imported into China in the event that this is unable to occur via the TMI facility.</p>	<p>See Section 5</p>
<p>Change in Regulation</p>	<p>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 ingredients and/or products.</p> <p>Changes to the regulatory environment could have a material effect in a number of ways. For example, the financial and production effects resulting from changing requirements to:</p> <ul style="list-style-type: none"> • product packaging and/or labelling requirements as a requirement of increases to mandatory dietary content disclosures; or • the introduction of taxation measures that reference food content; and/or • restrictions that prevent or restrict access to markets by amendments to regulations governing the export or importation of products. <p>While the Directors are not aware of any current issues other than the China regulatory issue noted above, or any impending regulatory change in relevant markets, there is the potential for any such measures to materially reduce Bellamy’s revenues and/or increase its costs.</p>	<p>See Section 5</p>

Topic	Summary	For more information
Brand and Reputation	<p>The Bellamy's portfolio of brand names and related intellectual property are key assets of the business. The reputation and value associated with these brands and related intellectual property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, contamination or recall issues, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of Bellamy's.</p> <p>Significant erosion in the reputation of, or value associated with Bellamy's brands, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for Bellamy's products.</p>	See Section 5
Failure to Grow	<p>There is a risk that Bellamy's will be unable to offer a sufficient number of successful new products which could potentially result in reduced or negative growth.</p> <p>There is a risk that new Bellamy's products developed and launched to the market may be unprofitable because they are not supported by sufficient market interest and purchases or otherwise not adequately marketed and fail to sell. There is also a risk that new products:</p> <ul style="list-style-type: none"> • waste operating costs; • incur operating costs earlier than necessary or greater than forecast; and/or • impact revenues of existing products to a greater extent than predicted. 	See Section 5
Reduced demand	<p>There is a risk that consumer dietary preferences and/or consumer preferences for baby food and formula products will evolve such that demand for Bellamy's products is reduced.</p>	See Section 5
Loss of key personnel	<p>Bellamy's success depends to a significant extent on its key personnel, in particular Laura McBain and the rest of her management team discussed in Section 6.2. Laura McBain and her team have extensive experience in, and knowledge of, Bellamy's business and the FMCG market. The loss of key management personnel, and in particular Laura McBain, or any delay in their replacement could have a significant adverse effect on the management of the Company, its financial performance and future prospects.</p>	See Section 5 See also Section 6.2

Topic	Summary	For more information
Retail Environment	There may be an economic downturn in Australia or the overseas markets that may cause the retail environment to deteriorate as consumers reduce their retail spending of discretionary items. This may result in reduced turnover or Bellamy's not achieving its financial forecasts in Australia or overseas markets.	See Section 5
Product Contamination and Recall	As a producer of food products, Bellamy's is subject to a general risk that any product contamination or product recall issue (however caused) could have a material adverse affect on the Company's brand and thus its financial performance. The Company employs a number of measures to minimise the risk in this area (such as requiring manufacturers to have current food safety accreditation and the Company having in place appropriate insurances).	See Section 5
Foreign Exchange	To date, business has been primarily conducted in Australian dollars. However as the business further expands into Asia, it is anticipated that more business will be conducted in foreign currencies. Hence, foreign currency risk may become more relevant over time.	See Section 5

1.5 Key Offer Statistics

Topic	Summary	For more information	
What are the Key Offer Statistics?	Offer Price	\$1.00	See Key Offer Information
	Total number of New Shares to be issued under the Offer	25,000,000	
	Total number of Existing Shares to be sold under the Offer	10,875,380	
	Total Shares on issue on Completion of the Offer	95,000,392	
	Indicative market capitalisation ⁽¹⁾	\$95,000,392	
<small>(1) Calculated as the total number of Shares on issue following Completion of the Offer multiplied by the Offer Price</small>			

Topic	Summary	For more information
What are the key investment metrics?	Offer Price/Pro Forma FY2015 Earnings per Share ⁽¹⁾	19.0x
	Indicative annual dividend yield (based on a dividend payout ratio of 30% and Pro Forma forecast FY2015 NPAT) ⁽²⁾	1.6%
<p>(1) This ratio is commonly referred to as a forward price to earnings ratio, or forward PE, ratio. A forward PE ratio is a company's share price divided by its forecast annual earnings per share.</p> <p>(2) Indicative annual dividend yield is calculated as the implied dividend per Share based on the Company's target dividend payout ratio of 30% and the Pro Forma forecast FY2015 NPAT, divided by the Offer Price. It is the Board's current intention to pay a final dividend in respect of FY2015. However, the payment of dividends by the Company, if any, subject to law, is at the complete discretion of the Directors. The decision as to whether or not a dividend will be paid is subject to a number of considerations including the general business environment, the operating results and the financial position of Bellamy's, capital requirements, regulatory restrictions and any other factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend and this indicative dividend yield is not a forecast. For more information on the Company's dividend policy, see Section 4.10.</p>		See Key Offer Information

1.6 Bellamy's Directors and Key Management

Topic	Summary	For more information
Who are the Directors and key executives of Bellamy's?	<p>Board of Directors</p> <ul style="list-style-type: none"> • Robert Woolley – Independent, Non-executive Chair • Laura McBain – Managing Director and CEO • Ian Urquhart – Independent, Non-executive Director • Michael Wadley – Independent, Non-executive Director <p>Senior Leadership Team</p> <ul style="list-style-type: none"> • Laura McBain – Managing Director and CEO • Brian Green – Chief Financial Officer and Company Secretary • Chris Flahey – Sales Director (Australia & South-East Asia) • Chris Sherbon – Marketing Director • Jiong Ou (Henry) Hong – National Sales Director China • Rod Lyon – Operations Manager 	See Section 6.1 and 6.2

1.7 Interests, benefits and related party transactions

Topic	Summary					For more information
Who are the existing Shareholders of Bellamy's at the Prospectus Date and what will be their interest in Bellamy's at Completion of the Offer?	Existing Shareholder	Shares at Prospectus Date	Shares issued/(sold)	Shareholding following Completion of the Offer	% post-IPO	See Section 7.7
	Robert Woolley associated entity	3,080,438	(1,744,699)	1,335,739 (subject to escrow)	1.41	
	Laura McBain associated entity	1,565,376	Nil	1,565,376 (subject to escrow)	1.65	
	Ian Urquhart associated entity	3,727,089	(1,227,089)	2,500,000 (subject to escrow)	2.63	
	Michael Wadley associated entity	Nil	Nil	Nil	Nil	
	Other Management	Nil	Nil	Nil	Nil	
	Other Existing Shareholders	20,070,099	(7,903,592)	12,166,507 (subject to escrow)	12.81	
	Other Existing Shareholders	41,557,390	10,875,380	52,432,770 (not subject to escrow)⁽¹⁾	54.85	
	New Shares to be issued under the Offer	Nil	25,000,000	25,000,000	26.32	
	Total	70,000,392		95,000,392	100.00	
<p>(1) Includes shareholders that subscribed for Existing Shares and New Shares in Bellamy's as part of a Pre-IPO transaction conducted in June 2014. Refer to Section 9.4.3 for further details.</p> <p>For further details regarding the escrow arrangements please see Section 7.13.</p>						

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Topic	Summary	For more information																								
<p>What significant benefits and interests are payable to Directors and other persons connected with Bellamy's or the Offer?</p>	<table border="1"> <thead> <tr> <th>Director</th> <th>Shares held on Completion</th> <th>% post-IPO</th> <th>Options held on Completion</th> </tr> </thead> <tbody> <tr> <td>Robert Woolley</td> <td>1,335,739</td> <td>1.41</td> <td>Nil</td> </tr> <tr> <td>Laura McBain</td> <td>1,565,376</td> <td>1.65</td> <td>953,333</td> </tr> <tr> <td>Ian Urquhart</td> <td>2,500,000</td> <td>2.63</td> <td>Nil</td> </tr> <tr> <td>Michael Wadley</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Other Management</td> <td>Nil</td> <td>Nil</td> <td>1,246,667</td> </tr> </tbody> </table> <p>The above table does not take into account any Shares relevant parties may acquire under the Offer. Directors are entitled to remuneration and fees on commercial terms. Rob Woolley, Laura McBain, Ian Urquhart and other Management and employees have been allocated cash bonuses prior to the Prospectus Date totalling \$1.4 million before tax for past services. Of this amount, Laura McBain has been allocated \$700,000 and entities associated with Rob Woolley and Ian Urquhart have been allocated \$400,000 and \$50,000 respectively.</p> <p>Directors and key Management interests and remuneration are disclosed in Section 6.5 and 6.6 respectively.</p> <p>Advisers and other service providers are entitled to fees for services as disclosed in Section 6.4.</p>	Director	Shares held on Completion	% post-IPO	Options held on Completion	Robert Woolley	1,335,739	1.41	Nil	Laura McBain	1,565,376	1.65	953,333	Ian Urquhart	2,500,000	2.63	Nil	Michael Wadley	Nil	Nil	Nil	Other Management	Nil	Nil	1,246,667	<p>See Section 6.4–6.6</p> <p>See also Section 9.5</p>
Director	Shares held on Completion	% post-IPO	Options held on Completion																							
Robert Woolley	1,335,739	1.41	Nil																							
Laura McBain	1,565,376	1.65	953,333																							
Ian Urquhart	2,500,000	2.63	Nil																							
Michael Wadley	Nil	Nil	Nil																							
Other Management	Nil	Nil	1,246,667																							
<p>What Share escrow arrangements are in place?</p>	<p>Subject to the Company being admitted to the Official List, certain Shares on issue prior to the Offer will be held in escrow as listed below. During the period in which these 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.</p> <p>It is estimated that 17,567,622 Shares will be subject to voluntary escrow from the date of Official Quotation until the date three days after the date of which the audited financial results of the Company for the year ended 30 June 2015 are disclosed to the ASX.</p> <p>The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.</p>	<p>See Section 7.13</p>																								

1.8 Summary of the Offer

Item	Summary	Further Information
<p>Who is the issuer of the Prospectus?</p>	<p>Bellamy's Australia Limited (ACN 124 272 108) and A.C.N. 600 224 502 Pty Ltd ("SaleCo"), companies incorporated in Tasmania, Australia.</p>	<p>See Important Information</p>

Item	Summary	Further Information
What is the Offer?	<p>Bellamy's is offering to issue up to 25 million New Shares to raise \$25 million and SaleCo is offering to sell 10,875,380 Existing Shares for \$10,875,380 million. The Offer is expected to raise \$35,875,350 in total of which \$10,875,380 is payable to Existing Shareholders via SaleCo.</p> <p>The Offer Price is \$1.00 per Share.</p> <p>All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares.</p> <p>Wilson HTM is acting as Lead manager and Underwriter to the Offer.</p>	<p>See Section 7.2</p>
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Broker Firm Offer; and • the Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors in Australia and certain other eligible jurisdictions. <p>No Shares are being offered to the general public.</p>	<p>See Section 7.2</p>
How will the proceeds of the Offer be used?	<p>The proceeds of the Offer will:</p> <ul style="list-style-type: none"> • provide Bellamy's with additional working capital to manage the forecast growth curve in sales across all regions; • provide Bellamy's with additional marketing budget flexibility to achieve greater penetration of the Bellamy's brand awareness and product range across all regions and the introduction of Bellamy's products into new geographic regions; • provide additional capital to invest in R&D initiatives aimed at evolving and expanding Bellamy's product range and the extension of products into new age categories; and • pay the costs of the offer. 	<p>See Section 7.4</p>
Will the Shares be listed?	<p>The Company will apply to the ASX for admission to the Official List and Official Quotation of Shares under the code BAL.</p> <p>Completion of the Offer is conditional on the ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	<p>See Section 7.10</p>
Is the Offer underwritten?	<p>Yes. The Offer is fully underwritten by the Lead Manager.</p>	<p>See Section 7.2 and 9.4.6</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager, Bellamy's and SaleCo having regard to the allocation policy outlined in Section 7.11.4.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the Broker as to how they allocate Shares among their retail clients.</p>	<p>See Section 7.11.4</p>

Item	Summary	Further Information
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	See Section 7.10
What are the tax implications of investing in the Shares?	Shareholders will be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon any investors particular circumstances, particularly for non-resident Shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.	See Section 9.8
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around 1 August 2014.	See Section 7.10
What is Bellamy's dividend policy?	<p>No dividend will be paid following Listing in respect of the FY2014 fiscal year.</p> <p>Subject to forecasts being achieved and other relevant factors, it is the current intention of the Board to declare a final dividend in respect of FY2015. In determining whether to declare future dividends, the Directors will have regard to Bellamy's' earnings, overall financial condition and requirements, the outlook for the organic baby food industry, the taxation position of Bellamy's' and future capital requirements. It is expected that all future dividends will be franked to the maximum extent possible.</p> <p>Having regard to these factors, it is the Board's current intention to target a payout ratio of 30% of statutory NPAT in FY2015.</p> <p>Beyond FY2015, the Directors intend to target a payout ratio of between 30% – 40% of statutory NPAT depending on the factors outlined in Section 4.10; in particular, should value accretive strategic growth, acquisition or investment opportunities arise it may result in a payout ratio in the future that is less than the above target.</p> <p>It is the current intention of the Board beyond FY2015 to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is expected that all future dividends will be franked to the maximum extent possible.</p>	See Section 4.10

Item	Summary	Further Information
Who can apply under the Offer?	Institutional Investors under the Institutional Offer and other Investors who have received a firm allocation from their Broker under the Broker Firm Offer. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer. No Shares are being offered to the general public.	See Section 7.11
How can I apply?	<p>You may apply for Shares by completing a valid Application Form (attached to or accompanying this Prospectus).</p> <p>To the extent permissible by law, an Application by an Applicant under the Offer is irrevocable.</p>	See Section 7.11.2
Can the Offer be withdrawn?	<p>Bellamy's reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants.</p> <p>If the Offer does not proceed, the Share Registry, your Broker or Bellamy's will refund Application Monies.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	See Section 7.14
Where can I find more information?	<p>Call the Bellamy's Offer Information Line on 1800 206 847 (from within Australia) between 9:00am and 5:00pm AEST if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether obtaining Shares in Bellamy's is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>	See Section 7.10



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Industry Overview





2. Industry Overview

2.1 Introduction

Bellamy's operates in the fast moving consumer goods ("FMCG") industry. The brand has focused on 2 key segments of this industry: Organic Food and Baby Food and Formula.

2.2 Baby Food and Formula

The global baby food market is very competitive and retail sales in this segment are projected to grow from \$US 36.7 billion in 2010 to about \$US 55 billion by 2015. The reason for this trend increase is a direct result of growth in emerging markets.

Overall, the baby food industry is in the growth phase of its lifecycle as demonstrated by the recent developments of new products to capture the domestic and international markets.

Manufacturers of baby food sell to retailers and wholesalers. Retailers that purchase baby food include supermarkets, grocery stores, discount departments stores, baby and infant specialist stores, along with pharmacies, health food stores as well as online retailers.

2.2.1 Australian Market

In 2013, the baby food and formula category in Australia experienced 9% current value growth largely due to baby formula, which experienced a 12% value increase.

Whilst Australia experiences low population growth and may be regarded as entering a mature lifecycle phase, organic offerings have driven demand and growth in the category, as well as product innovation and brand marketing.

The two major brands in the baby food category are Heinz and Rafferty's Garden, and together they comprise around 70% of the category.

The baby formula category is dominated by multinationals, Nestle and Danone. Together through multiple brands, they comprise around 85% of the category.

Bellamy's had approximately 3% share of overall baby category in 2013, with approximately 10% baby formula market share and 12% of the baby cereals and snacks market share.

Growth for the baby food manufacturing industry is expected to be around 10-15% p.a. going forward.

2.2.1.1 Retailing baby food and formula in Australia

From an overall FMCG perspective, Australia has one of the most concentrated grocery sectors in the world, with the two major chains, Coles and Woolworths, commanding over 80% of the total Australian grocery market.

In the baby food and formula category, however, the market share with Coles and Woolworths is at 70% and this is because, unlike some other FMCG categories, pharmacy retailers contribute to the overall baby food and formula market, together with other types of retailers including department stores and baby specialist stores.

Online baby product sales have undergone a rapid growth spurt over the last five years attributed to technological change and innovation. It is a growing form of distribution though there is little verifiable data to clearly indicate the levels at which it is growing.

2.2.2 International Markets

Globally, the baby food industry is expected to growth at 3.2% annualized over the 10 years through to 2018-19. The core growth will come from large emerging markets in China and South-East Asia.

In China from 2013-2018, baby food is expecting to see good sales growth with a CAGR of 14%, due to a continuing baby boom and the growing popularity of premium brands with higher unit prices. Quality is a consumer's primary focus, thus manufacturers will increasingly focus on improving their brand reputation.

Australia's high quality food standards and ease of access to quality ingredients has placed Australian brands and manufacturers in prime position to export to emerging economies. The demand for high quality, safe and trusted baby food and formula by parents in Asia means that Australia's brands are highly favoured by Asian parents. Over the five years through to 2018-19 baby food industry exports are expected to increase at an annualized 6.5% as Asian consumers prosper and are increasingly able to afford to purchase Australian baby food and formula.

2.3

Organic Food

Organic food is the fastest growing sector of the global food industry. World sales of organic products are estimated to be in excess of US \$59 billion and growing, whilst the Australian market was an estimated \$1.27 billion in 2012. The Australian market has experienced growth of up to 15% year on year between 2008 and 2010 despite the Global Financial Crisis.

Growth in organic food is expected to remain well above conventional food and beverage market growth as the demand for high value foods for busy parents increases. The average growth projection for coming years is 10-15% reflecting a sustained growth trend in organic produce.

China has seen and is set to continue to see strong growth in organic products.

2.3.1

Organics in Australia

Over one million Australians regularly purchase organic food products, while 65% of consumers buy organic food on occasion. Organic food and produce volumes are increasing every year and the once fad organic sector is now firmly mainstream. In 2012, 92% of organic sales were through store-based retailing, with three out of four organic purchase experiences being at major supermarket chains. Underscoring the trend, Woolworths and Coles now retail organic milk, eggs, beef, chicken, cheese, cereals, tea, coffee, baby foods and a host of others. Demand for the industry's products is assisted by the proximity to key markets and consequent product exposure. Thus, placement in major food retail chains such as supermarkets is of prime importance.

Women remain the primary purchasers of organics because they are primary purchasers of food.

Australia has the highest area of organic farm and pastoral land of any country in the world, at over 16m hectares. Consumers also have high regard for the integrity of Australian products and the Australian certification of organic foods, in contrast to some 'other country of origin' products and this helps Australia organic exports and enables them to carry a price premium in export markets.

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Business Overview





3. Business Overview

3.1 Overview of Bellamy's

Bellamy's is a Tasmanian based company that produces only 100% Australian made, certified organic foods.⁽¹⁾

Bellamy's mission is to promote healthy, mindful eating through wholesome organic food and provide a *pure start to life*[®] for babies and young children everywhere. Bellamy's are passionate about promoting healthy eating practices in our children and its credentials in this endeavour are unmatched. Bellamy's products use only the finest ingredients and all products are 100% certified organic.

Bellamy's started as Bellamy's Organic in Launceston, Tasmania in 2004 as a family-operated company. It was the first to offer an organic baby formula range to Australian mothers. Tasmanian Pure Foods Limited purchased Bellamy's Organic in 2007. Tasmanian Pure Foods Limited is a privately owned business set up to invest in and build Tasmanian food and agribusinesses.

In June 2014, Tasmanian Pure Foods Limited was renamed Bellamy's Australia Limited.

Bellamy's supplies its product range to supermarket chains, pharmacy chains and independent stores across Australia and employ sales executives in Melbourne, Sydney and Brisbane to drive sales to independent stores and pharmacies. Bellamy's established a user-friendly online store allowing consumers to purchase products conveniently.

Bellamy's also exports its 100% certified organic products to customers in China, Hong Kong, Singapore, Malaysia, Vietnam, and New Zealand.

As a result of demand for Bellamy's baby foods in Asia, the Company opened an office in Shanghai in 2012 and in Singapore in 2014.

3.2 Bellamy's Brand

Bellamy's is an established, recognised brand in the baby food and formula category across Australia and Asia. Bellamy's products are easily recognised on the shelf through well designed packaging that reinforces the core brand values of 100% Australian made and 100% certified organic.

Bellamy's brand understands that as a parent you want to give your baby or child the very best. Bellamy's delivers products that use some of the world's best organic ingredients and cater to all stages of a baby and infant's growth, adding to their appeal.

Bellamy's has worked hard to align its products with consumers by making them easily accessible through broad distribution channels and online.

3.2.1 Certified Organic

Bellamy's baby formula product is the first and only Australian made organic baby formula available in the Australian market.

A critical component of the Bellamy's brand proposition is that all products are independently certified organic. To do this Bellamy's engages The National Association for Sustainable Agriculture, Australia ("**NASAA**") which is a not for profit body that supports the education of industry and consumers on organic, biodynamic and sustainable agricultural practices. NASAA is nationally audited and accredited under the Australian Department of Agriculture ("**DOA**") Organic and Biodynamic program. DOA accreditation is a legal requirement for all organic product exported from Australia.

The scope of NASAA's certification covers the organic supply chain from – input manufacturers to producers, processors to wholesale and retail operations – ensuring organic integrity 'from paddock to plate'.

(1) References to Bellamy's throughout this Prospectus include references to wholly owned subsidiaries of the Company. See Section 9.3 for further information on the corporate structure.

3.2.2 Trade marks

In order to provide statutory protection for its brand, Bellamy's has instigated a program of registering relevant trade marks. As at the date of the Prospectus, relevant registered trade marks are in place in Australia, China, Singapore, Hong Kong, Malaysia and other jurisdictions.

3.3 Bellamy's Products

Bellamy's seeks to deliver the best nutritionally wholesome organic products that babies can eat and to provide a positive experience for all mothers.

Bellamy's strongly believes that breastfeeding is the best for babies. Apart from being rich in nutrition, it also imparts essential components important to building the immune system.

But if a mother is unable to breast feed, despite every effort, or decides for other reasons that she doesn't want to, then a suitable baby formula must be used.

If a mother does need to choose a baby formula, then Bellamy's recommend certified organic formula because it's free from all antibiotics, harmful pesticides, insecticides and hormones because the certified farms where the cows are grazed are not allowed to use farming methods that require any of these chemicals.

Bellamy's produces two baby formulas:

- **Step 1**, suitable from birth – is principally whey because whey protein is "lighter" and easier to digest; and
- **Step 2**, suitable from 6 months – is principally a casein protein for older babies who require additional calories

Bellamy's also produces a **Step 3** toddler milk drink, suitable for children from 12 months.

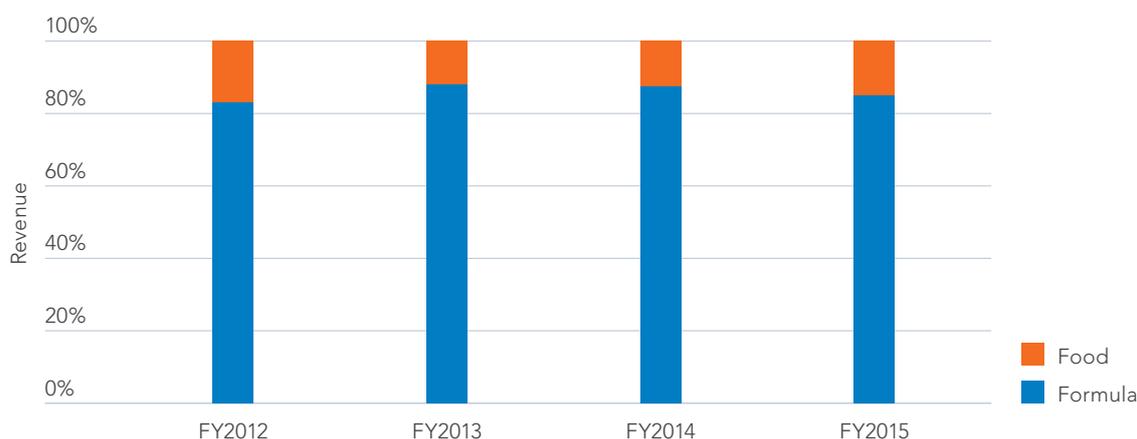
To complement these products Bellamy's also produces:

- teething rusks (Toothiepegs);
- a baby food range in pouches;
- a range of pasta products;
- a range of cereals including baby rice; and
- a range of freeze dried fruit snacks and fruit bars.

Bellamy's full product range can be viewed at bellamysorganic.com.au.

The product portfolio also makes Bellamy's unique among organic baby food brands. Bellamy's is the only organic brand in Australia to offer consumers a high quality range of products from new-born formula at birth to solid meals at age 3 or 4.

Bellamy's historical and forecast product distribution (by revenue) is summarised graphically below which clearly highlights that Bellamy's baby formula product is and is forecast as the cornerstone of the business.



3.3.1 Product Positioning

Whilst packaging requirements do differ across jurisdictions, Bellamy's products and their appeal to consumers do not have geographic or cultural boundaries which enables the Bellamy's business to operate and grow in a global environment.

3.4 Bellamy's People

Bellamy's has a highly experienced management team led by its Managing Director and CEO, Laura McBain. Their skills cut across all elements of the Bellamy's business particularly in sales and marketing, global distribution networks and supply chain management. Laura has over 7 years of experience working with Bellamy's and, together with the Board, has been responsible for driving the development of the Bellamy's brand and market positioning, managing the expansion of the product range and the establishment of the supply chain. Bellamy's also has a strong, positive internal culture that mirrors a set of values that describes how they want their customers to experience Bellamy's brand.

3.5 Bellamy's Growth Strategy

Bellamy's strategy is to concentrate on providing the highest quality of organic product to discerning mothers who believe that organic foods, particularly for developing infants, offer benefits beyond conventional baby food and formula.

As organic food has become more mainstream and awareness of food safety issues increases, a pure food approach has worked positively for the brand. Australians are concerned about the ingredients in their food and Australia is one of a number of countries where, for instance, GMO foods must undergo safety testing before sale. Bellamy's is committed to organic products as a driver of competitive advantage in a market of me-too offerings.

A single-minded focus on organic foods provides a very simple point-of-difference focus for Bellamy's consumers and is summed up in Bellamy's brand positioning as "a pure start to life®".

Bellamy's brand strategy has been carefully crafted and managed. Bellamy's magnify single-minded product quality focus by keeping brand communication simple and open-minded. As a result, the Bellamy's brand has grown strongly and, whilst not yet the category sales leader, is arguably a category thought leader. A recent online survey revealed that the single most used term to describe Bellamy's is "trusted".

Bellamy's has established a comprehensive strategy to deliver continued growth through:

- expansion into Asian markets by growing distribution networks into new Asian markets and penetrating deeper into existing Asian markets;
- expansion into other new markets by identifying key markets for growth outside of Asia;
- category development outside the Baby category by leveraging Bellamy's brand awareness into range extensions outside the Baby category;
- new products within the Baby category by continuing to grow the baby proposition and through innovation and product development; and
- full distribution across Australia and expanding the product range and type of distribution outlets within Australia.

3.6 Bellamy's Business Model

Bellamy's has created a flexible production business model that does not weigh the business down with owning and operating a manufacturing base but which instead focuses a small and functional team on sales and marketing, brand and product development.

Bellamy's key strength is a strong and deep understanding of the complex global organic ingredient supply chain. Bellamy's is involved in the management of the supply chain and brings expertise to manufacturing solutions through strong relationships with ingredient suppliers, manufacturers and contract packagers.

3.6.1 Raw Materials & Organic Ingredient Supply

The organic industry is a dynamic growing industry. By definition, a good organic farmer must have good soil and the right environment to make farm outputs sustainable. For this reason, organic farms produce some of the worlds best quality produce.

Bellamy's have strategically identified these sources of organic raw materials and have established a broad network of suppliers which include large multinational organisations, privately owned international businesses and family owned operations. In 2013, Bellamy's worked with organic dairy farmers and processors to double the outputs of key organic dairy ingredients to secure supply for Bellamy's products.

3.6.2 Production

Bellamy's have developed varying production pathways to improve operational efficiency:

- **Full service** – Bellamy's provides artwork and specifications, develops and maintains all key ingredient supplier relationships resulting in Bellamy's products delivered to Bellamy's as completed goods
- **Toll Manufacturing** – Bellamy's provides ingredients, raw materials, packaging to toll manufacturing facilities
- **Contract manufacturing service.**

Production Arrangements

Bellamy's has various agreements with manufacturers and suppliers of its product range.

The most important manufacturing arrangement is the production of all the Company's baby formula product by TMI which is forecast to generate 85% of sales in FY2014. There is no formal agreement in place between Bellamy's and TMI. The parties have been working together since 2006 and Bellamy's is a significant customer of TMI. The parties have been in discussion regarding a formal contract for some time.

The preservation of a stable ongoing business relationship with manufacturers and suppliers is a key determinant of Bellamy's ability to bring its range of products to the market in an efficient, timely and reliable manner.

Bellamy's manages risk in this area by:

1. Ensuring that its manufacture and supply arrangements are with counterparties of financial substance and good reputation;
2. Contracting only with suppliers who have the requisite level of expertise in their area;
3. Retaining a full time operations executive to safeguard and monitor its relationships with manufacturers and suppliers.

3.6.3 Food Safety

Bellamy's is ISO 9001 accredited which means its management systems are independently audited and reviewed to ensure best practices are adopted, particularly in system and process management.

Key systems of Bellamy's food safety framework include quality control for all products, a product recall program and a complaint management program.

In addition, Bellamy's conducts regular audits and reviews to ensure their its quality standards are maintained.

3.7 Distribution Model

Bellamy's has established a large distribution footprint in Australia, directly to major and independent supermarkets and chemist networks. In Australia, the breadth of distribution has enabled Bellamy's to consistently grow its baby formula market share since 2012 to approximately 10%. It is estimated that for FY2014 approximately 85% of Bellamy's revenue is derived from the Australian distribution channel.

Bellamy's has entered into direct sales agreements with several chain store customers in Australia including Coles, Woolworths, Costco and Sigma/Chemist Warehouse.

Contractual trading terms in place between Bellamy's and each of these customers are not dissimilar to that of any other supplier of products to a major chain store group. The following risks arise from Bellamy's trading agreements with its major chain store customers:

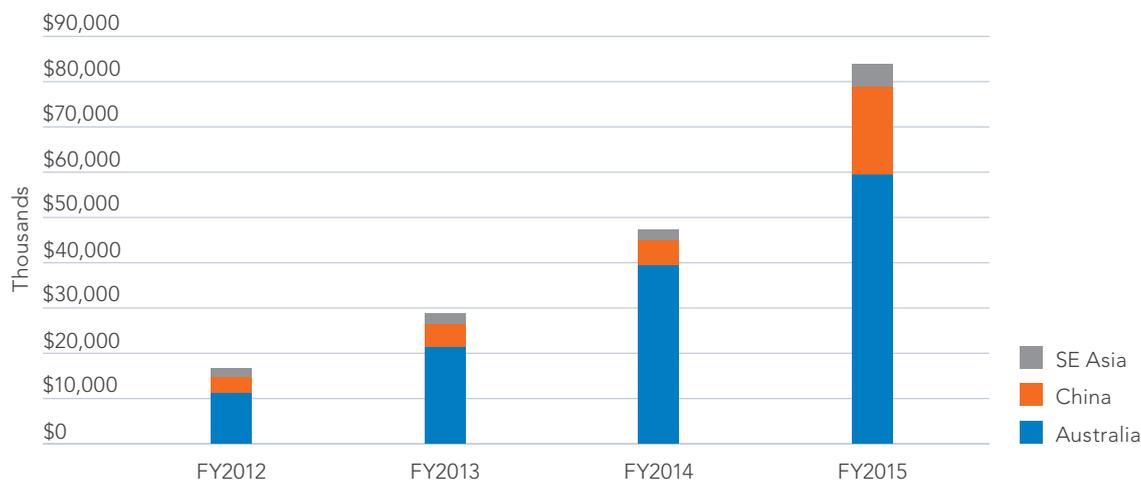
1. The risk of Bellamy's products being delisted;
2. Unilateral termination of the customer agreement on 30 days' notice;
3. Bellamy's warranting the quality of the products that it is supplying;
4. Bellamy's indemnifying the customer against all liability suffered in connection with products supplied.

Bellamy's manages the above risks through:

1. Senior Bellamy's executives staying close to the requirements of major customers;
2. Ensuring that production and delivery logistics meet chain store demand;
3. Advertising and marketing initiatives to drive sales through the chain stores.

To meet growing offshore demand, Bellamy's has also invested time and capital in establishing wholly foreign owned entities and the direct employment of Bellamy's staff in offshore markets – principally in China (Shanghai) and Singapore. Bellamy's presence in these markets has enabled the construction of a global distribution platform that penetrates greater China as well as other South-East Asian countries such as Singapore, Vietnam, Malaysia and Hong Kong. Through an established relationship with a Chinese state owned enterprise agent and multiple Chinese distribution partners as well as distribution agents in other South-East Asian countries, Bellamy's have grown its International sales in FY2014 to approximately 15% of Bellamy's total revenue.

Bellamy's historical and forecast geographic revenue distribution is summarised graphically below which clearly highlights that domestic sales in Australia is the current cornerstone of the business.



3.7.1 Bellamy's online presence

In addition, Bellamy's has established a successful online sales capacity. The Bellamy's brand has been built by its online presence and by word of mouth. As a modern, no-nonsense brand for modern women, Bellamy's take a direct, informed and open-handed approach to online presence and communication.

Bellamy's have built an extensive website that is easy to navigate based on the age of their child. The website also combines an online store so that consumers, particularly those in remote areas, can purchase Bellamy's products conveniently. The Company constantly monitors trends in the online space to ensure the site and contents meet the needs of customers.

Bellamy's provides information and a "resources" list on the web site to provide guidance for new mothers on a variety of topics. Bellamy's also have blog pages where mothers can read about nutrition pre-and post conception, the latest research on child health and development, pregnancy issues and other related topics.

Bellamy's social media program is highly developed, as is the search engine optimisation (SEO) of the website. Bellamy's closely monitors the effectiveness of online marketing activity and social media ROI. The Company is active on Twitter and particularly on Facebook, where follower numbers are growing steadily and are currently around 25,000.

A strong online presence is especially important as it allows for quick, real-time responses to mother's questions.

Bellamy's owns important country-specific domain names that relate to the expansion of business in South-East Asia markets. In 2013, Bellamy's launched a Chinese website with the Singaporean website currently under construction. These sites look very similar to the Australian site, but differ slightly in how the key benefits of Bellamy's are presented in those markets and in the information provided. In all cases, the aim is to ensure that mothers have a positive interaction, regardless of where they might come from, which means providing them with an experience that makes sense contextually.

Consumers in China spend more time online than their counterparts in other regions, making it imperative that Bellamy's meet expectations for usability and response. Not only do they shop and buy more online more often than consumers in other countries, they also like to turn to live support when they have questions, need advice or want to solve a problem.

Having a business established in China means Bellamy's can sell directly online to Chinese customers through Bellamy's official T-Mall store. Bellamy's respond to consumer calls through a third party call centre and monitor comments on the Chinese social media site, Weibo, where the Company posts material.



use only

For personal

Financial Information





4. Financial Information

This Section contains a summary of the historical and forecast financial information prepared by the Directors of Bellamy's (together the **Financial Information**).

The **Historical Financial Information** comprises the:

- pro forma consolidated historical income statements for FY2012, FY2013, 9 months to 31 March 2014 (the **Pro Forma Historical Results**);
 - pro forma consolidated historical cash flow statements for FY2012, FY2013, 9 months to 31 March 2014 (the **Pro Forma Historical Cash Flow Statements**);
 - pro forma consolidated historical balance sheet as at 31 March 2014 (the **Pro Forma Balance Sheet**);
- (together the **Historical Financial Information**).

The **Forecast Financial Information** comprises the:

- statutory consolidated forecast income statements for FY2014 and FY2015 (the **Statutory Forecast Results**);
- statutory consolidated forecast cash flow statements for FY2014 and FY2015, (the **Statutory Forecast Cash Flow Statements**);
- pro forma consolidated forecast income statements for FY2014 and FY2015 (the **Pro Forma Forecast Results**);
- pro forma consolidated forecast cash flow statements for FY2014 and FY2015 (the **Pro Forma Forecast Cash Flow Statements**);

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

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

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (Section 4.1);
- the Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (Section 4.8) and key sensitivities in respect of the Forecast Financial information (Section 4.9); and
- Bellamy's proposed dividend policy (Section 4.10).

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$0.1 million.

4.1 Basis of preparation and presentation of the Financial Information

The Directors of Bellamy's are responsible for the preparation of the Financial Information.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB").

The Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent possible, is consistent with the basis of preparation and presentation for the Historical Financial Information unless otherwise noted.

The Financial Information is presented in an abbreviated format and does not contain all of the disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

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

Bellamy's principal accounting policies are set out in Appendix A.

4.2 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the audited statutory consolidated financial statements for FY2012 and FY2013 and a reviewed set of consolidated statutory financial statements for the nine month period to 31 March 2014 with pro forma adjustments being made to eliminate non-recurring items, to reflect stand alone public company costs and to reflect Bellamy's operating and capital structure that will be in place following Completion of the Offer as set out in Sections 4.4.1, 4.5 and 4.6.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by Moore Stephens. Investors should note the scope and limitations of the Investigating Accountant's Report (refer Section 8).

Refer to Section 4.4.3 for reconciliation between the Statutory Historical Results and Pro Forma Historical Results, to Section 4.6.1 for a reconciliation between the Statutory Historical Cash Flows and Pro Forma Historical Cash Flows and to Section 4.5 for a reconciliation between the Statutory Historical Balance sheet and the Pro Forma Historical Balance Sheet.

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

4.3 Preparation of Forecast Financial Information

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

The Pro Forma Forecast Results and Pro Forma Forecast Cash Flow Statements have been derived from the Statutory Forecast Results and Statutory Forecast Cash Flows (respectively) after adjusting for pro forma transactions and other adjustments to reflect Bellamy's operations following Completion of the Offer and to eliminate non-recurring items and to reflect stand alone public company costs as set out in Sections 4.4.3 and 4.6.1. Both the Statutory Forecast Results and Statutory Forecast Cash Flows Statements for FY2014 consist of reviewed results for the nine months to 31 March 2014 and the Directors' best estimate forecasts for the three months to 30 June 2014. The Statutory Forecast Results and Statutory Cash Flows for FY2015 consist of the Directors' best estimate forecasts for the 12 months to 30 June 2015.

The Forecast Financial Information has been prepared by the Director's based on an assessment of current economic and operating conditions and best estimate assumptions regarding future events and actions as set out in Section 4.8. The Forecast Financial Information is subject to the Key Risks set out in Section 5. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in this Prospectus has been reviewed by Moore Stephens but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (refer Section 8).

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 material negative effect on Bellamy's actual financial performance or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Bellamy's, the Directors and management, and are not reliably predictable. Accordingly, neither Bellamy's, the Directors, nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Forecast Financial Information in Sections 4.4.1 and 4.6 should be read in conjunction with the specific assumptions as set out in Section 4.8.2, the general assumptions as set out in Section 4.8.1, the sensitivities as set out in Section 4.9, the Key Risks as set out in Section 5 and other information in this Prospectus.

Bellamy's has no intention to update or revise the Forecast Financial Information or other 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.

Explanation of certain non-IFRS financial measures

Bellamy's uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These are known as "non-IFRS financial measures" and the principal ones used in this Prospectus are as follows:

- EBITDA is earnings before interest, taxation, depreciation and amortisation; and
- EBIT is earnings before interest and taxation.

These measures are reconciled to NPAT in Section 4.4.1.

Although the Directors believe that these measures provide useful information about the financial performance of Bellamy's, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Bellamy's calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.4

Consolidated historical and forecast income statements

4.4.1

Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

The table below sets out the Pro Forma Historical Results for FY2012 and FY2013, the Pro Forma Forecast Results for FY2014 and FY2015 together with the Statutory Forecast Results for FY2014 and FY2015.

Year Ending 30 June \$'million	Pro Forma Historical Results ¹			Pro Forma Forecast Results ²		Statutory Forecast Results	
	FY2012	FY2013	YTD2014 ³	FY2014	FY2015	FY2014 ⁴	FY2015
Revenue	17.4	28.8	35.9	48.2	83.8	48.2	83.8
Cost of Sales	11.1	18.3	23.0	30.7	53.7	30.7	53.7
Gross Profit	6.3	10.5	12.9	17.5	30.1	17.5	30.1
Total Direct Costs	2.0	3.7	5.8	8.8	14.1	8.8	14.1
GP after Direct Costs	4.3	6.8	7.1	8.7	16.0	8.7	16.0
Employee Costs	1.7	2.4	2.2	2.9	4.4	4.1	4.9
Marketing & Promotion	0.8	1.4	0.6	0.9	3.0	0.9	3.0
Other Costs	1.8	2.1	1.8	2.4	2.3	2.0	2.3
Total indirect costs	4.3	5.9	4.6	6.2	9.7	7.0	10.1
Total other income	0.1	0.3	0.0	0.2	0.6	0.2	0.6
EBITDA	0.1	1.2	2.6	2.7	6.9	1.9	6.5
Depreciation & Amortisation	0.1	0.1	0.1	0.1	0.2	0.1	0.2
EBIT	0.0	1.1	2.5	2.6	6.7	1.8	6.2
Net interest expense/(revenue)	0.0	0.1	0.2	0.2	(0.4)	0.2	(0.4)
(Loss)/Profit before tax	0.0	1.0	2.3	2.4	7.1	1.6	6.6
Income tax expense/(benefit)	(0.4)	(0.4)	0.7	0.6	2.1	0.4	2.1
NPAT	0.4	1.4	1.6	1.8	5.0	1.2	4.5

Notes:

1. The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.4.3.
2. The Pro Forma Forecast Results are reconciled to the Statutory Forecast Results in Section 4.4.3.
3. The Pro Forma Historical Results for YTD2014 are the reviewed results for the nine months to 31 March 2014.
4. Statutory Forecast Results for FY2014 consist of reviewed results for the nine months to 31 March 2014 and the Directors' best estimate forecasts for the three months to 30 June 2014. Section 4.4.4 shows the aggregation of the historical and forecast results which gives rise to the FY2014 Statutory Result.

4.4.2 Key operating metrics

Set out below is a summary of Bellamy's key historical operating metrics for FY2012 and FY2013 derived from the Pro Forma Historical Results, and the forecast key operating metrics for FY2014 and FY2015 derived from the Pro Forma Forecast Results and the Statutory Forecast Results.

Year Ending 30 June \$'million	Pro Forma Historical Results ¹		Pro Forma Forecast Results ²		Statutory Forecast Results	
	FY2012	FY2013	FY2014	FY2015	FY2014 ³	FY2015
Revenue Growth	28%	66%	67%	74%	67%	74%
Gross Profit margin	36.2%	36.5%	36.3%	35.9%	36.3%	35.9%
EBITDA growth	–	–	145%	159%	12%	242%
EBITDA margin	0%	3.8%	5.6%	8.4%	3.9%	7.8%
EBIT growth	–	–	160%	158%	13%	244%
EBIT margin	(1%)	3%	5%	8%	4%	7%
NPAT growth	–	333%	38%	178%	(25%)	275%

Notes:

1. The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.4.3.
2. The Pro Forma Forecast Results are reconciled to the Statutory Forecast Results in Section 4.4.3.
3. Statutory Forecast Results for FY2014 consist of reviewed results for the nine months to 31 March 2014 and the Directors' best estimate forecasts for the three months to 30 June 2014.

4.4.3 Pro Forma adjustments to the Statutory Historical Results and the Statutory Forecast Results

The table below sets out the pro forma adjustments to historical and forecast statutory NPAT to reflect the full period impact of the operating and capital structure that will be in place following Completion of the Offer as if it was in place as at 1 July 2011. In addition, certain other adjustments to eliminate non-recurring items have been made in the period in which they occurred and changes to remuneration arrangements and estimated stand alone public company costs have been reflected across the historical and forecast periods. These adjustments are summarised below:

Year Ending 30 June \$'million	Note	Historical Adjustments			Forecast Adjustments	
		FY2012	FY2013	YTD2014 ⁶	FY2014	FY2015
Statutory NPAT		0.4	1.6	1.7	1.2	4.5
Public company costs	1	(0.4)	(0.4)	(0.3)	(0.4)	
IPO related remuneration adjustment	2	(0.4)	(0.3)	(0.2)	1.2	0.5
Other adjustments	3	0.1	0.1	0.1		
Sale of orchard	4	0.2				
Tax effect	5	0.4	0.3	0.2	(0.1)	
Total Pro Forma adjustments		(0.1)	(0.3)	(0.2)	0.7	0.5
Pro Forma NPAT		0.3	1.3	1.6	1.8	5.0

Notes:

- Public company costs** – an adjustment has been made to include Bellamy’s estimate of the incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Non-executive Director remuneration, Directors’ and Officers insurance premiums, additional audit and legal costs, listing fees, investor relation costs, as well as annual general meeting and annual report costs.
- IPO related remuneration adjustment** – an adjustment has been made to the Statutory Historical results and Statutory Forecast Results for FY2014 to include an uplift in senior management remuneration that will commence on Completion. The uplift in remuneration is already reflected in the FY2015 Statutory Forecast Results. An adjustment has also been made to the Statutory Forecast Result in FY2014 to remove the impact of one-off cash bonuses accruing to employees, Directors and to be paid to senior executives of \$1.4 million in June 2014. An adjustment has been made to the Statutory Forecast Result in FY2015 to remove the impact of a one-off issue of \$0.6 million of options to senior executives of which \$0.5 million is recognised as an expense during the forecast period to 30 June 2015.
- Other operating adjustments** – an adjustment has been made to the Statutory Forecast Results to remove the impact of R&D costs which meet the definition and recognition criteria of development costs in Australian Accounting Standards and can be capitalised on the balance sheet. The Statutory Forecast Results already exclude the impact of R&D costs that meet the Australian Accounting Standard definition and recognition criteria for development costs.
- Sale of land and buildings** – an adjustment has been made to the Statutory Historical Result in FY2012 to remove the impact of the operation and sale of Bellamy’s orchard property and associated plant. Since the sale of the orchard assets, the Company has not owned or operated an orchard and there are no plans to own or operate an orchard during the forecast period to 30 June 2015. The FY2012 statutory net loss after tax for the operation and sale of the orchard assets was \$0.2 million.
- Tax effect** – an adjustment has been made to the Statutory Forecast Results. The Statutory NPAT for YTD2014 is the reviewed results for the nine months to 31 March 2014 to reflect the tax impact of the above adjustments and the annual tax benefit of the IPO and pre-IPO capital raising costs.
- The Statutory NPAT for YTD2014 is the reviewed results for the nine months to 31 March 2014.

4.4.4 FY2014 Statutory Forecast Result

The table below shows the FY2014 Statutory Forecast Result as the result of the aggregation of the reviewed results for the 9 month period to 31 March 2014 and the directors' forecast for the 3 month period to 30 June 2014.

Nine months ending 31 March 2014 \$'million	Historical	Forecast	
	YTD2014	4QFY2014 ¹	FY2014
Revenue	35.9	12.3	48.2
Cost of Sales	23.0	7.7	30.7
Gross Profit	12.9	4.6	17.5
Total Direct Costs	5.8	3.0	8.8
GP after Direct Costs	7.1	1.6	8.7
Employee Costs	2.0	2.1	4.1
Marketing & Promotion	0.6	0.3	0.9
Other Costs	1.6	0.4	2.0
Total indirect costs	4.2	2.8	7.0
Total other income	0.0	0.2	0.2
EBITDA	2.9	(1.0)	1.9
Depreciation & Amortisation	0.1	0.0	0.1
EBIT	2.8	(1.0)	1.8
Net interest expense/(revenue)	0.2	0.0	0.2
(Loss)/Profit before tax	2.6	(1.0)	1.6
Income tax expense/(benefit)	0.9	(0.5)	0.4
NPAT	1.7	(0.5)	1.2

Notes:

1. **4QFY2014 NPAT**– the loss for the 3 months to 30 June 2014 is a result of the one-off cash bonuses accruing to employees, Directors and senior executives of \$1.4 million in June 2014. The cash bonus is included in the pro forma adjustments to the FY2014 Statutory Forecast Result in Section 4.4.3.

4.5

Pro Forma Historical Balance Sheet

The table below sets out the adjustments that have been made to the reviewed Statutory Historical Balance Sheet as at 31 March 2014 to prepare the Pro Forma Balance Sheet for Bellamy's. These adjustments reflect certain pro forma adjustments including the impact of the operating and capital structure that will be in place following Completion of the Offer as if it had occurred or were in place as at 31 March 2014.

	Statutory Historical Balance Sheet ¹	Pro Forma Adjustments ²	Pre IPO Capital Raising ³	Impact of the Offer ⁴	Pro Forma Balance sheet
As at 31 March 2014 \$'million					
Current Assets					
Cash and cash equivalents	1.7	(0.1)	4.8	23.5	29.0
Debtors	6.0				6.0
Prepayments	1.0				1.0
Inventory	5.4				5.4
Total Current Assets	14.1	(0.1)	4.8	23.5	41.4
Non Current Assets					
Plant & Equipment	0.5				0.5
Other	0.3		0.1	0.4	0.8
Total Non Current Assets	0.8	0.0	0.1	0.4	1.3
Total Assets	14.9	(0.1)	4.9	23.9	42.7
Current Liabilities					
Creditors	2.8				2.8
Debtor Funding	0.1				0.1
Other	0.6				0.6
Total Current Liabilities	3.5	0.0	0.0	0.0	3.5
Non Current Liabilities					
Financial Liabilities	0.2				0.2
Total Non Current Liabilities	0.2	0.0	0.0	0.0	0.2
Total Liabilities	3.7	0.0	0.0	0.0	3.7
Net Assets	11.2	(0.1)	4.9	23.9	39.0
Shareholders Equity	10.9	0.0	4.9	23.9	39.7
Options reserve		0.5			0.5
Retained Earnings	0.3	(1.5)			(1.2)
Total Share Capital	11.2	(1.0)	4.9	23.9	39.0

Notes:

- Reflects the reported balance sheet of Bellamy's as at 31 March 2014 per reviewed financial statements.
- Reflects the impact of the following pro forma adjustments related to the IPO:
 - the proposed payment of a one off bonus of \$1.0 million (after tax) to employees, Directors and senior executives of Bellamy's in June 2014; and
 - the proposed one off issue of \$0.6 million of options to senior executives with \$0.5 million of the value of the options to be recognised during the forecast period to 30 June 2015.
- Contributed equity increases by \$4.9 million as a result of the proceeds of the pre-IPO capital raising which is received by Bellamy's through the issue of New Shares offset by the IPO transaction costs (\$0.2 million) applied against equity. A deferred tax asset of \$0.1 million arises as a result of the costs of the pre-IPO capital raising.
- Contributed equity increases by \$23.9 million as a result of that portion of the proceeds of the Offer which is received by Bellamy's through the issue of New Shares offset by the IPO transaction costs (\$1.5 million) applied against equity. A deferred tax asset of \$0.4 million arises as a result of the costs of the Offer.

4.5.1 Indebtedness

Following Completion of the Offer, Bellamy's expects to have a net cash position of approximately \$28.7 million. The table below sets out the net cash position of Bellamy's at 31 March 2014, before and after Completion of the Offer.

As at 31 March 2014 \$'million	Statutory Historical (before Completion)	Pro Forma (after Completion)
Current borrowing	0.1	0.1
Non-current borrowings	0.2	0.2
Cash and cash equivalents	(1.7)	(29.0)
Net cash	1.4	28.7

4.6 Pro Forma Historical Cash Flow Statements, Pro Forma Forecast Cash Flow Statements and Statutory Forecast Cash Flow Statements

The table below set out the Pro Forma Historical Cash Flow Statements and the Pro Forma Forecast Cash Flow Statements and Statutory Forecast Cash Flow Statements.

Year Ending 30 June \$'million	Pro Forma Historical Cash Flow Statements ¹			Pro Forma Forecast Cash Flow Statements ²		Statutory Forecast Cash Flow Statements	
	FY2012	FY2013	YTD2014 ³	FY2014 ⁴	FY2015	FY2014	FY2015
Operating cash flows							
Receipts from customers	18.0	26.6	34.2	45.6	76.2	45.6	76.2
Payments to creditors and employees	(18.8)	(30.8)	(33.1)	(47.6)	(80.4)	(47.6)	(81.2)
Net interest paid	0.0	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Income tax paid	0.3	0.3	(0.2)	(0.5)	(1.4)	(0.5)	(1.2)
Other operating cash flows	0.1	0.1	0.1	0.2	0.2	0.2	0.3
Net operating cash flows	(0.4)	(3.9)	0.8	(2.5)	(5.6)	(2.5)	(6.1)
Capital receipts/(expenditure)	(0.2)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net operating cash flows including capital expenditure	(0.6)	(4.3)	0.7	(2.6)	(5.7)	(2.6)	(6.2)
Equity raising cash flows							
Proceeds from issue of shares				5.0	25.0	5.0	25.0
Costs associated with capital raisings				(0.2)	(1.5)	(0.2)	(1.5)
Net capital raising cash flows				4.8	23.5	4.8	23.5

Notes:

1. The Pro Forma Historical Cash Flow Statements are reconciled to the Statutory Historical Cash Flow Statements in Section 4.6.1.
2. The Pro Forma Forecast Cash Flow Statements are reconciled to the Statutory Forecast Cash Flow Statements in Section 4.6.1.
3. The Pro Forma Historical Cash Flow Statements for YTD2014 is the reviewed cash flow statement for the nine months to 31 March 2014.
4. The Statutory Forecast Cash Flow Statement for FY2014 consist of the reviewed cash flow statement for the nine months to 31 March 2014 and the Directors' best estimate forecasts for the three months to 30 June 2014.

4.6.1 Pro Forma adjustments to the Statutory Historical Cash Flow Statements and Statutory Forecast Cash Flow Statements

The tables below set out the adjustments to the Statutory Historical Cash Flows Statements as well as the Statutory Forecast Cash Flow Statements to reflect the full year impact of the operating and financing structure that will be in place following Completion of the Offer as if it was in place as at 1 July 2011 and to eliminate certain non-recurring items in the year in which they occurred.

Year Ending 30 June \$'million	Notes	Historical Pro Forma Adjustments			Forecast Pro Forma Adjustments	
		FY2012	FY2013	YTD2014	FY2014	FY2015
Statutory net operating free cash flow (including capital expenditure)		1.8	(3.9)	1.0	(2.6)	(6.2)
Public company costs	1	(0.4)	(0.4)	(0.3)	(0.4)	
IPO related remuneration adjustment	2	(0.4)	(0.3)	(0.2)	0.4	0.7
Sale of land and buildings	3	(1.9)				
Tax effect	4	0.3	0.3	0.2	0.0	(0.2)
Total Pro Forma adjustments		(2.4)	(0.4)	(0.3)	(0.4)	0.6
Pro Forma net free cash flow	5	(0.6)	(4.3)	0.7	(2.6)	(5.7)

Notes:

- Public company costs** – an adjustment has been made to include the impact on cash flow of Bellamy's estimate of the incremental annual costs that it will incur as a public company. See Section 4.4.3 note 2 for further information.
- IPO related remuneration adjustment** – an adjustment has been made to the Statutory Historical Cash Flow Statements and the Statutory Forecast Cash Flow Statements for FY2014 to reflect the uplift in senior management remuneration that will commence on Completion of the Offer as described in note 2 in Section 4.4.3. An adjustment has also been made to the Statutory Forecast Cash Flow Statement in FY2015 to remove the impact of a one off cash bonus to be paid to employees, Directors and senior executives of \$1.4 million in July 2015.
- Sale of land and buildings** – an adjustment has been made to the Statutory Historical Cash Flow Statement in FY2012 to remove the impact of the operation and sale of Bellamy's orchard property and associated plant as described in note 4 in Section 4.4.3.
- Tax effect** – an adjustment has been made to the Statutory Forecast Cash Flow Statements Statutory Historical Cash Flow Statements to reflect the tax impact of the pro forma adjustments and the annual tax benefit of the IPO and pre-IPO capital raising costs.
- The statutory net operating free cash flow (including capital expenditure) for YTD2014 has been extracted from the reviewed cash flow statement for the nine months to 31 March 2014.

4.7 Management discussion, analysis and forecast assumptions

4.7.1 General factors affecting the operating results of Historical Financial Information

Below is a discussion of the main factors which affected Bellamy's operations and relative financial performance in FY2012, FY2013 and YTD2014 which Bellamy's 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 Bellamy's historical operating and financial performance, nor everything that may affect Bellamy's operations and financial performance in the future.

4.7.1.1 Increased Australian distribution

Bellamy's is focused on increasing its distribution across Australia to make their products easily accessible to its consumers. During the last 2 years, Bellamy's has developed an in-house sales team in Brisbane, Sydney and Melbourne to facilitate this distribution growth into pharmacy chains and independent grocery outlets. In turn this has led to a diversified group of customers, with over 500 active customers across Australia. Because of this increased distribution, Bellamy's has built brand awareness, which is critical for continuing growth and market share. The growth in distribution channels has resulted in the sales concentration in Bellamy's four largest customers reducing from approximately 80% in FY2012 to approximately 70% in FY2014.

4.7.1.2 Increase in product offering

Bellamy's has launched a number of new products in recent years, most notably the launch of 12 organic baby food pouches suitable for babies and toddlers from 4 months. During YTD2014, Bellamy's developed new products which will be launched in June 2014 and generate sales in FY2015. The new products have been added to the product lists of the two major supermarkets and other retailers.

4.7.1.3 Expansion offshore

With a focus on developing the brands opportunities in Asia, particularly China and South-East Asia, Bellamy's has taken the view that being close to these markets will best facilitate its growth. For this reason, the company has established 100% owned subsidiaries in Shanghai and Singapore, which are responsible for branding, marketing and distribution of Bellamy's in China and South-East Asia, respectively. This has also facilitated direct to retailer trading in Singapore and a complementary and supportive relationship with agents and distributors in China.

The significant costs associated in the set up and licensing of these companies, together with associated professional advice is included in these historical results.

4.7.1.4 Revenue

Bellamy's revenue has grown significantly because of increasing distribution, increasing brand awareness, and product diversification. Historical revenues, particularly from formula and toddler milks have been constrained due to ingredients and manufacturing capacity being unable to meet significantly increasing demand. These issues have been resolved from May 2014 and the Company expects to derive further revenue from distribution gains across Australasia and China and increased brand awareness. Section 4.8.2.2 contains further commentary on historical and forecast revenue.

4.7.1.5 Gross profit margin

Bellamy's operations team is focused on maintaining gross profit margins through a deep understanding of the demands of the organic ingredient supply chain and working with suppliers on long term arrangements. Where there have been unavoidable price increases in manufacturing costs and raw materials, Bellamy's works closely with distribution channels to deliver solutions that are sustainable for both parties. The cost of formula is the largest contributor to the cost of goods sold by Bellamy's. The cost of formula is negotiated with manufacturers for each six month period starting 1 July and 1 January.

4.7.1.6 Costs of doing business

Bellamy's has a relatively fixed cost base that provides it with operating leverage and the ability to grow earnings faster than revenue. Key costs of doing business are employee costs, marketing costs, and other general expenses.

Bellamy's has developed a strong, capable but small team in Launceston, Singapore and Shanghai. The team is passionate and dedicated to the goals of the Bellamy's business and truly represents the brand values of Bellamy's. Historical numbers show that as a percentage of revenue, employee costs were 10% in 2012 and reduced to 6% in 2014.

Marketing for Bellamy's has been centred on the digital space and focused on word of mouth campaigns using social media, SEO and online advertising. Through these mechanisms and bringing many functions in house, Bellamy's has been able to develop strong brand recognition with a carefully managed marketing budget.

Other expenses for the business have reduced as a percentage of revenue from 10% in 2012 to 6% in 2014.

4.7.2

General factors affecting the cash flow of Bellamy's

There are 3 key contributors to Bellamy's cash flow. Trade receivables are a significantly growing component of the business, with more customers and increased revenue. Collection cycles are sound, with very few debtors going outside of normal trading terms. Creditors cycles have not changed from FY2012 to FY2014. Other factors affecting cash flow include inventory purchases, particularly formula as these amounts significantly fluctuate from month to month due to manufacturing cycles.

Bellamy's debtor finance facility has been used to manage monthly fluctuations in working capital.

4.7.3

Pro Forma Historical Results and key performance indicators: FY2013 compared to FY2012

The table below sets out the summary of Pro Forma Historical Results and selected key performance indicators for FY2012 and FY2013.

Year Ending 30 June \$'million	Pro Forma Historical Results		
	FY2012	FY2013	Change
Revenue	17.4	28.8	66%
Cost of Sales	11.1	18.3	65%
Gross Profit	6.3	10.5	68%
<i>Gross Profit Margin</i>	36%	36%	
Total Direct Costs	2.0	3.7	84%
GP after Direct Costs	4.2	6.8	60%
<i>GP after Direct Costs margin</i>	24%	23%	
Employee Costs	1.7	2.4	39%
Marketing & Promotion	0.8	1.4	68%
Other Costs	1.8	2.1	19%
Total indirect costs	4.4	6.0	37%
Total Other Income	0.1	0.3	111%
<i>Indirect Costs as a % Revenue</i>	25%	21%	
EBITDA	0.0	1.1	100%
<i>EBITDA Margin</i>	0%	4%	
Depreciation & Amortisation	0.1	0.1	0%
EBIT	(0.1)	1.0	100%
<i>EBIT Margin</i>	0%	3%	

4.7.3.1 Revenue

The significant increases in revenue were primarily attributable to formula, which experienced a 74% increase in revenue in FY2013 compared to FY2012. Whilst other products continued to grow this was the largest growth sector of the business, and may have been higher had Bellamy's manufacturers and ingredient suppliers been able to meet the sudden and significant increases in demand experienced over this time frame.

4.7.3.2 Gross profit

There were some cost increases from FY2012 to FY2013 for raw materials and manufacturing particularly in baby formula as raw materials were in short supply. These increases were offset against ingredients and manufacturing gains across other products as a result of efficiency gains and a small price increase resulting in a neutral position over FY2012 to FY2013.

4.7.3.3 Direct Costs

Direct costs consist of trade terms discounts and promotional deals, warehousing costs, freight and other incidental costs. The increase from FY2012 to FY2013 is due to trade terms discounts, promotional deals and freight costs which increase in line with increases in Australian sales.

4.7.3.4 Indirect costs

Changes in indirect costs were attributable to the costs ordinarily incurred by a growing business including rent and additional staff, particularly sales employees as the Company was growing distribution channels in pharmacies and independent retailers. Marketing costs decreased as a percentage of revenue by incorporating more aspects of digital and social media into the marketing mix. Travel expenses continued to be a significant part of indirect costs as the business continued to build its presence in Asia and also as a result of interstate requirements.

4.7.3.5 EBITDA and EBIT

EBIT growth between FY2012 and FY2013 is a reflection of the business being able to manage operating costs whilst growing the revenue of the business at a faster rate.

The Bellamy's business does not hold significant depreciable assets and so the difference between EBIT and EBITDA is around \$0.1 million each year and consistent across both years.

4.7.4 Pro Forma Historical Cash Flow Statements: FY2012 compared to FY2013

The table below sets out the summary Pro Forma Historical Cash Flow Statements.

Year Ending 30 June \$'million	Pro Forma Historical Results		
	FY2012	FY2013	Change
Operating cash flows			
Receipts from customers	18.0	26.6	48%
Payments to creditors and employees	(18.8)	(30.8)	64%
Net interest paid	0.0	0.0	0%
Income tax paid	0.3	0.3	0%
Other operating cash flows	0.1	0.1	0%
Net operating cash flows	(0.4)	(3.9)	871%
Capital expenditure	(0.2)	(0.4)	105%
Net operating cash flows including capital expenditure	(0.6)	(4.3)	616%

The core cash flow requirements of the business continue to be managing the increasing trade receivables as a result of increased demand, and managing sufficient stock levels to meet forecast demand. Trade payables remain within terms and there are no significant changes to payment terms on either trade payables or receivables. The debtor finance facility was used by the Company in FY2012 and FY2013 to manage the working capital requirements of the business.

4.8 Forecast Financial Information

The Forecast Financial Information has been prepared based on the principal accounting policies adopted by Bellamy's which are in accordance with Australian Accounting Standards and are disclosed in Appendix A. It is assumed that there will be no changes to Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on Bellamy's accounting policies during the Forecast Period.

The Forecast Financial Information is based upon various best estimate assumptions concerning future events, including those set out below. In preparing the Forecast Financial Information, Bellamy's has undertaken an analysis of the historical performance of the products and applied

assumptions in order to forecast future performance for FY2014 and FY2015. Bellamy's 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 4.8.1.

However, actual results are likely to vary from those forecast and any variation may be materially positive or negative. The assumptions upon 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 Bellamy's and its Directors, and are not reliably predictable.

Accordingly, none of Bellamy's, 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 amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.9, the Key Risks set out in Section 5 and the Investigating Accountant's Report on the Forecast Financial Information set out in Section 8. A reconciliation of the Pro Forma Forecast Results to the Statutory Forecast Results is set out in Section 4.4.3.

4.8.1 General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted:

- No material change in the competitive operating environment in which Bellamy's operates;
- No material changes in the Australian Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance of cash flows, financial position, accounting policies, financial reporting or disclosure of Bellamy's during the Forecast Period;
- No material changes in the tax legislation, regulatory legislation, regulatory requirements or government policy in the foreign jurisdictions in which Bellamy's has sales and operations that will have a material impact on the financial performance of cash flows, financial position, accounting policies, financial reporting or disclosure of Bellamy's during the Forecast Period;
- No significant deviation from current market expectations of general economic and business conditions including levels of inflation, employment and interest rates relevant to the baby food industry for the period;
- No material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporation Act which have a material effect on Bellamy's financial performance, financial position, accounting policies, financial reporting or disclosure;
- No material supply disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of Bellamy's;
- No material changes in key personnel;
- No material cash flow, income statement or financial position impact in relation to litigation or dispute (existing or otherwise);
- No material acquisitions or disposals of businesses;
- No material changes to Bellamy's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- No material disruptions to the continuity of operations of Bellamy's nor other material changes in its business;

- No material amendment to any material agreement or arrangement relating to Bellamy's business other than set out in, or contemplated by, this Prospectus;
- None of the Key Risks listed in Section 5 have a material adverse impact on the operations of Bellamy's; and
- The Offer proceeds are received in accordance with the timetable and terms detailed in Section 7 of the Prospectus and is underwritten.

4.8.2 Specific assumptions

4.8.2.1 Pro Forma Historical Results and Pro Forma Forecast Results: FY2015 compared to FY2014 and FY2014 compared to FY2013

The Pro Forma Forecast Results for the year ending 30 June 2014 have been prepared on the basis of the reviewed Pro Forma Historical Results for the nine months ended 31 March 2014 and Bellamy's Pro Forma consolidated forecast income statement for the three months ending 30 June 2014. Bellamy's forecast for the three months ending 30 June 2014 also has regard to the current trading performance of Bellamy's up until the Prospectus Date.

The table below sets out the Pro Forma Forecast Results for FY2014 compared to the Pro Forma Historical Results for FY2013 and the Pro Forma Forecast Results for FY2015 compared to the Pro Forma Forecast Results for FY2014.

Year Ending 30 June \$'million	Pro Forma Historical Results and Pro Forma Forecast Results				
	FY2013	FY2014	Change	FY2015	Change
Revenue	28.8	48.2	67%	83.8	74%
Cost of Sales	18.3	30.7	68%	53.7	75%
Gross Profit	10.5	17.5	67%	30.1	72%
<i>Gross Profit Margin</i>	36%	36%		36%	
Total Direct Costs	3.7	8.8	138%	14.1	60%
GP after Direct Costs	6.8	8.7	28%	16.0	84%
<i>GP after Direct Costs margin</i>	23%	18%		19%	
Employee Costs	2.4	2.9	21%	4.4	52%
Marketing & Promotion	1.4	0.9	(36%)	3.0	233%
Other Costs	2.1	2.4	14%	2.3	(4%)
Total indirect costs	5.9	6.2	3%	9.7	55%
Total Other Income	0.3	0.2	(33%)	0.6	200%
<i>Indirect Costs as a % Revenue</i>	21%	13%		11%	
EBITDA	1.2	2.7	145%	6.9	159%
<i>EBITDA Margin</i>	4%	6%		8%	
Depreciation & Amortisation	0.1	0.1	0%	0.2	100%
EBIT	1.1	2.6	160%	6.7	158%
<i>EBIT Margin</i>	3%	5%		8%	

4.8.2.2 Revenue

Revenue through FY2015 is forecast from a combination of deeper penetration to the Australian market through distribution gains outside of the Eastern Sea board, continued distribution through the pharmacy channels, and new product launches with existing channels. Similar depths of distribution are planned for South-East Asia and China.

The forecast revenue has been calculated by reference to:

- current distribution channels;
- current units per store per week;
- historic growth rates;
- planned future distribution channels;
- contracted minimum volumes with China agent; and
- known new product launches with agreed distribution.

The table below summarises the contribution to sales growth from FY2014 to FY2015 of the material assumptions discussed below.

	Sales growth FY2015			
	Australia	China	South-East Asia & Hong Kong	Total
FY2014 sales	\$40.8m	\$5.3m	\$2.1m	\$48.2m
Increase in sales to major retailers and independent groups	\$12.6m		\$2.7m	\$15.3m
Sales from new product ¹	\$6.0m			\$6.0m
Increase in sales to distributors		\$14.3m		\$14.3m
Total	\$59.4m	\$19.6m	\$4.8m	\$83.8m

Note:

1. UHT launched July 2014.

The following tables show the historic and forecast growth in sales in FY2013, FY2014 and FY2015 of Bellamy's and related commentary.

Australia

	Australia		
	FY2013	FY2014	FY2015
Formula	92%	107%	28%
Food	28%	57%	128%
Total	78%	99%	40%

From FY2012 through FY2014, Bellamy's focused on building and consolidating its position in the Australian market. This was achieved through growing distribution channels, increasing ranging in Australian supermarkets and consolidating the brand message and positioning.

During this period significant increases in revenue resulted from increased ranging through the major supermarkets in response to the increasing demand for Bellamy's organic baby food and formula and therefore the units sold per store per week.

Despite the growth in revenue, Bellamy's experienced constrained growth in FY2012, FY2013 and FY2014 due to significantly increasing demand for its baby formula range and an inability to respond to this demand quickly. Bellamy's ability to meet the growing demand was constrained by insufficient global supply of ingredients and being unable to increase ingredient availability and manufacturing capacity in line with the demand. These constraints were overcome in the second half of FY2014 and the Company is now satisfied, subject to the Key Risks in Section 5, that sufficient product can be manufactured to meet forecast sales growth in FY2015 and to meet target inventory levels.

In late FY2013 Bellamy's launched its range in the Chemist Warehouse chain (via Sigma) offering the complete range of Bellamy's products in around 250 stores across Australia. This has been a strong contributor to revenue in FY2014 and will continue in FY2015.

In late FY2014 Bellamy's launched its baby formula range in Costco and this has delivered strong results. The FY2015 forecast reflects a full year of sales to Costco.

In FY2014 Bellamy's increased the number of independent retail group customers by 51% from 234 to 353 customers. In FY2015 Bellamy's is forecasting independent customers to increase by approximately 37% based on continued growth on the Eastern Sea Board and establishing dedicated sales teams in Western Australia and South Australia. During FY2015 Bellamy's will also employ additional sales representatives in Queensland. The first appointment is expected in July 2014.

Based on an understanding of the opportunities in the baby formula market in Australia, the Company expects to continue to benefit from distribution gains in FY2015, coupled with the benefits from growth in brand awareness and the de-constraining of supply to meet market demand.

In the baby food market, Bellamy's benefited from increased ranging from FY2012 through FY2014 in the major retailers as Bellamy's increased brand and product awareness and worked collaboratively with retail partners. Ranging and product facings have increased in major retailers as a result. Bellamy's has also achieved increased distribution for its food products through its specialised sales force working directly with pharmacy and independent retail stores and expects the benefits from this distribution increase to continue through FY2015. These relationships held directly with retailers have underpinned the growth of the brand in independent retailers across Australia. As noted above, Bellamy's is forecasting a 37% increase in independent retail customers in FY2015.

Bellamy's has one major product launch planned for FY2015 and distribution has been agreed with Bellamy's 4 largest Australian customers and will be supported by the rollout to the independent retail network through Bellamy's sales team. Given retailer support and the fact that the product has been listed by Bellamy's 4 largest customers, the Company is forecasting this will contribute 17% of the revenue growth for the Company in FY2015.

China

	China		
	FY2013	FY2014	FY2015
Formula	34%	6%	264%
Food	-	-	-
Total	34%	6%	264%

China sales have historically been constrained as the Company has focused on building its roots and brand equity in Australia. As noted previously, Bellamy's has had a constrained growth pattern in FY2012 to FY2014 due to the increasing demand for the products in the Australian market and an inability to satisfy the immediate demand. Bellamy's was committed to ensuring its Australian demand was met as a priority and as a result, sales to China were constrained. As noted in the commentary on Australia above, the supply and manufacturing constraints were addressed during FY2014 which will allow Bellamy's to sell sufficient product to China to meet forecast sales and build inventory levels to the Company's target holdings of 6 month of China sales.

Despite the shortage of product, the demand and brand recognition in China for Bellamy's baby formula products has grown. Bellamy's FY2012 sales to China were \$3.8 million and from this base the Company continues to grow its revenue in China. Since FY2012, Bellamy's has built close relationships with a supportive distribution network in China, enhanced by a strong state owned enterprise in the agency role since late FY2013.

During 2014 Bellamy's appointed a Sales Manager with previous experience with a major international formula company, to expand sales within the key mother and baby chain stores and supermarket chains. Supporting this strategy is a distribution contract with the state owned enterprise with an agreed minimum purchase volume with a value of approximately \$13.0 million. Bellamy's FY2015 forecast assumes that Bellamy's will activate the additional distribution channels in the second half of the financial year.

As at the Prospectus Date the Company had sufficient inventory in China to satisfy approximately 3½ months of forecast demand. The Company is confident that the registration issues presently affecting Bellamy's ability to import into China (refer Section 5.1.7) will be resolved in time to prevent the full depletion of existing inventory. In particular, the Company has in place arrangements that it is confident will allow product to be available for shipment to China within approximately 6 weeks from the date of this Prospectus and on terms that will involve no material additional cost.

On the basis of this the Company assumes that inventory levels will not be fully depleted at any stage, that Bellamy's is able to fulfil its intention to replenish stock levels to approximately 6 months of forecast inventory and therefore, that any delay that has been caused by the registration issues that have prevented the Company importing its products into China will not have a material impact on the financial forecasts.

Bellamy's receives payment for product within 90 days of shipment by way of an irrevocable letter of credit.

South-East Asia

	South-East Asia		
	FY2013	FY2014	FY2015
Formula	38%	(26%)	151%
Food	4%	(3%)	178%
Total	31%	(23%)	156%

Similarly to China sales for formula, formula sales to South-East Asia experienced good growth in FY2013, but were not able to be maintained in FY2014 due to supply constraints. These constraints were overcome in FY2014 and initiatives including direct to retailer relationships, established in late FY2014, and increased marketing presence are already demonstrating results.

In baby food, infrastructure has been put in place to deliver strong growth, from a relatively small base in FY2012 of \$0.3m, to capture latent demand in the retail markets across South-East Asia. This includes increased distribution and ranging in major retailers across the region.

In South-East Asia, Bellamy's will continue to consolidate its direct to market presence in Singapore, and repeat this model in existing and new markets where Bellamy's products have an unfulfilled demand. Bellamy's has recently employed a Regional Sales Manager to develop direct to retail sales in Singapore and increase distribution in Vietnam and Malaysia. This is supported by increased marketing and promotion activity.

4.8.2.3 Gross profit

Bellamy's does not expect any significant changes to its gross profit margin across its product range in FY2015 as the cost of raw materials, ingredients and manufacturing are expected to remain stable across the product range. This is based on industry knowledge and supply contracts.

Gross profit margin is forecast to be 36% in FY2015 which is consistent with the gross profit margins achieved by Bellamy's in FY2012, FY2013 and FY2014 as shown in Sections 4.7.3 and 4.8.2.

4.8.2.4 Direct costs

Trade term discounts and rebates are based on negotiated trading terms with customers and are within normal market parameters. The percentage discounts and rebates are forecast to remain consistent during the forecast period. In FY2015 additional promotion costs are forecast for the China online store based on planned campaigns.

Freight and warehousing costs have been forecast based on analysis of the historic costs as a percentage of Australian sales.

4.8.2.5 Indirect costs

Indirect costs have been forecast based on historic costs with increases in line with historical increases, planned additional expenditure and management's expectations:

- (a) marketing costs which are forecast to increase in FY2015 as a result of additional advertising for new product launches, additional market research for proposed new products for FY2016, and the introduction of a loyalty program for China consumers;
- (b) employee costs which include additional sales staff in Queensland, New South Wales and South Australia to implement the growth strategies in those regions and staff in head office to support the growth in the business. FY2015 also includes a full year of employment costs in the China and Singapore offices where as FY2014 includes approximately 5 months; and
- (c) other costs in FY2014 include the costs of establishing subsidiaries and offices in China and Singapore. This accounts for \$0.2 million of additional costs in FY2014.

4.8.2.6 EBIT

In line with previous years the Company continues to benefit from a strong management focus on costs while growing the revenue line at 67% in FY2014 and 74% in FY2015. As a result, EBIT increase to 8% in FY2015 from 5% in FY2014 and 3% in FY2013.

4.8.3 Pro Forma Historical Cash Flow Statement and Pro Forma Forecast Cash Flow Statement: FY2014 compared to FY2013 and FY2015 compared to FY2013

Table below sets out the summary of the Pro Forma Historical Cash Flow Statement for FY2013 and the Pro Forma Forecast Cash Flow Statements for FY2014 and FY2015.

Year Ending 30 June \$'million	Pro Forma Historical and Pro Forma Forecast Cash Flow Statements				
	FY2013	FY2014	Change	FY2015	Change
Operating cash flows					
Receipts from customers	26.6	45.6	72%	76.2	67%
Payments to creditors and employees	(30.8)	(47.6)	54%	(80.4)	69%
Net interest paid	0.0	(0.2)	100%	(0.2)	0%
Income tax paid	0.3	(0.5)	100%	(1.4)	211%
Other operating cash flows	0.1	0.2	277%	0.2	68%
Net operating cash flows	(3.9)	(2.5)	37%	(5.6)	126%
Capital expenditure	(0.4)	(0.1)	(79%)	(0.1)	0%
Net operating cash flows including capital expenditure	(4.3)	(2.6)	40%	(5.7)	118%

The growth trajectory of Bellamy's requires the Company to continue to manage increasing trade receivables and retain sufficient inventory levels to meet forecast sales. Payment terms on trade payables and trade receivables are forecast to remain within terms, consistent with historic results.

The net cash at Completion of the Offer of \$28.7 million will provide Bellamy's the flexibility to manage working capital requirements during the Forecast Period without the need to utilise the existing debtor finance facility.

4.9 Sensitivity analysis

The Forecast Financial Information included in Sections 4.4.1 and 4.6 is based upon a number of estimates and assumptions as described in Section 4.8. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Bellamy's, 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 key sensitivity of the Pro Forma Forecast Results for FY2015 to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown. For the purpose of this analysis, each sensitivity is presented in terms of the impact of each on FY2015 Pro Forma forecast NPAT of \$5.0 million and is set out below.

Summary of key sensitivities

Assumption	NPAT Impact \$	NPAT Impact %
Sales price (+/- 3%)	1.3	26.12%
Sales volume (+/- 10%)	1.2	24.00%
Cost of sales (+/- 5%)	1.8	35.89%
Other operating costs (+/- 10%)	0.2	3.93%

Care should be taken in interpreting each sensitivity. The estimated impact of changes in each of these assumptions has been calculated in isolation from changes in other assumptions, in order to illustrate the likely impact on the Pro Forma Forecast Results for FY2015. In reality the effects of movements may be offset or compounded by movements in other variables. Furthermore in the normal course of business, Management would be expected to respond to any adverse change in these key variables to minimise the net effect on financial performance.

Sensitivity analysis has not been performed on the Pro Forma Forecast Result for FY2014 as only the 3 month period from 1 April 2014 to 30 June 2014 is a forecast. The 9 month period to 31 March 2014 is the historical result.

4.10 Dividend policy and forecast distribution

No dividend will be paid following Listing in respect of the FY2014 fiscal year.

Subject to forecasts being achieved and other relevant factors, it is the current intention of the Board to declare a final dividend in respect of FY2015. In determining whether to declare future dividends, the Directors will have regard to Bellamy's earnings, overall financial condition and requirements, the outlook for the organic baby food industry, the taxation position of Bellamy's and future capital requirements. It is expected that all future dividends will be franked to the maximum extent possible.

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Key Risks





5. Key Risks

Introduction

This Section 5 describes some of the potential risks associated with Bellamy's business and the industry in which it operates, and the risks associated with an investment in Shares.

Bellamy's is subject to a number of risks both specific to Bellamy's and of a general nature, which may either individually or in combination adversely affect the future operating and financial performance of Bellamy's, its investment returns and the value of its Shares.

Investors should note that this Section 5 does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of Bellamy's, its Directors and management. There can be no guarantee that Bellamy's will achieve its stated objectives or that any forward looking statement or forecasts will eventuate.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters, including the risks described in this Section of the Prospectus, and have regard to their own investment objectives, financial circumstances and taxation position before investing in Bellamy's. If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Shares or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

5.1 Risks specific to an investment in Bellamy's

5.1.1 Certified organic

A key factor to Bellamy's success and consumer's identification with the Bellamy's organic brand is the certification of Bellamy's products as organic. This relies upon the raw materials and product ingredients meeting the requirements specified by the certifying bodies. Quality control issues in respect of raw materials and ingredients that result in the finished products not being certified as organic could have a material adverse impact on the Bellamy's brand and consequently Bellamy's financial performance its future prospects and the Share price.

5.1.2 Raw material supply

The availability of certified organic raw materials to meet the growing demand of Bellamy's products is a critical part of supply chain management. Should there be interruptions in the Bellamy's supply chain or economic or environment events impacting the availability of these raw materials then this could have a material adverse impact on Bellamy's ability to meet consumer demand and impact the financial performance and future prospects of the business.

5.1.3 Manufacturing

Bellamy's utilises a number of manufacturers across the product range.

There is a concentration of manufacturing with one provider, Tatura Milk Industries Limited ("**TMI**"), in relation to baby formula production. There is no formal manufacturing contract in place between Bellamy's and TMI, although the parties have worked together for many years and are currently discussing a formal manufacturing contract. Should there be a disruption with this particular manufacturer or the manufacturer elects not to continue manufacturing baby formula for Bellamy's then this could have a material adverse impact on Bellamy's ability to meet consumer demand and may impact the financial performance and future prospects of the business.

5.1.4 Product concentration

Bellamy's product mix and revenues are highly dependent on baby formula. This product category generated 87% of sales in FY2013 and is forecast to generate approximately 85% of sales in FY2014. Adverse changes in consumer demand for Bellamy's baby formula could have a material adverse impact on Bellamy's financial performance and future prospects of the business

5.1.5 Distribution concentration

Currently Bellamy's revenue is concentrated in the Australian market with estimated FY2014 revenue of approximately 85% coming from this market. Within this channel approximately 70% of revenue is derived from four large customers. Should any large distributors channel elect to disrupt the distribution of Bellamy's products this could have a material adverse impact on Bellamy's financial performance and future prospects of the business.

5.1.6 Competition

Bellamy's participates in a highly competitive FMCG global business against materially larger global competitors who have significantly more access to capital and resources. Should any of Bellamy's competitors participate more aggressively on price, product, innovation or other means, this could have a material adverse impact on Bellamy's financial performance and the future prospects of the business.

5.1.7 Specific China Regulatory Risk

The Chinese government has instituted an imported dairy food products regulatory regime that requires, among other things, certain foreign manufacturing facilities to complete a registration process. This requirement applies to the TMI facility used to blend and pack Bellamy's baby formula products. As at the Prospectus Date, the TMI facility has not satisfied the relevant regime requirement. Consequently, the Company's baby formula that is blended and packed at that facility is currently unable to be imported into China. While it is entirely a matter for the relevant Chinese authorities, it is the opinion of the Company that the TMI facility contains the standards and features required for registration. Due to significant stock levels in China this current situation has not had any material impact on Bellamy's sales to date.

In Section 9.4.4 there is a summary of the material terms of the Company's distribution arrangements in China, including the existing distribution agreement with a Chinese state owned enterprise. There is a risk given the above regulatory matter that the Company will not be able to supply the minimum order quantity of approximately \$12.8 million of product under the current term of that agreement.

Importantly, a current TMI subcontracted blending and canning facility has been approved under the Chinese regime. As a contingency, Bellamy's has reached an in principle verbal agreement with the subcontracted facility to undertake the relevant production arrangements that would permit Bellamy's products to be imported into China in the event that this is unable to occur via the TMI facility.

5.1.8 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 ingredients and/or products. Changes to the regulatory environment could have a material effect in a number of ways. For example, the financial and production effects resulting from changing requirements to:

- product packaging and/or labelling requirements as a requirement of increases to mandatory dietary content disclosures; or
- the introduction of taxation measures that reference food content; and/or
- restrictions that prevent or restrict access to markets by amendments to regulations governing the export or importation of products. (i.e. Free Trade Agreements).

While the Directors are not aware of any current issues other than the China regulatory issue noted above, or any impending regulatory change in relevant markets, there is the potential for any such measures to materially reduce Bellamy's revenues and/or increase its costs.

5.1.9 Brand and reputation

The Bellamy's portfolio of brand names and related intellectual property are key assets of the business. The reputation and value associated with these brands and related intellectual property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of Bellamy's.

Significant erosion in the reputation of, or value associated with Bellamy's brands, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for Bellamy's products.

5.1.10 Failure to grow

There is a risk that Bellamy's will be unable to offer a sufficient number of successful new products which could potentially result in reduced or negative growth.

There is a risk that new Bellamy's products developed and launched to the market may be unprofitable because they are not supported by sufficient market interest and purchases or otherwise not adequately marketed and fail to sell. There is also a risk that new products:

- waste operating costs;
- incur operating costs earlier than necessary or greater than forecast; and/or
- impact revenues of existing products to a greater extent than predicted.

5.1.11 Reduced demand

There is a risk that consumer dietary preferences and/or consumer preferences for baby food products will evolve such that demand for Bellamy's products is reduced.

5.1.12 Loss of key personnel

Bellamy's success depends to a significant extent on its key personnel, in particular Laura McBain and the rest of her management team discussed in Section 6.2. Laura McBain and her team have extensive experience in, and knowledge of, Bellamy's business and the FMCG market. The loss of key management personnel, and in particular Laura McBain, or any delay in their replacement could have a significant adverse effect on the management of the Company, its financial performance and future prospects.

5.1.13 Retail environment

There may be an economic downturn in Australia or the overseas markets that may cause the retail environment to deteriorate as consumers reduce their retail spending of discretionary items. This may result in reduced turnover or Bellamy's not achieving its financial forecasts in Australia or overseas markets.

5.1.14 Product Contamination and Recall

As a producer of food products, Bellamy's is subject to a general risk that any product contamination or product recall issue (however caused) could have a material adverse affect on the Company's brand and thus its financial performance. The Company employs a number of measures to minimise the risk in this area (such as requiring manufacturers to have current food safety accreditation and the Company having in place appropriate insurances).

5.1.15 Foreign Exchange

To date, all business has been primarily conducted in Australian dollars. However as the business further expands into Asia, it is anticipated that some business will be conducted in foreign currencies. Hence, foreign currency risk may become more relevant over time.

5.2 General risks

5.2.1 Economic conditions

General economic conditions in Australia and overseas, including the introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Changes in general economic conditions that impact negatively on disposable income could affect customer expenditure in retail pharmacies, stores and supermarkets which may adversely affect the Company's profitability.

5.2.2 Market conditions

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

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

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

5.2.3 Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

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Key Individuals, Interests and Benefits



6. Key Individuals, Interests and Benefits

6.1 Board of Directors

At Listing the Board will comprise four members, consisting of the Non-executive Chair, the Managing Director and CEO and two Non-executive Directors. The Directors of Bellamy’s bring to the Board a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience.

Director	Expertise, experience and qualifications
 <p>Rob Woolley Non-executive Chair <i>Member of the Remuneration and Nomination Committee</i> <i>Member of the Finance, Audit and Risk Committee</i></p>	<p>Rob was appointed as Chair on the formation of the Company in 2007.</p> <p>Rob’s expertise has been instrumental in the growth of the Company to date.</p> <p>Rob is presently Chairman of Tandou Ltd, a director of Freycinet Coast Financial Services Ltd and a board member of Forestry Tasmania and the not-for-profit, Tasmanian Leaders Inc.</p> <p>Previously Rob was Managing Director of Websters Limited following twenty years as a partner at Deloitte.</p> <p>Rob holds a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants.</p>
 <p>Laura McBain Managing Director and CEO</p>	<p>Laura has overseen significant change, innovation and business growth since her appointment as General Manager of Bellamy’s in 2006 and subsequent appointment as Chief Executive Officer (“CEO”) in 2011 and Managing Director and CEO in 2014.</p> <p>Prior to joining Bellamy’s, Laura practised as an accountant and specialised in the areas of providing business advisory and taxation services.</p> <p>Laura holds a Bachelor of Commerce and in 2013 completed the IMD Leadership Challenge. In 2013, Laura was named as the Telstra Tasmanian Business Woman of Year 2013 and she went on to be named the Telstra Australian Business Woman of Year for 2013 (Private and Corporate).</p>

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Director	Expertise, experience and qualifications
 <p>Ian Urquhart Independent Non-executive Director</p> <p><i>Member of the Remuneration and Nomination Committee</i></p> <p><i>Chair of the Finance, Audit and Risk Committee</i></p>	<p>Ian was appointed as a non-executive director and the company secretary on the formation of the Company in 2007. He resigned as Company Secretary in June 2014.</p> <p>Ian brings a wealth of financial expertise and business experience to the Board, having previously been a Chief Financial Officer and director of the PGA Group Pty Ltd for over thirty years and teaching finance and accounting at Monash University.</p> <p>Ian has a Bachelor of Commerce, a Masters in Administration and is a certified practising accountant (CPA).</p>
 <p>Michael Wadley Independent Non-executive Director</p> <p><i>Chair of the Remuneration and Nomination Committee</i></p> <p><i>Member of the Finance, Audit and Risk Committee</i></p>	<p>Michael was appointed a Non-executive Director in 2014.</p> <p>Some 12 years ago Michael relocated to Shanghai where he now resides with his family.</p> <p>Michael has extensive experience over the past 20 years providing corporate advisory and legal services to foreign investors throughout China and to Chinese groups investing offshore.</p> <p>Michael is a principal at Wadley Consulting Shanghai Co. Ltd, a Senior China Consultant for Hopgood Gamin, on the Board of Directors of the Australian Chamber of Commerce in Shanghai and is a Co-Chair of the Chamber's Financial Services Industry Working Group, a committee member of the Australian China Business Council, Queensland, and a member of the Australian Institute of Company Directors.</p> <p>Michael holds a Bachelor of Laws from Queensland University, and is admitted to practice the Supreme Court of Queensland, the High and Federal Courts of Australia, and is registered as a foreign lawyer in China and Hong Kong.</p>

The composition of the Board committees and details of its key corporate governance policies are set out in Section 6.7.

The Board has considered the Company's immediate requirements as it transitions to an ASX listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills.

Each Director has confirmed to Bellamy's that they anticipate being available to perform their duties as an executive Director or Non-executive Director of Bellamy's without constraint from other commitments.

6.2 Senior Management Team

Executive	Expertise, experience and qualifications
<p>Brian Green Chief Financial Officer & Company Secretary</p>	<p>Brian has been performing the role of the Chief Financial Officer (“CFO”) of Bellamy’s since 2007. He was appointed Company Secretary in June 2014.</p> <p>Brian’s extensive management accounting experience has been gained through working as a management accountant for a wide variety of businesses, including many agribusinesses. Brian has also practised as an accountant in the areas of tax and business advisory work for a number of organisations including Deloitte Touche Tohmatsu.</p> <p>Brian is currently a Director of JR Green Pty Ltd (property management) and BRG Management Pty Ltd (accounting services).</p> <p>Brian holds a Bachelor of Business Accounting and is a Member of the Institute of Chartered Accountants (ICAA) and is a past recipient of its Tasmanian PY Award.</p>
<p>Rod Lyon Operations Manager</p>	<p>Rod was appointed as Operations Manager of Bellamy’s in 2012 having previously been General Manager of Operations at Tamar Ridge Wines and Operations Manager at Reynolds Wines.</p> <p>Rod is responsible for new product development, production, logistics and compliance management.</p> <p>Rod has an Advanced Diploma in Farm Management and an Advanced Diploma in Horticulture.</p>
<p>Chris Flahey Sales Director (Australia & South-East Asia)</p>	<p>Chris was appointed as the Sales Director of Bellamy’s in 2012.</p> <p>Chris was previously a Director at Freshy’s and prior to that, the National Business Manager at Simplot Australia for twelve years and the Business Manager at SPC for five years.</p> <p>Chris’s role includes responsibility for sales strategies and implementation for Australia and South-East Asia. Chris has a Bachelor of Business.</p>
<p>Jiong Ou (Henry) Hong National Sales Director – China</p>	<p>Henry commenced with Bellamy’s in Shanghai in October 2012 and has responsibility for commercial operations and sales of Bellamy’s product in China.</p> <p>Henry’s extensive experience in food sales and development has been gained through his previous roles as the National Sales Director, and National Sales Manager and Sales Manager Foods for Kerry Ingredient Food Trading Shanghai.</p> <p>Henry holds a Bachelor of Commerce and a Bachelor of Engineering and Computer Systems.</p>

Executive	Expertise, experience and qualifications
<p>Chris Sherbon Marketing Director</p>	<p>Chris is the owner and director of Synthesis Consulting and has been providing branding, marketing, promotion and communication strategies for Bellamy's Organic from 2009.</p> <p>Chris has an extensive background and over forty years' experience in business development, brand management and advertising in the United Kingdom and Australia.</p> <p>Chris has a Bachelor of Science (Double Hons) in Chemistry and Business Studies from Loughborough University, United Kingdom and has completed executive management courses in Strategic Marketing and Competing through Services at Stanford University and IMD Lausanne respectively. Chris is a Graduate Member of the Australian Institute of Company Directors.</p>

6.3 Interests and Benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out in this Prospectus, no:

- Director or proposed Director of Bellamy's;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of the Prospectus with ASIC, or has held in the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

6.4 Interests of Advisers

Bellamy's has engaged the following professional advisers in relation to the Offer:

- Wilson HTM has acted as Lead Manager and Underwriter to the Offer and the fees payable to the Lead Manager pursuant to the Underwriting Agreement are described in Section 9.4.4;
- Groom Kennedy has acted as Australian legal adviser (except in relation to taxation matters) to Bellamy's in relation to the Offer. Bellamy's has paid, or agreed to pay, approximately \$210,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Subsequently, fees will be charged in accordance with normal charge out rates.
- Moore Stephens has acted as the Investigating Accountant on, and has performed work in relation to, the Financial Information and has performed work in relation to its Investigating Accountant's Report in Section 8. Bellamy's has paid, or has agreed to pay, approximately \$175,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Moore Stephens under time based charges.

Bellamy's will pay these amounts, and other expenses of the Offer, out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.4.

6.5 Directors' interests and remuneration

6.5.1 Managing Director and CEO

Bellamy's has entered into an agreement with Laura McBain that governs Laura's agreement with the Company. Refer to Section 6.6.1 for further details. As noted in Section 1.7, prior to the Prospectus Date, Laura McBain has been allocated cash bonuses totalling \$700,000 before tax for past services.

6.5.2 Non-executive Director Remuneration

Under the Constitution, the Directors decide the total amount paid to each Director as remuneration for their services. Under ASX Listing Rules, the total amount paid to all non-executive Directors must not exceed in total in any financial year the amount fixed in a general meeting of the Company. This amount is currently \$600,000.

Annual Directors fees that have been agreed to be paid from the date of Listing are \$125,000 to the Chair, and \$55,000 to each non-executive Director. In addition, on an annual basis, the Chair of the Finance, Audit and Risk Committee will be paid \$5,000 and the Chair of the Remuneration Committee will be paid \$5,000. Other committee members will receive \$2,500 per annum. The remuneration must not include a commission on, or a percentage of, the profits or income of the Company. Superannuation is not included in the rates.

Directors may also be reimbursed for travel and other expenses incurred in attending to Bellamy's affairs.

Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the Company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

As noted in Section 1.7, prior to the Prospectus Date, entities associated with Rob Woolley and Ian Urquhart have been allocated cash bonuses totalling \$400,000 and \$50,000 before tax, respectively.

6.5.3 Directors' interests in Shares and other securities

Directors are not required under the Constitution to hold any Shares in Bellamy's. The Directors (and their associates) are entitled to apply for Shares in the Offer. The Directors (and their related parties') interests in the Company will hold the following Shares at Listing:

Director	Shares held on Completion	% post-IPO	Options held on Completion ⁽¹⁾
Robert Woolley	1,335,739	1.41	Nil
Laura McBain	1,565,376	1.65	953,333
Ian Urquhart	2,500,000	2.63	Nil
Michael Wadley	Nil	Nil	Nil

(1) See Section 6.7 for a description of the key terms of Options held on Completion.

6.6

Management interests and remuneration

6.6.1

Managing Director and CEO

Laura McBain is employed by Bellamy's in the position of Managing Director and CEO.

Laura will receive a total fixed annual remuneration of \$300,000 (exclusive of superannuation). She is also eligible to receive a short term incentive cash bonus equivalent to 30% of her fixed remuneration annual remuneration. The short term incentive is payable upon Bellamy's achieving its FY2015 Pro Forma forecast NPAT of \$5.0 million and other key performance indicators that ensure that the Company operates on a sustainable basis.

Laura will also be eligible to participate in Bellamy's employee share option plan and has been awarded an initial grant under that plan. For further details about Bellamy's employee share option plan refer to Section 6.7.

Bellamy's may terminate the employment contract in writing prior to 31 December 2015 by giving 6 months notice or payment in lieu of notice. After that date either party may terminate the employment contract on giving 6 months notice or, in Bellamy's case, payment in lieu of notice. Bellamy's may terminate Laura's employment contract immediately and without payment for notice or payment in lieu of notice in the event of serious misconduct or other specified circumstances.

6.6.2

CFO and Company Secretary

Brian Green is employed by Bellamy's in the position of CFO and Company Secretary.

Brian will receive an annual fixed remuneration of \$160,000 (exclusive of superannuation). Brian will also be eligible to participate in Bellamy's employee share option plan and has been awarded an initial grant under that plan. For further details about Bellamy's employee share option plan refer to Section 6.7.

6.7

Employee Share Option Plan

The Company has put in place an employee share option plan ("ESOP"). The ESOP is a long term incentive plan under which eligible employees may be offered options over Shares ("Options") as a means of:

- (a) motivating and retaining eligible employees; and
- (b) attracting high quality persons as eligible employees.

An initial grant of Options under the ESOP has been made to the Managing Director and CEO, the CFO and other Management. The total number of Options issued under the initial grant is 2,200,000 (**Initial Grant**). Each Option under the Initial Grant entitles the holder to acquire one (1) Share if certain vesting conditions (explained below) are met, at an exercise price of \$1.00 per Option.

Going forward the ESOP may be used to make grants from time to time that form the long term incentive component of the remunerations packages for participants. Such grants will be regulated by the ESOP rules that have been adopted by the Board and any other regulatory requirements, including the ASX Listing Rules.

The key terms of the ESOP rules are set out in the table below.

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees of the Group, including Directors or any other person that the Board determines to be eligible to receive a grant under the ESOP.
Offers	The Board may make offers at its discretion. The Board has the discretion to set the terms and conditions on which it will offer Options in individual offer documents. Offers must be accepted by the employee for a grant of Options to occur.
Grant of Options	An Option entitles the holder to acquire a Share for an exercise price set out in the relevant offer document, subject to meeting specific vesting conditions set out in the relevant offer document.
Issue price	The Options will typically be issued for nil consideration, although the Board has the discretion to set the issue price.
Exercise price	The Board has the discretion to set the exercise price for Options. The Options under the Initial Grant have an exercise price equal to the Offer Price, namely \$1.00.
Vesting conditions	<p>Options granted under the ESOP will vest subject to the satisfaction of certain conditions. The conditions may be determined by the Board in its discretion and must be set out in the relevant offer document.</p> <p>The vesting conditions for the Initial Grant are that:</p> <ul style="list-style-type: none"> (a) the Company achieves its FY2015 forecast NPAT of \$5.0 million (as confirmed by the FY2015 financial results released to the ASX); and (b) the holder remains as an eligible employee of the Group at the time that the FY2015 financial results of the Company are released to the ASX. <p>If the vesting conditions are not met, none of the Options of a holder under the Initial Grant will vest and they will lapse immediately.</p> <p>In addition, Options granted under the ESOP may be forfeited prior to exercise in certain circumstances, including if the Board determines that the holder has acted unlawfully or dishonestly, or committed any act of fraud, defalcation, gross misconduct or in serious breach of the holder's obligations to the Group.</p>
Exercise period	<p>The Board has the discretion to determine the period during which, once vested, an Option may be exercised.</p> <p>The exercise period for Options granted under the Initial Grant is a period of two years following vesting.</p>
Rights associated with Options	Options granted under the ESOP do not carry dividend or voting rights prior to exercise.
Accelerated vesting	In a situation where there is likely to be a change of control of the Company, or in other circumstances determined by the Board, the Board has the discretion under the ESOP rules to accelerate vesting of some or all of the Options.
Capital reconstructions, etc.	A holder of Options cannot participate in new issues of securities by the Company prior to vesting of their Options. However, the ESOP rules include specific provisions dealing with other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to a holder in respect of their Options as a result of such corporate actions.

6.8

Corporate Governance

This Section explains how the Board will oversee the management of Bellamy's business. The Board is responsible for the overall corporate governance of Bellamy's. The Board monitors the operational and financial position and performance of Bellamy's and oversees its business strategy, including approving the strategic goals of Bellamy's and considering and approving its annual business plan and the associated budget. The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return and sustaining the growth and success of Bellamy's. In conducting Bellamy's business with these objectives, the Board seeks to ensure that Bellamy's is properly managed to protect and enhance Shareholder interests and that Bellamy's, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board have developed and adopted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for Bellamy's business.

The main policies and practice adopted by Bellamy's, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. Details of Bellamy's key policies and the charters for the Board and each of its committees will be available from Listing at bellamysorganic.com.au.

6.8.1

ASX Corporate Governance Principles and Recommendations

Bellamy's is seeking a Listing on the ASX. In order to promote investor confidence and to assist companies to meet stakeholder expectations, the ASX Corporate Governance Council has developed and released Corporate Governance Principles and Recommendations, now in its third edition ("**ASX Recommendations**") for Australian listed entities. The ASX Recommendations are not mandatory or prescriptive and the Board is entitled not to adopt the recommendation if it considers it inappropriate in the context of the business. However, under the ASX Listing Rules Bellamy's will be required to provide a corporate governance statement in its annual report (or by reference in its annual report to the URL of the page on its website where the statement can be viewed), disclosing the extent to which it has followed the ASX Recommendations within the reporting period. Where Bellamy's does not follow a recommendation for any part of a reporting period, it must identify the recommendation and provide its reasons for not doing so and what (if any) alternative governance practices it adopted in lieu of the recommendation. The Board does not anticipate that it will depart from the recommendations of the ASX Corporate Governance Council, however it may do so in the future if it considers such a departure would be reasonable.

6.8.2

Board Appointment and Composition

It is the Board's policy that there should be a majority of independent Non-executive Directors and that the office of Chair be held by a Non-executive Director. The Board considers an independent Director to be a Non-executive Director who is not a member of Bellamy's management and who is free of any business or other relationship that could materially interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

Rob Woolley has provided consultancy services from 2007 to 2014. Ian Urquhart has been the Company Secretary from 2007 and will be resigning from this position effect from Listing. Michael Wadley has provided consultancy services from 2009 to 2013 specific to the Company's proposed entry into the Chinese market.

However, having regard to the nature and extent of the work performed by each Director, the Board considers that they are each an independent Director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgment and that each is able to fulfil the role as an independent Director for the purposes of the ASX Recommendations.

Laura McBain, holding the executive position of Managing Director and CEO is not considered by the Board to be independent.

6.8.3 Board Charter

The Board has adopted a written charter to take effect from Listing. The charter sets out:

- the Board composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to, among other things:

- represent the interests of Shareholders by overseeing and appraising Bellamy's strategies, policies and performance;
- provide strategic direction for, and approval of, corporate strategy and performance objectives;
- review and ratify systems of risk management, internal compliance and control, codes of conduct and legal and regulatory compliance to ensure appropriate compliance systems and controls are in place;
- monitor senior management's performance and implementation of strategy, and seek to ensure appropriate resources are available;
- approve and monitor the operational and financial position and performance of Bellamy's;
- approve and monitor the progress of major capital expenditure, capital management, acquisitions and divestments;
- approve and monitor budgets; and
- oversee control and accountability systems.

Matters which are specifically reserved to the Board or its committees include:

- appointment of the Chair;
- appointment and removal of the Managing Director and CEO;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and their delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;
- approval of major capital expenditure, acquisitions and divestments in excess of authority levels delegated to management;
- calling meetings of Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Managing Director and CEO as directed by the Board. Management must supply the Board information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to access management and to request additional information at any time they consider it appropriate. The Board collectively and individual director may seek independent professional advice at Bellamy's expense, subject to the reasonable approval of the Chair of the Board and the advice being made available to the Board as a whole.

6.8.4 Board Committees

The Board may from time to time establish committees to assist in the discharge of its responsibilities. The Board has established a Finance, Audit and Risk Committee and a Remuneration and Nomination Committee. Membership of Board committees will be based on the needs of Bellamy's, relevant legislation, regulatory and other requirements, and the skills and experience of Board members.

6.8.4.1 Finance, Audit and Risk Committee

Under its charter, the committee should comprise at least three Directors a majority of whom must be independent and all of whom must be non-executive Directors (to the extent that this is practical given the size and composition of the Board from time to time). The committee Chair must not be the Chair of the Company. All members of the committee must be financially literate and at least one member must be a qualified accountant or other financial professional with appropriate expertise in financial and accounting matters.

From Listing the members of the committee will be Ian Urquhart (Chair), Rob Woolley and Michael Wadley. Each member is financially literate and Ian and Rob are qualified accountants.

The primary role of the committee is to assist the Board to fulfil its responsibilities for Bellamy's financial reporting, external audit, risk management systems and internal control structure.

This includes:

- engaging in the oversight of Bellamy's financial reporting, internal control, continuous disclosure, financial and non-financial risk and overseeing and reviewing the output of that process;
- assessing the appropriateness and application of Bellamy's accounting policies and principals, and any changes to them, so that they accord with the applicable financial reporting framework;
- assessing any significant estimates or judgments in Bellamy's financial reports;
- reviewing all half yearly and annual reports with management, advisors and the external auditors (as appropriate), and recommending the applicable accounts' adoption by the Board;
- overseeing the establishment of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the ongoing efficacy of those systems;
- reviewing the adequacy of risk management procedures to ensure they comply with legal obligations, including to assist the Managing Director and CEO or Chief Financial Officer to provide declarations required under Section 295A of the Corporations Act;
- approving the policies and procedures for appointing or removing an external auditor and for external audit partner engagement rotation; and
- meeting periodically with the external auditor and inviting them to attend committee meetings to assist the committee to discharge its obligations.

Pursuant to Bellamy's charter, it is the policy that the external auditor must be independent and that the external auditor's independence be reviewed on an annual basis.

The Chair of the committee may invite other Directors, senior managers and representatives of the external auditor to attend committee meetings and may seek advice from external consultants.

6.8.4.2 Remuneration and Nomination Committee

The charter of the committee provides that the committee should comprise at least three Directors all of whom (including the Chair) must be independent, non-executive Directors (to the extent that this is practical given the size and composition of the Board from time to time). The Managing Director and CEO must not be a member of the committee and the Chair of the committee must not be the Chair of the Company.

From Listing, the committee will comprise Michael Wadley (Chair), Rob Woolley and Ian Urquhart.

The role of the committee is to assist the Board with fulfilling its responsibilities to Shareholders and other stakeholders to seek to ensure that Bellamy's:

- has coherent and appropriate remuneration policies and practices which enable Bellamy's to attract and retain Directors and executives who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives having regard to the performance of Bellamy's, the performance of the executives and the general market environment;

- has policies to evaluate the performance and composition of the Board, individual Directors and executives on (at least) an annual basis with a view to ensuring that Bellamy's has a Board of effective composition, size and diversity, expertise and commitment to adequately discharge its responsibilities and duties;
- has adequate succession plans in place (including for the recruitment or appointment of Directors and senior management); and
- has policies and procedures that are effective to attract, motivate and retain appropriately skilled and diverse people that meet Bellamy's needs and that are consistent with Bellamy's strategic goals and human resource objectives.

The Chair of the committee may seek advice and assistance where appropriate (for example, for the purpose of conducting the annual review process) from external consultants.

6.8.5 Diversity Policy

The workforce of Bellamy's comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. Bellamy's diversity policy, that has meritocracy as a guiding principle, seeks to align Bellamy's management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

In its annual report, Bellamy's will disclose the measureable objectives for achieving diversity and progress toward achieving them and will also disclose the proportion of women in the whole organisation, women in senior positions and women on the Board.

6.8.6 Continuous Disclosure Policy

Once listed, Bellamy's will be required to comply with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act. Subject to the exceptions in the ASX Listing Rules, Bellamy's will be required to disclose any information to the ASX that is not generally available and which a reasonable person would expect to have a material effect on the price or value of Bellamy's securities.

Bellamy's is committed to observing its continuous disclosure obligations under the Listing Rules and the Corporations Act. Bellamy's has adopted a policy to take effect from Listing which establishes procedures that are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information. Under the disclosure policy the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations.

In addition to being provided to the ASX, continuous disclosure announcements will also be available on the Company's website at bellamysorganic.com.au.

6.8.7 Shareholder Communications

The Board's aim is to ensure Shareholders are provided with sufficient information to assess the performance of Bellamy's and that Shareholders are informed of all major developments affecting the affairs of Bellamy's in accordance with all applicable laws. The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with the ASX. This information will also be published on the Company's website at bellamysorganic.com.au.

Bellamy's website will also contain information about the Company, including media releases, key policies and charters of the Board and its committees.

6.8.8 Securities Trading Policy

Bellamy's has adopted a written policy to take effect from Listing for dealing in the Company's Shares which will apply to the Company, its Directors, officers, management and employees ("Bellamy's Persons").

The policy is intended to explain the types of conduct in relation to dealing in Shares that is prohibited by the Corporations Act and establishes best practice procedures in relation to Bellamy's Persons dealing in Shares.

Subject to certain exceptions, including severe financial hardship or during a period the Company is subject to heightened disclosure requirements (e.g. during the offer period under a prospectus), the policy defines certain "trading windows" during which trading by Bellamy's Persons in Shares is permitted while trading at any other time is prohibited. The trading windows are currently defined as the four week periods commencing on the opening day of trading on the day after the dates on which:

- Bellamy's releases its half year results to the ASX;
- Bellamy's releases its annual results to the ASX;
- Bellamy's holds its annual general meeting (assuming an update of the full year's results is given at the meeting),

and any additional periods determined by the Board from time to time.

Outside of the trading windows, Bellamy's Persons must receive clearance for any proposed dealing in Shares. In all instances, buying and selling of Shares is not permitted at any time by any person who possesses price-sensitive information.

6.8.9 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a code of conduct, to take effect from Listing, to be followed by all employees and officers. The key aspects of this code are to:

- act fairly with honesty and integrity in the best interests of Bellamy's and in the reasonable expectations of Shareholders;
- act in accordance with all applicable laws, regulations, and Bellamy's policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use Bellamy's resources and property properly.

The code of conduct sets out Bellamy's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information and conflicts of interest.

use only

For personal



Details of the Offer



7. Details of the Offer

7.1 The Offer

This Prospectus relates to an initial public offering of 25,000,000 New Shares and the Offer of 10,875,380 Existing Shares in Bellamy's at an offer price of \$1.00 per Share (**Offer Price**). The Offer is expected to raise approximately \$35.9 million (comprising \$25 million from the issue of New Shares by the Company for the Company's benefit and approximately \$10.9 million from the sale of Existing Shares by SaleCo).

The total number of Shares on issue at Completion of the Offer will be 95,000,392 and all Shares will, once issued, rank equally in all respects with the Shares currently on issue. A summary of the rights attaching to the Shares is set out in Section 9.6.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Structure of the Offer

The Offer comprises:

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

No general public offer of shares will be made under the Offer. The Board will not accept oversubscriptions under the Offer pursuant to this Prospectus.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.11.4. Details of the Institutional Offer and the allocation policy under it are described in Section 7.12.2. The allocation of Shares between the Broker Firm Offer and the Institutional Offer was determined by the Lead Manager in agreement with Bellamy's, having regard to the allocation policies described above.

The Offer has been fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.4.6.

7.3 Important Dates

Prospectus Date	4 July 2014
Opening Date of Offer	21 July 2014
Closing Date of Offer	28 July 2014
Allotment of Shares (Completion of Offer)	31 July 2014
Expected despatch of Holding Statements	1 August 2014
Shares expected to begin trading on ASX (on a normal settlement basis)	5 August 2014

The above dates are subject to change and are indicative only. The Company (in consultation with the Lead Manager) reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications as early as possible.

7.4 Purpose of the Offer and Use of funds

The purpose of the Offer is to provide the Company with:

- an increased working capital capability to provide operational flexibility to meet the demands from significant business growth;
- a liquid market for its Shares and an opportunity for others to invest in Shares; and
- additional financial flexibility and access to capital markets to pursue growth opportunities

The Offer also provides certain Existing Shareholders with an opportunity to realise all or part of their investment in Bellamy's.

The proceeds of the Offer will provide Bellamy's with additional working capital to continue to grow the business in a strong, sustainable manner.

Bellamy's values the loyalty to the brand from its consumers, and understands the importance of maintaining delivery in full and on time to its retailer customers. To deliver best in practice, Bellamy's strategy is to maintain formula stocks of four to five months of future sales to ensure it can always meet current and future market demand (baby formula products have a 36 month shelf life). With the ongoing growth of the formula revenue and distribution, this strategy requires consistent and significant investment but provides assurance that the business can meet sudden increases in demand and also manage any unavoidable temporary delays in manufacturing baby formula products.

Further, because of the increases in revenue, Bellamy's will require further working capital to support the increased trade receivables of direct to retail operations.

Finally, Bellamy's will also continue to invest in branding and marketing development, particularly continued investment in research and development of new products and product innovation, brand development and digital marketing initiatives.

The proceeds of the Offer will also be used to pay the costs of the Offer (see. Section 9.9).

Sources of Funds	\$m	%	Uses of Funds	\$m	%
Cash proceeds received from sale of Existing Shares	10.9	25.95	Payment of proceeds to Existing Shareholders	10.9	25.95
Gross cash proceeds received from issue of new Shares	25.0	59.52	Payment of costs of the Offer	1.5	3.57
Existing cash	6.1	14.52	Working capital	29.6	70.48
Total sources	42.0	100.00	Total uses	42.0	100.00

7.5 Pro Forma Historical Balance sheet

Bellamy's Pro Forma Historical Balance Sheet following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.5.

7.6 Capitalisation and indebtedness

The Company's capitalisation and indebtedness as at 31 March 2014, before and following the Completion of the Offer and Listing on the ASX is set out in Section 4.5.1.

7.7 Shareholding structure

Details of the ownership of Shares on Completion of the Offer are set out below:

Existing Shareholder	Shares at Prospectus Date	Shares issued/ (sold)	Shareholding following Completion of the Offer	% post-IPO
Robert Woolley associated entity	3,080,438	(1,744,699)	1,335,739 (subject to escrow)⁽¹⁾	1.41
Laura McBain associated entity	1,565,376	Nil	1,565,376 (subject to escrow)⁽¹⁾	1.65
Ian Urquhart associated entity	3,727,089	(1,227,089)	2,500,000 (subject to escrow)⁽¹⁾	2.63
Michael Wadley associated entity	Nil	Nil	Nil	Nil
Other Management	Nil	Nil	Nil	Nil
Other Existing Shareholders	20,070,099	(7,903,592)	12,166,507 (subject to escrow)⁽¹⁾	12.81
Other Existing Shareholders	41,557,390	10,875,380	52,432,770 (not subject to escrow)⁽¹⁾	54.85
New Shares to be issued under the Offer	Nil	25,000,000	25,000,000	26.32
Total	70,000,392		95,000,392	100.00

(1) Further details of the Shares that will be subject to escrow arrangements are set out in Section 7.13.

For further details regarding the escrow arrangements please see Section 7.13.

7.8 Control Implications of the Offer

The Directors do not expect any Shareholder to control Bellamy's on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

7.9 Potential effect of the fundraising on the future of the Company

The Directors believe that, on Completion of the Offer, Bellamy's will have sufficient funds available from the cash proceeds of the Offer to fulfil the purposes of the Offer and meet Bellamy's stated business objectives.

7.10 Key terms and conditions of the Offer

The key terms and conditions of the Offer are summarised in the table below:

What is the type of security being offered?	Shares, being fully paid ordinary Shares in the capital of Bellamy's.
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.6.

What is the consideration payable for each security being offered?	The Offer Price is \$1.00 per Share.
What is the Offer Period?	<p>The key dates, including details of the Offer Period, are set out on page 3 in the Key Offer Information Section.</p> <p>This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST. The Company in consultation with the Lead Manager and SaleCo, reserves the right to vary both of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any Applicants).</p> <p>If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.</p> <p>No Shares will be issued on the basis of this Prospectus later than 13 months after the date of lodgement of this Prospectus.</p>
What are the cash proceeds to be raised?	Approximately \$35.9 million will be raised from the Offer proceeds (comprising \$25 million from the issue of New Shares by Bellamy's for Bellamy's benefit and approximately \$10.9 million from the sale of Existing Shares for Existing Shareholders' benefit).
Is the Offer underwritten?	Yes. The Lead Manager has fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.4.4.
What is the minimum and maximum Application size under the Broker Firm Offer?	<p>The minimum Application under the Broker Firm Offer is 2,000 Shares and in multiples of 1,000 Shares thereafter, as directed by the Applicant's Broker.</p> <p>The Lead Manager, in consultation with Bellamy's and SaleCo, reserves the right to reject any Application or to allocate a lesser number of Shares than that applied for.</p> <p>There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer.</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer was determined by the Lead Manager, Bellamy's and SaleCo having regard to the allocation policies outlined in Sections 7.11.4 and 7.12.2. With respect to the Broker Firm Offer, it is a matter for the Broker how they allocate firm Shares among their eligible retail clients.</p> <p>For further information on the Broker Firm Offer, see Section 7.11. For further information on the Institutional Offer, see Section 7.12.</p>

<p>Will the Shares be listed?</p>	<p>Bellamy's will apply to the ASX for admission to the Official List and quotation of Shares on the ASX under the code BAL.</p> <p>Completion of the Offer is conditional on the ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>
<p>When are the Shares expected to commence trading?</p>	<p>Details are provided in Section 7.16.3.</p>
<p>When will I receive confirmation that my Application has been successful?</p>	<p>It is expected that initial holding statements will be despatched by standard post on 1 August 2014.</p>
<p>Are there any escrow arrangements?</p>	<p>Yes. Details are provided in Section 7.13.</p>
<p>Is there brokerage, commission or stamp duty considerations?</p>	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See Section 9.4.4.1 for details of various commissions, fees and expenses payable by Bellamy's to the Lead Manager.</p>
<p>Are there any tax considerations?</p>	<p>Refer to Section 9.8.</p>
<p>Where should I direct any enquiries?</p>	<p>All enquiries in relation to this Prospectus should be directed to the Bellamy's Offer Information Line on 1800 206 847 (toll free within Australia) or +61 1800 206 847 (from outside Australia) between 9.00am and 5.00pm (AEST), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining Shares in Bellamy's is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

7.11 Broker Firm Offer

7.11.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

7.11.2 How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on the Closing Date or any earlier closing date as determined by your Broker.

Applications for Shares must be for a minimum of 2,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the issue price of \$1.00 per Share.

There is no maximum number or value of Shares that may be applied for under the Offer. However, Bellamy's and the Lead Manager reserve the right to reject or scale back any Applications in the Offer. Bellamy's may determine a person to be eligible to participate in the Offer, and may amend or waive the Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Offer is expected to open at 12pm (AEST) on 21 July 2014 and is expected to close at 8pm (AEST) on 28 July 2014. Bellamy's, SaleCo and the Lead Manager may elect to close the Offer or extend the Offer, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, SaleCo, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

7.11.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided to you by that Broker.

7.11.4 Allocation policy under the Broker Firm Offer

Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not Bellamy's, SaleCo or the Lead Manager) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.11.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to Bellamy's or SaleCo to apply for the amount of Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with Bellamy's and SaleCo, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.11.6 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose bank account until Shares are issued or transferred to Successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by Bellamy's.

To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on the Application Form.

7.12 Institutional Offer

7.12.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Lead Manager separately advised Institutional Investors of the application procedures for the Institutional Offer.

7.12.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants between the Institutional Offer and the Broker Firm Offer was determined by the Lead Manager in agreement with Bellamy's and SaleCo. The Lead Manager and Bellamy's had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- Bellamy's desire for an informed and active trading market following Listing;
- Bellamy's desire to establish a wide spread of Institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;

- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- any other factors that Bellamy's, SaleCo and the Lead Manager considers appropriate.

7.13 Disposal Restrictions on Shares

Voluntary Escrow arrangements

Existing Shares held at Completion by the Escrowed Shareholders (other than any Shares acquired by them under the Offer) will be subject to voluntary escrow arrangements.

Each of the Escrowed Shareholders has entered into an escrow deed in respect of their escrowed Shares. This deed will prevent them from disposing of their escrowed Shares for the applicable escrow period. The restriction on 'disposing' is broadly defined and includes, among other things, selling, or agreeing to sell or otherwise disposing of the escrowed Shares or encumbering or granting a security interest over the escrowed Shares.

The escrowed restrictions will apply until the date three days after the audited Company accounts for the financial year ended on 30 June 2015 have been released to the ASX.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- the Escrowed Shareholders to accept an offer under a takeover bid in relation to their escrowed Shares;
- the escrowed shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger or acquisition by scheme of arrangement under Part 5.1 of the Corporations Act; and
- the escrowed shares to be transferred to a Related Party (as defined in the Corporations Act) provided that the transferee agrees to similar restrictions.

If an applicable Shareholder breaches its voluntary escrow deed poll:

- Bellamy's may take the steps necessary to enforce the deed poll, or to rectify the breach; and
- Bellamy's may refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion of any of the applicable Shares in addition to other rights and remedies of Bellamy's.

In aggregate, 17,567,622 Shares will be the subject of these escrow arrangements. This is not expected to have an effect on the liquidity of trading in Shares on the ASX.

7.14 Discretion regarding the Offer

With the consent of the Lead Manager, Bellamy's and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to Successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

Bellamy's, SaleCo and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.15

Restrictions on Distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States.

7.16

ASX Listing, Registers and holding statements, deferred settlement trading

7.16.1

Application to the ASX for Listing of Bellamy's and quotation of Shares

Bellamy's will apply for admission to the Official List of the ASX and quotation of the Shares on the ASX within seven days of the Prospectus Date. Bellamy's ASX code will be BAL.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Bellamy's to the Official List is not to be taken as an indication of the merits of Bellamy's or the Shares offered for subscription.

If Bellamy's does not make such an Application within seven days after the date of the Prospectus, or if permission is not granted for the official quotation of Shares on the ASX within three months after the Prospectus date (or any later date permitted by law), all Application Monies received by Bellamy's will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Bellamy's will be required to comply with the ASX Listing Rules, subject to certain conditions (including any waivers obtained by Bellamy's from time-to-time).

7.16.2

CHES and issuer sponsored holdings

Bellamy's will apply to participate in the ASX's Clearing House Electronic Sub-register System ("CHES") and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHES sub-register or an issuer-sponsored sub-register. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHES or a Shareholder sponsored by a participant in CHES will be registered on the CHES sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number ("HIN") for CHES holders or, where applicable, the Securityholder Reference Number ("SRN") of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month or if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Share Registry may charge a fee for these additional statements.

7.16.3 Trading and selling Shares on market

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, Successful Applicants do so at their own risk. The Company, SaleCo, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding through the Lead Manager or their Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on 5 August 2014.

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Investigating Accountant's Report



8. Investigating Accountant's Report

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MOORE STEPHENS ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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F +61 (0)3 8102 3400

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4 July 2014

The Directors
Bellamy's Australia Limited
52-54 Tamar St
LAUNCESTON TAS 7250

The Directors
ACN 600 224 502 Pty Ltd
52-54 Tamar St
LAUNCESTON TAS 7250

Dear Directors

Limited Assurance Investigating Accountant's Report - Historical Financial Information

We have been engaged by Bellamy's Australia Limited ("Bellamy's") and ACN 600 224 502 Pty Ltd ("SaleCo") to report on the Historical Financial Information of Bellamy's for inclusion in the prospectus dated on or about 4 July 2014 and relating to the issue of 25.0 million New Shares by Bellamy's and the sale of 10.9 million Existing Shares in Bellamy's by SaleCo (the "Prospectus").

Expressions and terms defined in the document have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License under the *Corporations Act 2001*. Moore Stephens Corporate Finance (Melb) Pty Ltd ("Moore Stephens") holds the appropriate licence under the *Corporations Act 2001*.

Scope

Historical Financial Information

You have requested Moore Stephens to review the following historical financial information of Bellamy's included in Section 4 of the Prospectus:

- pro forma consolidated historical income statements for the financial years ended 30 June 2012 and 2013 and the 9 month period ended 31 March 2014;
- pro forma consolidated historical cash flow statements for the financial years ended 30 June 2012 and 2013 and the 9 month period ended 31 March 2014;
- pro forma consolidated historical balance sheet as at 31 March 2014;

collectively referred to as the Historical Financial Information.

The Historical Financial Information has been derived from the financial reports of Bellamy's for the financial years ended 30 June 2012 and 2013 and the 9 month period ended 31 March 2014 after adjusting for the effects of pro forma adjustments described in Sections 4.4.3, 4.5 and 4.6.1 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Historical Financial Information does not represent Bellamy's actual or prospective financial position.

The financial reports of Bellamy's for the financial years ended 30 June 2012 and 2013 were audited by Ruddicks Chartered Accountants ("Ruddicks") in accordance with the Australian Auditing Standards and the financial report for the 9 month period ended 31 March 2014 was reviewed by Ruddicks in accordance with the Australian Auditing Standards. Ruddicks issued unmodified opinions on the financial reports. The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Directors' responsibility

The directors of Bellamy's are responsible for the preparation of the Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information extracted from the financial reports and included in the Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

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 Engagement ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of financial information from the audited financial statements of Bellamy's for the financial years ended 30 June 2012 and 2013 and the reviewed financial statements for the 9 month period ended 31 March 2014;
- analytical procedures on the Historical Financial Information;
- a consistency check of the application of the basis of preparation and presentation of the Historical Financial Information as described in Sections 4.1 and 4.2 of the Prospectus;
- a review of the audit work papers, accounting records and other documents;
- consideration of the pro forma adjustments as described in the Prospectus; and
- enquiry of Directors, management and others in relation to the Historical Financial Information.

A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as set out in Section 4 of the Prospectus, and comprising:

- the pro forma consolidated historical income statements for the financial years ended 30 June 2012 and 2013 and the 9 month period ended 31 March 2014;
- the pro forma consolidated historical cash flow statements for the financial years ended 30 June 2012 and 2013 and the 9 month period ended 31 March 2014;
- the pro forma consolidated historical balance sheet as at 31 March 2014;

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are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Sections 4.1 and 4.2 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.2 of the Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical 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.

Consent

Moore Stephens has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is included, but has not authorised the issue of the Prospectus. Accordingly, Moore Stephens makes no representations regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Independence

Moore Stephens does not have any interest in the outcome of this Offer other than in the preparation of the Investigating Accountant's Reports for which normal professional fees will be received.

General Advice Warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully



Grant Sincock
Director
MOORE STEPHENS
CORPORATE FINANCE (MELB) PTY LTD

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Level 10, 530 Collins Street
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4 July 2014

The Directors
Bellamy's Australia Limited
52-54 Tamar St
LAUNCESTON TAS 7250

The Directors
ACN 600 224 502 Pty Ltd
52-54 Tamar St
LAUNCESTON TAS 7250

Dear Directors

Limited Assurance Investigating Accountant's Report - Forecast Financial Information

We have been engaged by Bellamy's Australia Limited ("Bellamy's") and ACN 600 224 502 Pty Ltd ("SaleCo") to report on the Forecast Financial Information for the financial years ending 30 June 2014 and 30 June 2015 for inclusion in the Prospectus dated on or about 4 July 2014 and relating to the issue of 25.0 million New Shares by Bellamy's and the sale of 10.9 million Existing Shares in Bellamy's by SaleCo (the "Prospectus").

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License under the *Corporations Act 2001*. Moore Stephens Corporate Finance (Melb) Pty Ltd ("Moore Stephens") holds the appropriate licence under the *Corporations Act 2001*.

Scope

You have requested Moore Stephens to review the following financial information of Bellamy's included in Section 4 of the Prospectus:

- The statutory consolidated forecast income statements for the financial years ended 30 June 2014 and 2015;
- the statutory consolidated forecast cash flow statements for the financial years ended 30 June 2014 and 2015;
- the pro forma consolidated forecast income statements for the financial years ended 30 June 2014 and 2015;
- the pro forma consolidated forecast cash flow statements for the financial years ended 30 June 2014 and 2015;

collectively referred to as the Forecast Financial Information.

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.8 of the Prospectus. The stated basis of preparation and presentation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Bellamy's adopted accounting policies set out in Appendix A.

The pro forma forecasts have been derived from Bellamy's statutory forecasts, after adjusting for the effects of the events or transactions to which the pro forma adjustments relate, as described in Section 4.4.3 and 4.6.1 of the Prospectus, as if those events or transactions had occurred as at 1 July 2013. Due to their nature, the pro forma forecasts do not represent Bellamy's actual prospective financial performance and cash flows for the periods ending 30 June 2014 and 30 June 2015.

Directors' Responsibility

The directors of Bellamy's are responsible for the preparation of the Forecast Financial Information including: the best-estimate assumptions underlying the Forecast Financial Information, the pro forma adjustments made to the statutory forecasts and the sensitivity of the Forecast Financial Information to changes in key assumptions. This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information themselves, based on our review. 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*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and the Directors of the factors considered in determining their assumptions;
- consideration of the pro forma adjustments as described in the Prospectus; and
- examination, on a test basis, of evidence supporting:
 - the assumptions and amounts in the Forecast Financial Information; and
 - the evaluation of accounting policies used in the Forecast Financial Information.

A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the years ending 30 June 2014 and 30 June 2015 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 4.8 of the Prospectus; and

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- is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Bellamy's adopted accounting policies, applied to the Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at 1 July 2013; and
- the Forecast Financial Information itself is unreasonable.

Forecast Financial Information

The Forecast Financial Information has been prepared by Bellamy's management and adopted and disclosed by the Directors in order to provide prospective investors with a guide to the potential financial performance of Bellamy's for the financial years ending 30 June 2014 and 30 June 2015. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information are 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 Bellamy's. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented 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. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Bellamy's, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5 of the Prospectus. The sensitivity analysis described in section 4.9 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Bellamy's, that all material information concerning the prospects and proposed operations of Bellamy's has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.3 of the Prospectus, which describes the purpose of the Forecast Financial Information, being for inclusion in the Prospectus. As a result, the Forecast Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this Independent Accountant's Report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

Moore Stephens has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is included, but has not authorised the issue of the Prospectus. Accordingly, Moore Stephens makes no representations regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Independence

Moore Stephens does not have any interest in the outcome of this Offer other than in the preparation of the Investigating Accountant's Reports for which normal professional fees will be received.

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General Advice Warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully



Grant Sincock
Director
MOORE STEPHENS
CORPORATE FINANCE (MELB) PTY LTD

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Moore Stephens Corporate Finance (Melb) Pty Ltd, an authorised representative of Moore Stephens Consulting (Melb) Pty Ltd (ABN 34 006 341 386) AFSL 236556

1. Moore Stephens Corporate Finance (Melb) Pty Ltd ('Moore Stephens')

has been engaged by Bellamy's Australia Limited (the "Company") and ACN 600 224 502 Pty Ltd ("Sale Co") to issue Investigating Accountant's Report for inclusion in the Prospectus dated on or about 4 July 2014

2. Financial Services Guide

We are required to issue to you, as a retail client, a Financial Service Guide ("FSG"). The FSG is designed to assist clients in their use of the general financial advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG contains information about:

- Moore Stephens Consulting (Melb) Pty Ltd generally;
- the financial services we are licensed to provide;
- remuneration that we may receive in connection with the preparation of the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them

3. Financial services we are licensed to provide

The Australian Financial Services Licence that we hold authorises us to provide financial product advice in relation to a broad range of services, including providing financial product advice in relation to various financial products such as interests in managed investments, securities, superannuation products, insurance products, life products, managed investment schemes, government debentures, life products, stocks or bonds, and deposit products.

4. General financial product advice

The report contains only general financial product advice as it was prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general financial advice having regard to your own objectives, financial situation and needs before you act on this advice. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commission and other benefits we may receive

Moore Stephens charges fees for providing reports. These fees are agreed with, and paid by, the entity who engages us to provide the report.

Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us.

Except for the fees referred to above, neither Moore Stephens, nor any of its directors, authorised representatives, employees or related entities, received any pecuniary benefit, directly or indirectly, for or in connection with the provision of the report.

6. Associations and relationships

The Moore Stephens Melbourne Group of companies, including Moore Stephens Corporate Finance (Melb) Pty Ltd is a member firm of Moore Stephens International Limited, consisting of independent member firms and correspondents.

Moore Stephens and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products in the ordinary course of its business.

Moore Stephens has an ongoing audit relationship with the Company.

7. Complaints

The law requires Moore Stephens to have arrangements in place to compensate certain persons for the loss or damage they suffer from certain breaches of the Corporations Act by its representatives. Moore Stephens Consulting (Melb) Pty Ltd has internal compensation arrangements, as well as professional indemnity insurance that satisfy these requirements.

Internal complaints resolution: If you have concerns with the advice provided, please contact your adviser. If your concerns are not addressed in a timely manner, please send your complaint in writing to The General Manager, Moore Stephens Melbourne Pty Ltd, 10/530 Collins St, Melbourne, VIC 3000.

External dispute resolution: If your complaint remains unresolved to your satisfaction, you have the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company established to provide advice in relation to the financial services industry.

Financial Ombudsman Service
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 780 808
www.fos.org.au

Moore Stephens Corporate Finance (Melb) Pty Ltd, an authorised representative of Moore Stephens Consulting (Melb) Pty Ltd (ABN 34 006 341 386) AFSL 236556

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Additional Information



9. Additional Information

9.1 Registration

The Company was registered in Tasmania on 6 March 2007 as a public company limited by shares.

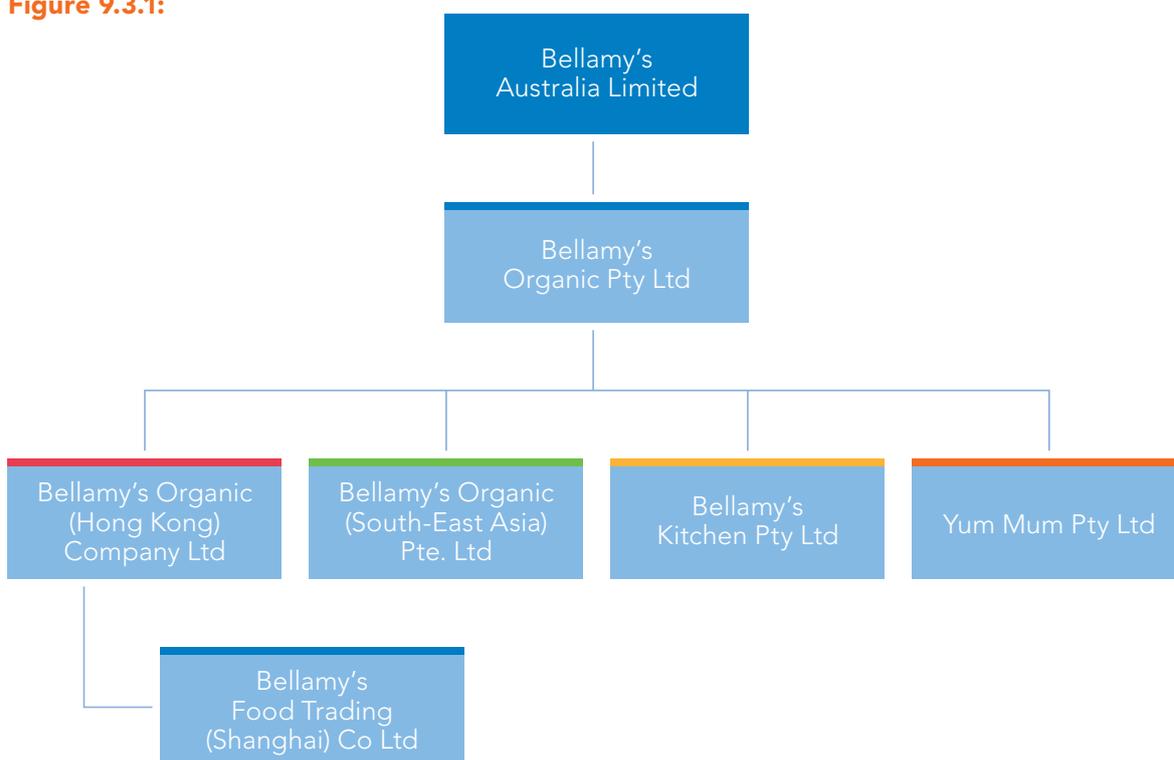
9.2 Company Tax Status

The Company is and will be subject to tax at the Australian corporate tax rate.

9.3 Corporate Structure

Figure 9.3.1 shows the key Bellamy's entities following Completion of the Offer. All subsidiary entities are 100% owned by Bellamy's. Bellamy's Organic Pty Ltd is the principal operating entity within the Group. Each of Bellamy's Organic (Hong Kong) Company Ltd, Bellamy's Organic (South-East Asia) Pte. Ltd and Bellamy's Food Trading (Shanghai) Co Ltd are entities involved in the distribution of Bellamy's products in relevant offshore markets. As at the Prospectus Date neither Bellamy's Kitchen Pty Ltd or Yum Mum Pty Ltd is operational.

Figure 9.3.1:



9.4 Material Agreements

9.4.1 Pre-IPO Transactions

9.4.1.1 Transfer of Shares by Bicheno Investments

On 20 June 2014, the then largest shareholder in Bellamy's, Bicheno Investments Pty Ltd (ACN 122 192 134) ("**Bicheno Investments**"), transferred its entire shareholding in the Company to certain Institutional investors. This transaction was governed by a share sale agreement entered into prior to that date between Bicheno Investments, the Lead Manager, the Company and certain other parties.

Under the terms of the agreement the entire shareholding of 36,557,390 Shares was acquired for a price of \$1.00 per share (less a brokerage fee of 4% plus GST payable to the Lead Manager).

9.4.1.2 Institutional Placement

On 20 June 2014, 5,000,000 Shares were issued by the Company to a selection of Institutional investors pursuant to the terms of a series of subscription agreements entered into on that date. Each share had an issue price of \$1.00. The Company paid the Lead Manager a brokerage fee equal to 4% plus GST of the total subscription monies in consideration of facilitating this transaction.

9.4.2 Underwriting Agreement

The Company, SaleCo and Wilson HTM signed an Underwriting Agreement on 26 June 2014. Under the Underwriting Agreement, Bellamy's and SaleCo appointed Wilson HTM exclusively as lead manager, book runner and underwriter of the Offer. The following is a summary of the principal provisions of the Underwriting Agreement.

9.4.2.1 Fees and Expenses

Bellamy's and SaleCo have agreed to pay Wilson HTM an underwriting fee of 3.0% of the Offer proceeds and a management fee comprising 1.0% of the Offer proceeds. The underwriting and management fees will become payable by Bellamy's and SaleCo on the date of Completion of the Offer. The actual amount of fees payable to Wilson HTM will not be known until the allocation of Shares under the Offer. In addition, Bellamy's and SaleCo must reimburse the Lead Manager for expenses in relation to the Offer, including legal costs, reasonable additional out of pocket expenses, stamp duty, and any costs that Wilson HTM may incur in respect of any review of the Offer documents by any regulatory body.

9.4.2.2 Representations, warranties and undertakings

The Company and SaleCo give various representations, warranties and undertakings to Wilson HTM, including that the documents issued or published by or on behalf of Bellamy's and SaleCo in respect of the Offer comply with all applicable laws. With the exception of the Shares issued under the Offer and certain other limited exceptions, the Company has also agreed that it will not, without Wilson HTM's prior written consent, issue or agree to issue any Shares (or other securities in the capital of the Company) at any time after the date of the Underwriting Agreement until Wilson HTM's obligations under the agreement have been satisfied.

9.4.2.3 Indemnity

The Company and SaleCo agree to a broad indemnity in favour of Wilson HTM and its officers, employees and agents against all claims, demands, damages, losses, costs, expenses, liabilities or damages incurred by them in connection with the Offer and the Offer documents (subject to limited exclusions).

9.4.2.4 Termination Events

Wilson HTM may, at any time, by notice given to the Company and SaleCo, terminate its obligations under the Underwriting Agreement on the occurrence of a number of customary termination events, including (among others):

- any one of a number of specified conditions or events in relation to the Offer not occurring, or not occurring within a required timeframe;
- a specified fall in the S&P/ASX 200 index;
- a material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group;
- the insolvency of the Company or a Group member;
- a misleading or deceptive statement in the Prospectus;
- a change in the Board without the consent of Wilson HTM; and
- a material contract of the Company or the Group being terminated or amended materially in a manner which has a material adverse effect on the Company.

Certain of these events will only give rise to a right to terminate if Wilson HTM reasonably believes that the event has had or could reasonably be expected to have a material adverse effect on the outcome of the Offer or there is a reasonable possibility of Wilson HTM contravening any applicable laws as a result of the event.

9.4.3 Transfer of Shares by certain Existing Shareholders

SaleCo, a special purpose vehicle, has been established to enable certain Existing Shareholders to sell a portion of their investment in Bellamy's as part of the Offer. The relevant Founding Shareholders have entered into a deed whereby they irrevocably agree to sell relevant shares to SaleCo for \$1.00 per share (less a facilitation fee of 4% payable to the Lead Manager). As at the Prospectus Date, the certain Existing Shareholders have irrevocably offered to sell 10,875,380 Existing Shares to SaleCo. The Shares that SaleCo acquires from the Existing Shareholders will be transferred to successful Applicants under the Offer.

The price payable by SaleCo for these Existing Shares is the Offer Price. Bellamy's will also issue Shares to successful Applicants under the Offer.

SaleCo has no material assets other than its interest in the agreements described above. The directors of SaleCo are Rob Woolley and Ian Urquhart. Bellamy's has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its obligations in relation to the offer and will indemnify SaleCo in respect of the costs of the Offer. Bellamy's has also indemnified SaleCo and the directors of SaleCo for any loss which SaleCo or the directors of SaleCo may incur as a consequence of the Offer.

9.4.4 China Distribution Arrangements

Bellamy's and SIIC Shanghai International Trade (Group) Co. Ltd ("**Distributor**") renewed their annual distributorship agreement on 14 March 2014 ("**Distribution Agreement**").

Under the Distribution Agreement, the Distributor has a non-exclusive licence to offer, promote, distribute, market and sell Bellamy's products to wholesaler's, sub-distributors and retailers in the People's Republic of China ("**PRC**"), excluding Macau, Hong Kong and Taiwan.

The Distributor is presently the only importer and major distributor of Bellamy's products into mainland China. The Distributor engages a number of sub-distributors to sell the products within China.

Bellamy's Chinese subsidiary, Bellamy's Food Trading (Shanghai) Co Ltd, itself has all the requisite licences to import products by way of an importing agent directly to mainland China.

The following is a summary of the principal provisions of the Distribution Agreement:

9.4.4.1 Products Orders and Payment

The Distribution Agreement is for Bellamy's baby formula and toddler milk and includes a minimum order quantity that equates to approximately \$12.8 million for the term of the agreement.

Prices may be changed by Bellamy's during the term of the agreement on 1 months written notice or by mutual agreement.

Bellamy's has the right to discontinue production of any products or to replace products with similar products by giving 3 months' notice to the Distributor.

Orders are payable in Australian dollars. The Distributor is responsible for insurance, freight, the requisite customs registration including appropriate labelling of the products, all duties and taxes associated with importing the products into the PRC and costs of warehousing and distribution. Payment is payable by the Distributor within 90 days of shipment by way of irrevocable letter of credit pursuant to an International Sales Contract specific to each order.

9.4.4.2 Restrictions

The Distributor is not permitted to sell to online customers and general customers without Bellamy's written approval.

All Distributor agreements with sub-distributors must be approved in writing by Bellamy's.

9.4.4.3 Warranties and Indemnities

Bellamy's and the Distributor have each agreed to indemnify the other party against any reasonable and necessary costs incurred by a party in relation to a product recall in the circumstance that the recall is caused by either the negligence of the other party or the other party's breach of the Distribution Agreement.

To the extent that a claim is not caused by nor arises from the negligence of the relevant party or its breach of the Distribution Agreement then:

- the Distributor will be responsible for, and indemnifies Bellamy's from, any claims that arise out of the agreement;
- Bellamy's will be responsible for, and indemnifies the Distributor from, any claims that arise directly from the matters that Bellamy's is responsible for under the agreement;

however, neither party is liable to the other for any incidental, indirect, special, remote or consequential losses, that the other party may suffer as a result of or in connection with its negligence or breach of the agreement, even if such losses are foreseeable.

9.4.4.4 Force Majeure

Neither party will be liable to the other to any extent, in damages or otherwise as a result of its failure to perform due to any event beyond its reasonable control, including but not limited to war, national emergency, fire, epidemic, strikes or lock-outs or any other form of industrial action, insurrection or riots or the requirements or regulations of any civilian or military authority.

9.4.4.5 Term and Termination

The Distribution Agreement is valid for 12 months and will expire on 11 March 2015 unless either party gives written notice to renew the agreement and the other party agrees. Subject to the resolution of the present regulatory issues and the usual commercial considerations, as at the Prospectus Date, Bellamy's does not foresee any issues with renewing the agreement.

The agreement may be terminated:

- on 4 weeks written notice by either party;
- automatically in the circumstance that the Bellamy's loyalty program agreement is terminated (which terminates either on the expiry of the Distributorship Agreement or at the sole discretion of Bellamy's);
- if the Distributor fails to rectify a breach within 30 days of receiving written notice;
- immediately if there is a material breach of the agreement by the Distributor.

If the Distribution Agreement is terminated, then Bellamy's may acquire all the products held by the Distributor at the time of termination for a discounted price.

9.5 Financing Arrangements

Bellamy's operates transactional bank accounts with Bendigo Bank and ANZ Bank in Australia. The Bendigo Bank account includes an overdraft limit of \$200,000. The Group also operates transaction bank accounts in Singapore, Hong Kong and China. These are current accounts which operate with positive balances.

Bellamy's has a debtors financing facility in place with Bendigo Bank. The facility has a maximum advance amount of \$3 million with no more than 60% of the Australian debtors able to be drawn at any one time.

Bellamy's has borrowings for equipment finance from Bendigo Bank. This covers vehicles, computer equipment and a filling machine. The total amount owing to Bendigo Bank for equipment financed as at the Prospectus Date is approximately \$320,000.

Bellamy's has an export trade finance facility with Bendigo Bank that is used as and when transactions occur of a significant nature with export partners.

The Bendigo Bank facilities are secured against the assets of the Australian entities within the Group.

9.6 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

9.6.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that Company is admitted to the official list of the ASX.

9.6.2 Rights attaching to Shares

The rights attaching to the Shares are set out in the Constitution and are, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law. The principal rights, liabilities and obligations of the Shareholders are summarised below.

9.6.3 Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (unless a Shareholder has appointed more than one proxy) and one vote on a poll for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

9.6.4 Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

9.6.5 Issue of further Shares

The Board may (subject to the Constitution, the ASX Listing Rules and the Corporations Act) issue, allot or grant options for, or otherwise dispose of, Shares in Company on such terms as the Board decides.

9.6.6 Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that Section, with the:

- consent in writing of the holders of at least 75% of the issued Shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of Shares in that class,

the rights attached to a class of Shares may be varied or cancelled.

9.6.7 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares, Shares may be transferred in accordance with the ASX Settlement Operating Rules, any other ASX requirements and the Corporations Act or via a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may refuse to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

9.6.8 General meeting and notices

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. Company must give at least 28 days written notice of a general meeting.

9.6.9 Winding up

Subject to the Constitution, the Corporations Act and any preferential rights attaching to any class or classes of Shares, Shareholders will be entitled on a winding up to a share in any surplus assets of Company in proportion to the Shares held by them. If Company is wound up, the liquidator may with the sanction of a special resolution, divide the whole or part of Company's property among Shareholders and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

9.6.10 Unmarketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution.

9.6.11 Proportional takeover provisions

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

9.6.12 Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of four Directors and a maximum of nine, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at general meetings of Company.

No Director (excluding any Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint a Director in addition to the existing Directors or to fill a casual vacancy on the Board, and that Director (apart from the Managing Director) will then hold office until the conclusion of the next annual general meeting of Company.

9.6.13 Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote (in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost).

9.6.14 Directors – remuneration

Under the Constitution, the Board may decide the remuneration from Company to which each Director is entitled for his or her services as a Director. However the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by Company in general meeting. The remuneration of a Director (who is not a Managing Director or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Directors may be paid for travel and other expenses incurred in attending to Company's affairs, including attending and returning from meetings of Directors or committees or general meetings. Any Director who devotes special attention to the business of Company or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of Company.

Director's remuneration is discussed in Section 6.5.

9.6.15 Powers and duties of Directors

The business and affairs of Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within Company's power and the powers that are not required by law or by the Constitution to be exercised by Company in general meeting.

9.6.16 Preference Shares

Company may issue preference Shares including preference Shares which are, or at the option of Company or holder are, liable to be redeemed or convertible to ordinary Shares. The rights attaching to preference Shares are those set out in the Constitution unless other rights have been approved by special resolution of Company.

9.6.17 Amendment

The Constitution may be amended only by a special resolution passed by Shareholders.

9.6.18 Share capital

As at the Prospectus date, the only class of security on issue by Company are fully paid ordinary Shares.

9.7 Litigation and Claims

The Directors are not aware of any litigation of a material nature instituted, pending or threatened involving Bellamy's.

9.8 Taxation Considerations

9.8.1 Australian taxation considerations

The following comments seek to provide a general summary of the Australian tax issue for the Shareholders who acquire Shares under this prospectus. The categories of Shareholders considered in this summary are limited to the following:

- Australian tax resident individuals;
- complying superannuation funds;
- Australian tax resident partnerships;
- entities acting as trustee for an Australian tax resident trust estate;
- Australian tax resident companies; and
- non-Australian tax residents generally.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The specific circumstances of each Investor may affect the taxation implications of the investment of that investor. As such Investors should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

Unless otherwise indicated, the comments are based on the income tax law, established interpretations of that law and understanding of the practice of the Australian Taxation Office as at the Prospectus Date.

To the extent permitted by law, Bellamy's disclaims all liability to any investor or other party for all costs, loss, damage and liability that the investor or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the investor or other party or the reliance on it by the investor or other party.

9.8.2 Taxation of Dividends

9.8.2.1 Australian tax resident individual Shareholders and complying superannuation fund Shareholders

Dividends paid by Bellamy's on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation funds should include in their assessable income the dividend received and any franking credit attached to the dividend. These Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on a Shareholders' taxable income. The Shareholder may be entitled to a refund if the tax offset exceeds the total tax payable on a Shareholders' taxable income. We note that an entitlement to a tax offset in relation to franking credits will be subject to various imputation integrity measures including the 'holding period rule' (refer to Section 9.8.2.5 below).

9.8.2.2 Australian tax resident corporate Shareholders

Dividends paid by Bellamy's on a Share will constitute assessable income of an Australian tax resident corporate Shareholder. Australian tax resident corporate Shareholders should include in their assessable income the dividend received, together with any franking credit attached to the dividend. Such Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce tax payable on a Shareholder's taxable income.

An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend. We note that an entitlement to a tax offset in relation to franking credits will be subject to various imputation integrity measures including the 'holding period rule' (refer to Section 9.8.2.5 below).

This will allow the Australian tax resident corporate Shareholder to pass on the benefit of the franking credits to its own shareholders on the payment of dividends. For Australian tax resident corporate Shareholders, excess franking credits received cannot give rise to a tax refund, but may be able to be converted into carry forward tax losses.

9.8.2.3 Australian tax resident trustee and partnership Shareholders

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

9.8.2.4 Non-resident Shareholders

Dividends paid by Bellamy's on a Share to a non-Australian tax resident Shareholder may be subject to dividend withholding tax.

Where fully franked dividends are paid to a non-Australian tax resident Shareholder, generally no dividend withholding tax is required to be withheld. Where unfranked dividends are paid to a non-Australian tax resident Shareholder, Bellamy's will generally be required to withhold tax from the payment of the dividend under the withholding tax rules. No further Australian tax liability arises for non-Australian tax resident Shareholders to the extent that the dividend is franked or subject to dividend withholding tax.

Non-Australian tax resident Shareholders should seek their own independent tax advice as the above comments are general in nature, and any tax liability may vary depending on the Shareholder's individual circumstances.

9.8.2.5 Franking credits – the holding period rule

The benefit of the tax offset which arises from a franking credit may be denied if a Shareholder is not a 'qualified person'. Broadly, a Shareholder must satisfy the 'holding period rule' and, if necessary, a 'related payment rule' to be a 'qualified person'. The 'holding period rule' requires a Shareholder to hold the Shares 'at risk' for a continuous period of more than 45 days commencing the day after the Shares are acquired and ending 45 days after the Shares go ex-dividend.

Under the 'related payment rule', a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend. The 'related payment rule' also requires the Shareholder to hold the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the Shares go ex-dividend.

If a Shareholder is not a 'qualified person', the Shareholder will not include an amount for the franking credit in their assessable income and will not be entitled to a corresponding tax offset.

The holding period rule and the other imputation integrity measures can be very complex in their application. As such, it is recommended that Shareholders seek their own independent tax advice as to their entitlement to claim a tax offset in relation to franking credits received in respect to franked dividend.

9.8.3 Taxation of future share disposals

The comments below provide a general summary of Australian tax issues for Shareholders who acquire Shares under this Prospectus and hold their Shares on capital account. They do not apply to Shareholders who do not hold their Shares on revenue account or to Shareholders who are subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 (Cth) who have made elections for the application of the fair value or reliance on financial reports methods.

9.8.3.1 Australian tax resident Shareholders

The disposal of a Share by an Australian tax resident Shareholder will be a capital gains tax ("CGT") event.

A capital gain will arise where the capital proceeds on disposal of the Share exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on market sale, the capital proceeds will generally be the cash proceeds from the sale.

The CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation fund or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the 50% CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trustee of a complying superannuation fund) may be reduced by 50% after offsetting current year or prior year capital losses. For a complying superannuation fund, any capital gain may be reduced by 33.33%, after offsetting current year or prior year capital losses.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the

Shareholder in the same year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

9.8.3.2 Non-Australian tax resident Shareholders

Where a non-Australian tax resident Shareholder (and their 'associates') holds less than 10% of the Shares, any capital gain made on disposal of the Shares will be exempt from CGT, unless the Shares are an asset of an Australian situated permanent establishment of a non-Australian tax resident Shareholder.

A non-Australian tax resident Shareholder (and their 'associates') holding more than 10% of the Shares will only be liable to tax where more than 50% of the value of Bellamy's assets is attributable to Australian real property (generally known as taxable Australian property). At the date of this Prospectus the shares in Bellamy's do not qualify as taxable Australian property – where this remains the case, any capital gain made on disposal of the Shares will be exempt from CGT.

As the application of the CGT rules will vary depending on the Shareholder's individual circumstances, non-Australian tax resident Shareholders should seek their own professional advice when disposing of their Shares.

9.8.4 Tax file number and Australian Business Number

A Shareholder is not required to quote their tax file number ("TFN") to Bellamy's. However, if they do not quote their TFN (or exemption details are not provided), Australian tax may be required to be withheld by Bellamy's from any unfranked dividends paid at the top marginal tax plus Medicare levy (currently 46.5%).

A Shareholder who holds Shares in the course of carrying on an enterprise may quote their Australian Business Number instead of their TFN.

9.8.5 Stamp duty

No stamp duty will be payable by you on the issue of Shares to you pursuant to the Offer.

Under current stamp duty legislation, no stamp duty would ordinarily be payable on any subsequent transfer of Shares by you.

9.8.6 Goods and services tax

Investors should not be liable for goods and services tax ("GST") in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Shareholders should seek their own professional advice to determine whether they will be able to claim any input tax credits.

9.9 Costs of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1.5 million for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Full Subscription (\$)
ASX fees	120,000
Underwriters fees	1,000,000
Legal Fees	210,000
Investigating Accountant's Fees	175,000
Printing and Distribution	35,000
Total	1,540,000

9.10

Consents to be named and disclaimers of responsibility

Each of the parties listed in this Section (each a “**Consenting Party**”), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Wilson HTM Corporate Finance Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Lead Manager and Underwriter in the form and context in which it is named. Wilson HTM Corporate Finance Ltd has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in the Prospectus;
- Moore Stephens Corporate Finance (Melb) Pty Ltd has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountants’ Report in the form and context in which it is included;
- Groom Kennedy Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as legal adviser to Bellamy’s in relation to the Offer in the form and context in which it is named;
- Link Market Services Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Link Market Services Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Bellamy’s;
- Ruddicks Chartered Accountants has given, and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion in this Prospectus of statements based on its role as auditor of the Company in the form and context in which they are included. Ruddicks Chartered Accountants has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in the Prospectus.

References are made in this Prospectus to entities that have certain dealings with Bellamy’s, including counterparties to contractual arrangements referred to in this Prospectus. These parties have been referred to for information purposes only. Those entities did not authorise or cause the issue of this Prospectus and have had no involvement in the preparation of any part of this Prospectus.

9.11

ASIC Relief

Neither the Company or SaleCo is seeking ASIC relief in connection with the Offer.

9.12

Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Tasmania and each Applicant submits to the exclusive jurisdiction of the courts of Tasmania.

9.13

Authorisation of this Prospectus

Each Director of the Company and each director of SaleCo has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC.



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Glossary

10. Glossary

Term	Description
AUD or \$	Australian dollars;
4QFY2014	The 3 month period from 1 April 2014 to 30 June 2014;
AASB	Australian Accounting Standards Board;
ACN	Australian Company Number;
AEST	Australian Eastern Standard Time;
Applicant(s)	Means a person(s) who makes an application or Shares under the Offer;
Application	Means an Application for Shares under this Prospectus made by an Applicant using an Application Form;
Application Form	The Application Form for New Shares attached to or accompanying this Prospectus (including an electronic form provided by an online application facility);
Application Monies	The Offer Price multiplied by the number of Shares applied for or the amount accompanying an Application for submitted by an Applicant;
ASIC	Australian Securities and Investments Commission;
ASX	Australian Securities Exchange, as operated by ASX Limited (ACN 008 624 691);
ASX Listing Rules	The official listing rules of the ASX;
ASX Recommendations	ASX Corporate Governance Principles and Recommendations;
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Ltd (ACN 008 504 532);
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretation;
Bellamy's	Bellamy's Australia Limited (ACN 124 272 108) which includes references to wholly-owned subsidiaries of the Company;
Board of Directors or Board	The board of directors of Bellamy's;
Broker	Any ASX participating organisation selected by the Lead Manager, SaleCo and Bellamy's to act as a Broker to the Offer;
Broker Firm Offer	means the Offer as described in Section 7.11;
Business Day	means a day on which banks are open for business in Sydney and excluding Saturday, Sunday or public holidays;
CAGR	Compound annual growth rate;
CEO	Chief executive officer;
CFO	Chief financial officer;
CHES	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act;

Term	Description
Closing Date	The date by which Applications must be received by the Share Registry being 5:00pm (AEST) 28 July 2014 as set out in the "Key Offer Information" and may be varied by the Company;
Company	Means Bellamy's Australia Limited (ACN 124 272 108);
Completion of the Offer	Completion in respect of the allotment of Shares by the Company and transfer of Shares by SaleCo under Offer in accordance with Underwriting Agreement as set out in the "Key Offer Information";
Constitution	The Constitution of the Company upon Listing;
Corporations Act	the <i>Corporations Act 2001</i> (Cth);
Director	A director of the Company;
EBIT	Earnings before interest and taxation, in a relevant period;
EBITDA	Earnings before interest expense, taxation, depreciation and amortisation, in a relevant period;
Escrowed Shareholders	Buduva Pty Ltd as trustee for the Baskerville Superannuation Fund, Krisami Investments Pty Ltd, RT Wilson as trustee for the RT and JA Wilson Family Trust, Mrkat Pty Ltd as trustee for the RG and LM Woolley Super Fund, TFFT Pty Ltd as trustee for the Tracey Family Trust, Kate Woolley, Andrew Woolley, Sharon Woolley, Suetone Pty as trustee for the AK Shadforth Family Trust and Vermilion 21 Pty Ltd as trustee for the McNelhaus Superannuation Fund;
Existing Shareholders	Shareholders of Bellamy's as at the Prospectus date. Refer to Section 7.7 for further information;
Existing Shares	The Shares of Existing Shareholders;
Expiry Date	13 months after the Prospectus Date being 4 August 2015;
Exposure Period	The seven day period commencing after lodgement of the Prospectus with ASIC during which no Applications may be accepted by Bellamy's. This period may be extended by ASIC by up to a further seven days;
Financial Information	together the: <ul style="list-style-type: none"> • Historical Financial Information; and • Forecast Financial Information;
FMCG	Means Fast Moving Consumer Goods;
Forecast Financial Information	together the: <ul style="list-style-type: none"> • statutory consolidated forecast income statements for FY2014 and FY2015 (the Statutory Forecast Results); • pro forma consolidated forecast income statements for FY2014 and FY2015 (the Pro Forma Forecast Results); • statutory consolidated forecast cash flow statements for FY2014 and FY2015 (the Statutory Forecast Cash Flow Statements); and • pro forma consolidated forecast cash flow statements for FY2014 and FY2015 (the Pro Forma Cash Flow Statements);

Term	Description
Forecast Period	The reporting period in which Bellamy's is providing Forecast Financial Information in the Prospectus;
FY2012	Financial year ended 30 June 2012;
FY2013	Financial year ended 30 June 2013;
FY2014	Financial year ending 30 June 2014;
FY2015	Financial year ending 30 June 2015;
Group	Bellamy's and each of its subsidiaries as referred to in Section 9.3;
GST	Goods and Services Tax;
Historical Financial Information	<p>together the</p> <ul style="list-style-type: none"> • proforma consolidated historical income statements for FY2012, FY2013 and 9 months to 31 March 2014 (the Pro Forma Historical Results); • proforma consolidated historical cash flow statements for FY2012, FY2013 and 9 months to 31 March 2014 (the Pro Forma Historical cash Flows); and • proforma consolidated historical balance sheet as at 31 March 2014 (the Pro Forma Balance Sheet);
IASB	International Accounting Standards Board;
IFRS	International Financial Reporting Standards;
Initial Prospectus	The prospectus dated 4 July 2014 and lodged with ASIC on that date, which this Prospectus replaces;
Institutional Investors	<p>Investors in:</p> <p>(a) Australia who are wholesale clients under section 761G of the Corporations Act and either 'professional investors' or 'sophisticated investors' under section 708(8) and 708(11) of the Corporations Act; and</p> <p>(b) Certain other jurisdictions as agreed by the Lead Manager and the Company to whom an offer of Shares may lawfully be made without the need for a lodged or registered disclosure document or filing with, or approval by, any governmental agency,</p> <p>and in each case who are not US Persons and are not acting for the account or benefit of US Persons;</p>
Institutional Offer	Means the Offer as described in Section 7.12;
Investigating Accountant or Moore Stephens	Moore Stephens Corporate Finance (Melb) Pty Ltd (ACN 068 744 114);
Investigating Accountant's Reports	The report prepared by Moore Stephens as set out in Section 8;
IPO	Initial Public Offering by the Company of its Shares;
Lead Manager	Wilson HTM Corporate Finance Ltd (ACN 057 547 323);

Term	Description
Link Market Services	Means the Share Registry;
Listing	The admission of Bellamy's to the Official List;
Management	The executives of the Company identified in Section 6.2;
New Shares	Shares issued to Institutional Investors under the private placement described in Section 9.4.1.2
NPAT	Net Profit after Tax;
Offer	The Offer of Shares by the Company and SaleCo;
Offer Period	The period commencing on the Opening Date and ending on the Closing Date as referred to in the Key Offer Information;
Offer Price	Means \$1.00 per Share;
Official List	Means the official list of ASX;
Official Quotation	Means official quotation of the Shares on the Official List in accordance with the ASX Listing Rules;
Opening Date	Means the date the Offer opens being 21 July 2014 which is set out in "Key Offer Information" and may be varied by the Board;
Option	Means an option to subscribe for a Share;
Prospectus	Means this document (including the electronic form of the Prospectus) and any supplementary or replacement Prospectus in relation to this document lodged with ASIC from time to time;
Prospectus Date	The date on which the Initial Prospectus was lodged with ASIC, being 4 July 2014;
SaleCo	ACN 600 224 502 Pty Limited (ACN 600 224 502);
Share	A fully paid ordinary Share in the Company;
Shareholder(s)	A registered holder(s) of Shares;
Share Registry	Link Market Services Limited (ACN 083 214 537);
Underwriter	Wilson HTM;
Underwriting Agreement	The agreement dated 26 June 2014 between Wilson HTM, SaleCo and Bellamy's as described in Section 9.4.4;
US Persons	Has the meaning given by Regulation S under the US Securities Act;
US Securities Act	United States Securities Act of 1937, as amended;
Wilson HTM	Wilson HTM Corporate Finance Ltd (ACN 057 547 323);
YTD2014	The 9 month period ended 31 March 2014.



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Principal Accounting Policies



Appendix A

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Principal accounting policies

The preparation of Financial Information requires the application of accounting policies. The selection of accounting policies requires judgment and the application of policies requires estimates and assumptions to be applied. Actual results may differ to those derived from the application of accounting policies where actual outcomes vary to assumptions and estimates made.

Entities reporting

The consolidated financial information for the Group is for the economic entity comprising Bellamy's and its subsidiaries ("**Group**"). On completion of the Offer, the Group consists of:

Bellamy's Australia Limited
Bellamy's Organic Pty Ltd
Bellamy's Kitchen Pty Ltd
Yum Mum Pty Ltd
Bellamy's Organic (Hong Kong) Company Ltd
Bellamy's Organic (South-East Asia) Pte Ltd
Bellamy's Food Trading (Shanghai) Co Ltd

Principles of Consolidation

The consolidated Financial Information incorporate the assets, liabilities and results of entities controlled by Bellamy's Australia Limited at the end of the reporting period. A controlled entity is any entity over which Bellamy's Australia Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the consolidated Financial Information, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Revenue Recognition & Receivables

Revenue is measured at fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Grant income received is recognised as income in the period in which it is received.

Income tax

Income tax expense (revenue) comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore 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 9 months as well unused tax losses.

Current and deferred income tax expense (revenue) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial

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recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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, branches, associates, and joint ventures, 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.

Bellamy's and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. Bellamy's, as the head entity in the tax consolidated group and its wholly owned Australian controlled entities continues to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bellamy's also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Foreign currency translation

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Group.

Transactions in foreign currencies are converted at the exchange rates in effect at the dates of each transaction. Amounts payable to or by the Group in foreign currencies have been translated into Australian currency at the exchange rates ruling on balance date. Gains and losses arising from fluctuations in exchange rates on monetary assets and liabilities are included in the income statement in the period in which the exchange rates change, except when deferred in equity as qualifying cash flow hedges.

Employee Expenses & Entitlements

Provision is made for employee expenses arising to the end of the reporting period. Employee expenses that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee expenses payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee expenses.

Provision has been made in the accounts for benefits accruing to employees up to balance date, such as annual leave, long service leave and bonuses. No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will never be paid. Annual leave provisions are measured at their nominal amounts using the remuneration rates expected to apply at the time of settlement and are classified in other payables. Long service leave provisions are measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date using the projected unit credit method.

Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity that match estimated future cash outflows.

All on-costs, including superannuation, payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions.

Cash and cash equivalents

For the purposes of the Financial Information, Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Borrowings

Loan facilities 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 the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual drawdown of the facility, are capitalised and amortised on a straight line basis over the term of the facility.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade receivables are generally due for settlement based upon trading terms negotiated with customers. Sales to export distributors are generally receivable before shipment. Sales to domestic customers are generally receivable 30 to 90 days from invoice.

Collectability of trade receivables are reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 cash flows (cash generating units).

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation or amortisation.

Plant and equipment are measured on a cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. 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 factors are present.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed

on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5% – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period. Finance leased assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Where the risks and rewards of ownership are retained by the lessor, leased assets are classified as operating leases and are not capitalised. Rental payments are charged to the income statement on a straight line basis over the period of the lease.

Accounts payable

These amounts represent liabilities for goods provided prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Goods and services tax

Revenues, expense and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of an expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the new share issue are shown in equity as a deduction, net of tax, from the proceeds.

Bellamy's Australia Limited
ACN 124 272 108

Broker Firm Offer Application Form

Applicants under the Broker Firm Offer must contact their Broker for information on how to submit the Broker Firm Application Form and Application Monies. The Prospectus contains information about investing in Shares and you should read the entire Prospectus carefully before applying for Shares.

This is an Application Form for Shares in Bellamy's Australia Limited under the Broker Firm Offer on the terms set out in the replacement prospectus issued by Bellamy's and lodged with ASIC on Monday, 21 July 2014 ("**Prospectus**"). The Prospectus will expire on 4 August 2015. You may apply for a minimum of 2,000 Shares and in multiples of 1,000 thereafter. This Application Form and your cheque or bank draft must be received by your Broker in accordance with your Broker's directions to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

Shares applied for at **A\$1.00** Application Monies **B A\$**

(minimum 2,000, thereafter in multiples of 1,000)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1 – Surname/Company Name

Title First Name Middle Name

Joint Applicant #2 – Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

TFN/ABN/Exemption Code – First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

IMPORTANT

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

Cheque or Bank Draft Number BSB Account Number

Total Amount **A\$**

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker in accordance with your Broker's directions to you. If you have any questions concerning the Offer call Bellamy's Offer Information Line on 1800 206 847 (from within Australia) or +61 3 1800 206 847 (from outside Australia).

For personal use only

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Bellamy's Australia Limited ("Bellamy's") Shares. Further details about the Shares are contained in the replacement prospectus issued by Bellamy's and lodged with ASIC on 21 July 2014 ("Prospectus"). The Prospectus will expire on 4 August 2015. Bellamy's will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request by telephoning Bellamy's Offer Information Line on 1800 206 847 (from within Australia) or +61 3 1800 206 847 (from outside Australia).

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 2,000 Shares and thereafter in multiples of 1,000. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price of A\$1.00. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Bellamy's will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Bellamy's and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Bellamy's Issuer Sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

ACKNOWLEDGEMENTS

- I/We declare that by lodging this Application Form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates.
- I/We hereby authorise Bellamy's to complete and execute any documents necessary to effect allotment for any shares.
- By submitting this Application Form, I/we declare, represent and warrant that this Application is completed and lodged in accordance with the Prospectus and subject to the declarations/statements on this Application Form and declare that all declarations and statements made by me/us (including the declarations/statements on this Application Form) are complete and accurate. I/We agree to be bound by the constitution of Bellamy's and the terms of the Offer and agree to the issue to me/us of any number of shares equal to or less than the value indicated in Section A above which may be issued to me/us pursuant to the Prospectus.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Bellamy's Australia Limited
ACN 124 272 108

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This is an Application Form for Shares in Bellamy's Australia Limited under the Broker Firm Offer on the terms set out in the replacement prospectus issued by Bellamy's and lodged with ASIC on Monday, 21 July 2014 ("**Prospectus**"). The Prospectus will expire on 4 August 2015. You may apply for a minimum of 2,000 Shares and in multiples of 1,000 thereafter. This Application Form and your cheque or bank draft must be received by your Broker in accordance with your Broker's directions to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

Shares applied for at **A\$1.00** Application Monies **B A\$**

(minimum 2,000, thereafter in multiples of 1,000)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1 – Surname/Company Name

Title First Name Middle Name

Joint Applicant #2 – Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

TFN/ABN/Exemption Code – First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name (if applicable)

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHES HIN (if you want to add this holding to a specific CHES holder, write the number here)

X

IMPORTANT

Please note: that if you supply a CHES HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHES, your Application will be deemed to be made without the CHES HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

Cheque or Bank Draft Number BSB Account Number

Total Amount **A\$**

LODGEMENT INSTRUCTIONS

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ACKNOWLEDGEMENTS

- I/We declare that by lodging this Application Form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates.
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- By submitting this Application Form, I/we declare, represent and warrant that this Application is completed and lodged in accordance with the Prospectus and subject to the declarations/statements on this Application Form and declare that all declarations and statements made by me/us (including the declarations/statements on this Application Form) are complete and accurate. I/We agree to be bound by the constitution of Bellamy's and the terms of the Offer and agree to the issue to me/us of any number of shares equal to or less than the value indicated in Section A above which may be issued to me/us pursuant to the Prospectus.

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Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Corporate Directory

Bellamy's Australia Limited – Head Office

52-54 Tamar Street
Launceston Tasmania 7250

Website: bellamysorganic.com.au

ASX Code: BAL

Lead Manager & Underwriter

Wilson HTM Corporate Finance Ltd
Level 16
357 Collins St
Melbourne Victoria 3000

Website: www.wilsonhtm.com.au

Legal Advisor

Groom Kennedy Pty Ltd
Level 1
47 Sandy Bay Road
Hobart Tasmania 7000

Website: www.groomkennedy.com.au

Investigating Accountant

Moore Stephens Corporate Finance (Melb) Pty Ltd
Level 10
530 Collins Street
Melbourne, Victoria 3000

Website: www.moorestephens.com.au

Share Registry

Link Market Services Limited
Level 1
333 Collins Street
Melbourne VIC 3000

Bellamy's Offer Information Line

Within Australia: 1800 206 847

Outside of Australia: +61 1800 206 847

Hours of Operation: 9:00am to 5:00pm (AEST)
Mon to Fri

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bellamysorganic.com.au