



Prospectus

13 June 2017

Details of a 5 for 38 accelerated non-renounceable Entitlement Offer of new fully paid ordinary shares in the Company at a price of \$4.75 per New Share



Bellamy's Australia Limited ABN 37 124 272 108

Retail Entitlement Offer closes at 5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017 (unless extended). Valid applications must be received before that time

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES UNLESS AS A PART OF A US PRIVATE PLACEMENT MEMORANDUM AND DELIVERED BY THE COMPANY TO ELIGIBLE SHAREHOLDERS

THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY A PERSONALISED ENTITLEMENT AND ACCEPTANCE FORM AND BOTH SHOULD BE READ IN THEIR ENTIRETY. PLEASE CALL YOUR STOCKBROKER, ACCOUNTANT, FINANCIAL ADVISER, TAXATION ADVISER OR OTHER INDEPENDENT PROFESSIONAL ADVISER OR THE SHARE REGISTRY IF YOU HAVE ANY QUESTIONS

This Prospectus does not constitute an offer of securities in the United States. The Offered Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws

Underwriter of the Entitlement Offer

CREDIT SUISSE

Prospectus

Important information	3
Key Entitlement Offer dates	8
Chairman's letter	9
1. Investment overview	12
2. Details of the Offer and how to apply	23
3. Purpose and effect of the Offer and Acquisition	28
4. Overview of Bellamy's	30
5. Financial information	37
6. Risk factors	42
7. Additional information	51
Glossary	73
Corporate directory	77

Important information

This Prospectus relates to the:

- (a) 5 for 38 Entitlement Offer of New Shares;
 - (b) issue of 3,190,042 Consideration Shares to the Vendor; and
 - (c) issue of 4,105,888 Options to Eligible Persons,
- by Bellamy's Australia Limited ABN 37 124 272 108.

Lodgement and quotation

This Prospectus is dated 13 June 2017 and was lodged with ASIC on that date. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company will apply to ASX for quotation of the New Shares (and Additional New Shares, if any) and the Consideration Shares on ASX. This Prospectus expires on 12 July 2018, the date which is 13 months after the Lodgement Date, and no Offered Securities will be issued on the basis of this Prospectus after that date.

This Prospectus:

- (a) is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act; and
- (b) has been prepared for the offer of Options such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available. Specifically, if the Options are issued with disclosure under this Prospectus, then the Shares issued upon the exercise of any of the Options can be on-sold within 12 months of their issue without a disclosure document for the on-sale offer (even if the Shares were issued without disclosure or lodgement of a cleansing statement), as the Options are issued with disclosure and the exercise of the Option does not involve any further offer.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult. Investors should therefore have regard to the other information disclosed to ASX in relation to the Company before deciding whether to invest.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company and consider all of the risks that could affect the performance of Company. In considering the prospects of the Company, you should consider the risks that could affect the financial performance or position of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Risks which should be considered by prospective investors are set out in **Section 6** of this Prospectus. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Offered Securities.

Rights to acquire Offered Securities under the Offer are not transferrable. Eligible Retail Shareholders should carefully read and follow the instructions in **Section 2** of this Prospectus and on the back of the accompanying personalised Entitlement and Acceptance Form (as defined below) when making the decision to invest in New Shares (or Additional New Shares, if applicable to you).

Obtaining a copy of this Prospectus

Eligible Retail Shareholders (as defined in **Section 7.6** of this Prospectus) will receive a copy of this Prospectus together with an accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders in Australia and New Zealand, the Vendor and Eligible Persons can also obtain a copy of this Prospectus (free of charge) during the Retail Entitlement Offer period (as defined below) from the Company's website at <http://investors.bellamysorganic.com.au/> or by calling the Share Registry on 1300 853 809 (from within Australia) or +61 1300 853 809 (from outside of Australia) from 8.30am to 5.30pm (Australian Eastern Standard time), Monday to Friday during the Retail Entitlement Offer period. Shareholders or other persons in other jurisdictions (including the United States) who are, or are acting for the account or benefit of, a person in the United States, are not entitled to access the electronic version of this Prospectus. Eligible Shareholders, Vendor or Eligible Persons who access the electronic version of this Prospectus on the Company's website should ensure they download and read the entire Prospectus. The electronic version of the Prospectus on the Company's website will not include an Application Form.

Statements of past performance

Information about the Group's past performance and pro forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Prospectus may be 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and 'non-GAAP financial measures' under Regulation G of the US Securities Exchange Act of 1934. The disclosure of such non-GAAP financial measures in the manner included in this Prospectus would not be permissible in a registration statement under the US Securities Act. The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning 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 or non-GAAP financial measures and ratios (if any) included in this Prospectus.

Financial information and forward looking statements

This Prospectus includes Historical Financial Information and Pro Forma Historical Financial Information.

All dollar values are in Australian dollars (\$ or A\$), rounded to the nearest \$0.1 million, and financial data is presented as at the half year ended 31 December 2016 unless stated otherwise. The pro forma historical financial information included in this Prospectus does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Other forward looking statements included in this Prospectus include statements regarding the outcome and effects of the Entitlement Offer and the Acquisition, the CFDA registration process and its outcome, the Company's future financial performance, including the 2H17 EBIT guidance and the statements regarding the industries and markets in which the Company operates. Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Accordingly, such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and

management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and prospective investors are cautioned against placing undue reliance on these forward looking statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risks outlined in **Section 6** of this Prospectus and the assumptions set out in **Section 5** of this Prospectus.

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

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this 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. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Company website

Any references to documents included on the Company's website at <http://investors.bellamysorganic.com.au/> are for convenience only, and none of the documents or other information available on the Company's website are incorporated herein by reference.

Defined terms and time

Capitalised terms and abbreviations used in this Prospectus have the meanings given to them in the Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Standard time.

Disclaimer

No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by the Directors or the Company, the Underwriter or any of their respective related bodies corporate in connection with the Offer.

The Underwriter has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Prospectus. The Underwriter does not make, or purport to make, any statement in this Prospectus, and there is no statement in this Prospectus that is based on any statement by the Underwriter. To the maximum extent permitted by law, the Underwriter expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Prospectus.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Offer, the Entitlements or the Offered Securities, or to otherwise permit a public offering of Offered Securities, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the New Shares (or Additional New Shares, if any), the Consideration Shares and the Options (and any Shares issued on exercise of the Options) have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Offered Securities are registered under the US Securities

Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This Prospectus may not be released or distributed in the United States, unless it constitutes part of the US Private Placement Memorandum.

For further detail please see the Foreign Selling Restrictions set out in **Section 7.18** of this Prospectus.

Important information for New Zealand investors

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

The Entitlements and the Offered Securities are not being offered to the public within New Zealand other than to existing Shareholders (with respect to the Entitlements and the New Shares) with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

Privacy

By filling out the personalised Entitlement and Acceptance Form to apply for New Shares (and Additional New Shares, if applicable to you), you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the personalised Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company 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 register of members;
- 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 the 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 Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Prospectus.

Enquiries for the Entitlement Offer

Before making a decision about investing in the Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

If you have any questions on how to:

- (a) complete the personalised Entitlement and Acceptance Form accompanying this Prospectus which Eligible Retail Shareholders (as defined in **Section 7.6** of this Prospectus) may use to apply for New Shares;
- (b) take up the New Shares offered to you under the Entitlement Offer (your **Entitlement**), either in full or in part; or
- (d) take up your full Entitlement and apply for Additional New Shares,

please call the Share Registry between 8.30am and 5.30pm (Australian Eastern Standard time) Monday to Friday during the period from and including the date on which the Retail Entitlement Offer opens until and including the date on which it closes (**Retail Entitlement Offer period**):

Within Australia: 1300 853 809

Outside Australia: +61 1300 853 809

If you take no action or your application is not supported by cleared funds, your Entitlement will lapse and you will not be issued with New Shares. You should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Bellamy's will be diluted by your non-participation in the Entitlement Offer. Eligible Shareholders who do not take up their Entitlement in full will not receive any payment or value for that part of their Entitlement they do not take up.

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above. Alternatively, if you have internet access and have the Securityholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from the Share Registry's secure website at www.investorcentre.com.

Website

To view annual reports, shareholder and information about Bellamy's, announcements, background information on Bellamy's operations and historical information, visit the Company's website at <http://investors.bellamysorganic.com.au/>.

Key Entitlement Offer dates

Event	Date
Announcement of Acquisition and Entitlement Offer Institutional Entitlement Offer opens	Tuesday, 13 June 2017
Institutional Bookbuild and Institutional Entitlement Offer closes	Wednesday, 14 June 2017
Results of Institutional Entitlement Offer announced and trading on ASX resumes (by 10:00am, Australian Eastern Standard time) on an ex-entitlement basis	Thursday, 15 June 2017
Record Date for the Entitlement Offer	7.00pm (Australian Eastern Standard time) on Thursday, 15 June 2017
Despatch of Prospectus and personalised Entitlement and Acceptance Forms to Eligible Retail Shareholders Retail Entitlement Offer opens	Tuesday, 20 June 2017
Settlement of Institutional Entitlement Offer	Thursday, 22 June 2017
Issue and quotation of New Shares issued under the Institutional Entitlement Offer	Friday, 23 June 2017
Retail Entitlement Offer closes	5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017
Settlement of Retail Entitlement Offer	Thursday, 6 July 2017
Issue of New Shares and Additional New Shares under the Retail Entitlement Offer	Friday, 7 July 2017
Normal trading of New Shares and Additional New Shares issued under the Retail Entitlement Offer expected to commence trading on ASX	Monday, 10 July 2017
Mailing of updated CHESS notices and issuer sponsored holding statements in relation to New Shares issued under the Retail Entitlement Offer completed	Monday, 10 July 2017

Dates and times in this Prospectus are indicative only and subject to change. All times and dates refer to Australian Eastern Standard time. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. No cooling-off rights apply to applications submitted under the Entitlement Offer. The commencement of quotation of New Shares and Additional New Shares is subject to confirmation from ASX.

Chairman's letter

13 June 2017

Dear Eligible Shareholder,

On behalf of the Company, I am pleased to be able to invite you to participate in a fully underwritten 5 for 38 pro-rata accelerated non-renounceable entitlement offer of New Shares in the Company at an Offer Price of \$4.75 per New Share.

The net proceeds of the Entitlement Offer will be applied towards funding the cash component of the consideration for the acquisition of a 90% interest in Camperdown Powder¹ (which operates a CNCA licensed canning facility) (see **Section 4.6** of this Prospectus for further details). The net proceeds of the Entitlement Offer will also be used to further reset the Company's supply agreement with Fonterra. In particular, Bellamy's has agreed to make a one-time \$27.5 million payment to Fonterra, conditional on the completion of the Entitlement Offer, in exchange for Fonterra removing projected shortfall payments over the life of the supply agreement². Fonterra has also agreed to partner with the Company to reformulate its Step 1, 2 and 3 infant milk formula products, which will be canned at Bellamy's newly acquired canning line. The full use of the net proceeds of the Entitlement Offer are outlined in **Section 3.1** of this Prospectus.

Although Bellamy's has faced challenges and is currently working to resolve legacy issues within the business, the Company has made significant progress in recent months, commencing a comprehensive stabilisation plan. To date, this has involved strengthening the Board, renegotiating key supplier arrangements and reinvesting in Bellamy's core brand and the image associated with it. The Acquisition, Fonterra supply reset and the Entitlement Offer are key steps in the Company's stabilisation plan and provide Bellamy's with a pathway to securing CFDA registration. The Company has also put in place a new equity incentive remuneration package for certain of its Directors and management which is designed to align the interests of the Board, management and Shareholders, and most importantly the long-term enterprise value creation of Bellamy's.

Fundamentally, we believe that the Bellamy's brand and market opportunities remain compelling, and the Company is looking ahead to a return to profitable growth. The Company's trading outlook remains consistent with the guidance previously provided to the market on 24 February 2017. Net sales in 2H17 are expected to fall above mid-point of guidance (\$105 - \$120 million) and, excluding the impact of the Fonterra supply chain reset, 2H17 EBIT guidance is revised from \$11 million - \$15 million to \$16.5 million - \$20.5 million. Additional information on the Company's trading outlook for the remainder of the financial year is outlined in **Section 5.5** of this Prospectus.

Entitlement Offer

The Entitlement Offer is being conducted by way of a pro-rata accelerated non-renounceable entitlement offer. 12,721,911 New Shares will be issued under the Entitlement Offer. New Shares will rank equally with existing Shares in all respects from the date of issue of the New Shares. The Entitlement Offer comprises an institutional component and a retail component with the ability to apply for Additional New Shares under a retail over-subscription facility.

The Entitlement Offer is fully underwritten. In addition to committing to take up its Entitlement in full under the Entitlement Offer, one of the Company's major Shareholders, Janchor³, intends to provide sub-underwriting support to the Entitlement Offer.

This Prospectus relates to the Institutional Entitlement Offer, as well as the Retail Entitlement Offer and the New Shares and Additional New Shares (if any) to be issued under it. The Offer Price of \$4.75 per New Share under the Retail Entitlement Offer is the same issue price to be paid by institutional investors under the Institutional Entitlement Offer.

¹ The Acquisition is an acquisition by a subsidiary of the Company of a 90% interest in a newly formed entity which will hold all of the issued capital of Camperdown Powder.

² This is expected to increase expected gross margin and allow greater investment in marketing and the Bellamy's brand. It is important to note that the agreement still includes minimum annual volume commitments that are subject to shortfall payments, however, the level of these commitments is now aligned with growth and production forecasts.

³ Bellamy's Chairman, Mr John Ho, has an indirect interest in the Shares held (or to be held) by Janchor.

Details of your Entitlement

As an Eligible Shareholder, you are entitled to subscribe for 5 New Shares for every 38 existing Share held at 7.00pm (Australian Eastern Standard time) on Thursday, 15 June 2017.

Eligible Retail Shareholders holding 100,000 Shares or less on the Record Date may also apply for Additional New Shares at the Offer Price in excess of their Entitlement through the retail over-subscription facility, which will be capped at 25% of their Entitlement. Additional New Shares will only be allocated to Eligible Retail Shareholders if available and to the extent that the Company so determines, in its absolute discretion. The Company may apply any scale-back to applications for Additional New Shares in its absolute discretion.

If you take no action or your application is not supported by cleared funds, your Entitlement will lapse and you will not be issued New Shares. Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Accordingly, you should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Bellamy's will be diluted by your non-participation in the Entitlement Offer. Eligible Shareholders who do not take up their Entitlement in full will not receive any payment or value for that part of their Entitlement they do not take up.

Eligible Retail Shareholders: Taking up your Entitlement and applying for Additional New Shares

If you are an Eligible Retail Shareholder and you decide to take up all or part of your Entitlement (or take up all of your Entitlement and apply for Additional New Shares), there are two alternative ways you can pay your Application Monies:

- Post, to the Share Registry, your completed Entitlement and Acceptance Form, along with your Application Monies by cheque, bank draft or money order. The Share Registry address is specified on the Entitlement and Acceptance Form and a reply paid envelope is provided in the package enclosing this Prospectus and your Entitlement and Acceptance Form; or
- Pay your Application Monies via BPAY®⁴. If you pay by BPAY® you do not need to complete and post your Entitlement and Acceptance Form to the Share Registry.

It is important to note that the Retail Entitlement Offer closes at 5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017. To participate, Eligible Retail Shareholders need to ensure that their completed Entitlement and Acceptance Form and their Application Monies are received by the Share Registry before this time and date **OR** they have paid their Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form.

See **Section 2** of this Prospectus for further information about payment methods.

Eligible Institutional Shareholders

The Underwriter will provide to Eligible Institutional Shareholders the details of their Entitlements and of how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.

Consideration Shares and Options

This Prospectus also relates to the issue of 3,190,042 Consideration Shares to the Vendor as part of the consideration payable by the Company for the Acquisition and the issue of 4,105,888 Options to certain Directors and management of the Company as part of their remuneration. Details of how to apply for the Consideration Shares and the Options will be provided to the Vendor and Eligible Persons, respectively, by the Company together with this Prospectus.

Further information

Further information on the Entitlement Offer and Bellamy's business is detailed in this Prospectus. You should read the entirety of this Prospectus carefully before deciding whether to participate in

⁴ ® Registered to BPAY Pty Ltd ABN 69 079 137 518.

the Entitlement Offer. An investment in the Company, the New Shares, or if applicable to you, Additional New Shares, is highly speculative and subject to a range of risks, which are more fully detailed in **Section 6** of this Prospectus. Key risks to the business include regulatory risk arising from the Company's sales into China, risks associated with the class actions which are on foot and risks associated with damage to the Company's brand and reputation. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

If you would like further information regarding the Entitlement Offer please call the Share Registry on 1300 853 809 (within Australia) or +61 1300 853 809 (from outside Australia) or visit our website at <http://investors.bellamysorganic.com.au/>. For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser without delay.

You should be aware that the Company has not had regard to your individual circumstances or needs, including your personal taxation or financial position, in sending this Prospectus and accompanying information to you, and the Company is not licensed to provide financial product advice to you in relation to your Shares, the New Shares, the Entitlements or the Additional New Shares. If you have any doubt about whether you should invest in the Entitlement Offer, you should seek professional advice before making any investment decision. Please note that no cooling-off period applies in relation to the Entitlement Offer – you cannot withdraw your application once it has been accepted.

On behalf of the Directors and management team of Bellamy's, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



John Ho
Chairman

1. Investment overview

The purpose of this section is to provide an investment overview that helps investors make an informed investment decision by highlighting key information. It is an introduction to the Offer and is not intended to replace the other sections of this Prospectus, which investors should read in full.

Topic	Summary	For more information
The Company and its business model		
Who is the issuer of the Offered Securities?	Bellamy's Australia Limited ABN 37 124 272 108	Section 4 of this Prospectus
What is the Company's business?	<p>The Company is an ASX-listed Australian food brand business.</p> <p>The Company offers a range of organic food and formula products for babies and toddlers. The Company's products are certified organic. This forms the centrepiece of the Company's brand appeal and the brand promise of a Pure Start to Life®.</p> <p>The Company offers over 30 products that are tailored to the needs of babies and toddlers, including:</p> <p>Babies from birth to 6 months:</p> <ul style="list-style-type: none"> • Infant milk formula, baby food pouches, dry cereals <p>Babies from 6 to 12 months:</p> <ul style="list-style-type: none"> • Infant milk formula, baby food pouches, dry cereals, teething rusks, pasta <p>Toddlers from 1 to 3 years:</p> <ul style="list-style-type: none"> • Toddler milk, baby food pouches, dry cereals, teething rusks, fruit snacks, pasta <p>These products are delivered to consumers through a well-established retail distribution network, including:</p> <ul style="list-style-type: none"> • In Australia: <ul style="list-style-type: none"> • via major supermarkets, pharmacies, wholesale distributors and niche organics and health stores • In China: <ul style="list-style-type: none"> • via distribution networks across major cities in China and managed by our general distributor in China • via select E-commerce and Social platforms including Tmall, JD.com, VIP.com, Kaola and WeChat • In South-East Asia: <ul style="list-style-type: none"> • via major supermarkets and pharmacies in Singapore and Hong Kong working closely with our key distributor LF Asia • via distribution networks in Vietnam, Malaysia and New Zealand • Online across multiple geographies including Australia and China 	Section 4 of this Prospectus

⁵ ® Registered to Bellamy's Organic Pty Ltd ABN 11 125 461 903

Topic	Summary	For more information
	The Company utilises contract and toll manufacturing and is involved in the management of the global organic ingredient supply chain.	
What is Bellamy's strategy?	<p>The Company's strategy is to continue to focus investment, capacity and capability on bringing the core business of infant formula and baby food in Australia and China to full potential. The Chinese market is particularly important to the Company due to its size and projected growth rate, driven by demographics and changing consumer wealth and preferences.</p> <p>In the near term, the Company is focused on stabilising the business through improved execution, including reducing overhead and supply chain costs, and achieving the required CFDA registration to continue importing and selling 'Chinese labelled' product within China. The successful closing and integration of the Acquisition will be critical.</p> <p>In the medium term, the priority will be to strengthen the Bellamy's consumer proposition within the organic baby food and formula category. This will require investment in both the brand and in updating and expanding the product range.</p> <p>The Company is continually evaluating new markets and laying early foundations for longer-term growth beyond the core business.</p>	Section 4 of this Prospectus
What is the Acquisition?	<p>The Acquisition is the proposed acquisition, by a subsidiary of the Company, of a 90% interest in a newly formed entity which will hold all of the issued capital of Camperdown Powder, which operates a CNCA licensed canning facility, for a total consideration of \$28.5 million, of which \$10.5 million will be funded using the proceeds raised under the Entitlement Offer and the remaining \$18.0 million will be satisfied by way of issue of the Consideration Shares to the Vendor.</p> <p>The Acquisition is intended to provide a path for Bellamy's to achieve registration of its 'Chinese labelled' products, mitigate the risk to Bellamy's brand of non-ownership of certain elements of its supply chain, improve Bellamy's internal capabilities, create opportunities for Bellamy's to expand into other manufacturing such as foods and potentially provide an attractive return on investment through future capturing of canning margin on volume through the facility. The Acquisition is expected to close in July 2017.</p>	Section 4 of this Prospectus
What is the Fonterra supply chain reset?	<p>On 9 June 2017, Bellamy's and Fonterra agreed to revise the existing supply agreement to realign incentives and establish a platform for mutual growth (as described below). As consideration for the renegotiated arrangements, Bellamy's has agreed to make a one-time \$27.5 million payment to Fonterra, conditional on successful completion of the Entitlement Offer.</p> <p>The revised supply agreement encompasses the following elements:</p> <ul style="list-style-type: none"> removes projected shortfall payments to Fonterra over 	Section 4 of this Prospectus

Topic	Summary	For more information															
	<p>the life of the agreement, increasing expected gross margin and allowing greater investment in marketing and the Bellamy's brand. It is important to note that the agreement still includes minimum annual volume commitments that are subject to shortfall payments, however, the level of these commitments is now aligned with growth and production forecasts.</p> <ul style="list-style-type: none"> • increases operating flexibility to direct canning to Camperdown Powder, allowing Bellamy's to fully realise the canning margin on their own volumes and the rationale for the Acquisition. • introduces volume based rebates and a modified bulk formula price to improve Bellamy's cost position as the business grows. • secures R&D investment to improve Bellamy's formulations, with Fonterra to provide technical, quality and assurance support. 																
What is the current trading outlook?	<p>The Company's sales and normalised trading outlook remains consistent with the guidance previously provided to the market on 24 February 2017. Net sales for 2H17 are expected to fall above the mid-point of such guidance (\$105 - \$120 million). Compared to previous guidance of EBIT for 2H17 being \$9 - \$13 million, the Company is now expecting 2H17 EBIT of (\$9.5) – (\$14.0) million, reflecting one-off costs associated with the Entitlement Offer, Acquisition and reset of supply arrangements with Fonterra. Accordingly, normalised 2H17 EBIT guidance is revised from \$11 million - \$15 million to \$16.5 – \$20.5 million. Bellamy's has been cashflow positive since March 2017 reflecting an improving inventory position, and is forecasted to be close to net-cash neutral at 30 June 2017 (prior to impacts of the Acquisition and Entitlement Offer).</p>	Section 5 of this Prospectus															
What are the proposed equity remuneration arrangements for certain Directors and management of Bellamy's and Bellamy's CEO?	<p>Bellamy's has approved grants of Options to certain of its Directors and management under its Long Term Incentive Plan (subject, in the case of grants to Directors, to the approval of shareholders of Bellamy's at the Company's 2017 Annual General Meeting). These grants will comprise each eligible person's equity remuneration for the next three years, with the Options vesting over a three and half year vesting period, with vesting linked to the Company's total shareholder return performance.</p> <p>In addition, the Company has finalised a new employment contract and remuneration package with its CEO, Mr Andrew Cohen.</p> <p>The key terms of Mr Cohen's remuneration package are as follows.</p> <table> <tr> <th></th><th>At target</th><th>Maximum</th></tr> <tr> <td>Total Fixed Remuneration (TFR)</td><td>\$820,000</td><td>\$820,000</td></tr> <tr> <td>STI at-target</td><td>\$230,884</td><td></td></tr> <tr> <td>STI maximum</td><td></td><td>\$384,808</td></tr> <tr> <td>LTI</td><td>\$1,116,667</td><td>\$1,116,667</td></tr> </table>		At target	Maximum	Total Fixed Remuneration (TFR)	\$820,000	\$820,000	STI at-target	\$230,884		STI maximum		\$384,808	LTI	\$1,116,667	\$1,116,667	Section 7.5
	At target	Maximum															
Total Fixed Remuneration (TFR)	\$820,000	\$820,000															
STI at-target	\$230,884																
STI maximum		\$384,808															
LTI	\$1,116,667	\$1,116,667															

Topic	Summary			For more information
	Total Reward	\$2,167,551	\$2,321,475	
The Entitlement Offer and the New Shares				
What is the Entitlement Offer?	<p>The Entitlement Offer, which consists of:</p> <ul style="list-style-type: none"> the Institutional Entitlement Offer; and the Retail Entitlement Offer, <p>is an accelerated non-renounceable pro rata offer of New Shares in the Company.</p> <p>Under the Retail Entitlement Offer, Eligible Retail Shareholders will be given an Entitlement to subscribe for 5 New Shares for every 38 Shares held as at the Record Date of 7.00pm (Australian Eastern Standard time) on Thursday, 15 June 2017.</p> <p>Eligible Retail Shareholders holding 100,000 Shares or less on the Record Date can also apply for Additional New Shares in excess of their Entitlement, capped at 25% of their Entitlement.</p> <p>The Underwriter will provide to Eligible Institutional Shareholders the details of their Entitlements and of how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.</p>			Section 2 of this Prospectus
How much will the Company raise under the Entitlement Offer?	The Company will raise gross proceeds of approximately \$60.4 million under the Entitlement Offer.			Section 3 of this Prospectus
What will the net proceeds of the Entitlement Offer be used for?	<p>The net proceeds of the Entitlement Offer will be applied towards funding the cash component of the consideration payable for the Acquisition, to provide funds for capital expenditure and working capital at Camperdown Powder, to fund a payment to Fonterra as consideration for the release of Bellamy's projected shortfall arrangements under the revised supply agreement with Fonterra and to provide additional funds for supply chain restructuring, new product opportunities, general corporate purposes and transaction costs.</p>			Section 3 and Section 5 of this Prospectus
Am I an Eligible Retail Shareholder?	<p>Eligible Retail Shareholders are those holders of Shares who:</p> <ul style="list-style-type: none"> are registered as a holder of Shares as at 7.00pm (Australian Eastern Standard time) on the Record Date; have an address on the Company's share register in Australia or New Zealand (and where they have a registered address in New Zealand, continue to be a registered holder of Shares as at 9.00am (Australian Eastern Standard time) on Tuesday, 20 June 2017 (being the time that the Retail Entitlement Offer opens)); are not in the United States and are not acting for the account or benefit of a person in the United States, to that extent; did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and are eligible under all applicable laws to receive an 			Section 7.6 of this Prospectus

Topic	Summary	For more information
	<p>offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.</p> <p>See Section 7.6 of this Prospectus for the definition of Eligible Institutional Shareholders.</p>	
What is my Entitlement?	Your Entitlement is the right granted to you under the Entitlement Offer to subscribe for 5 New Shares at the Offer Price for every 38 Shares you hold as at the Record Date. If you are an Eligible Retail Shareholder, your Entitlement will be noted on your personalised Entitlement and Acceptance Form.	Sections 2.3 and 2.4 of this Prospectus
What can I do with my Entitlement?	<p>As an Eligible Shareholder, you may do any one of the following:</p> <ul style="list-style-type: none"> take up all or part of your Entitlement (ie acquire up to 5 New Shares at the Offer Price for every 38 Shares you hold as at the Record Date); or do nothing, in which case your Entitlement will lapse and you will not be issued New Shares. <p>You should note that if you do not take up all or part of your Entitlement, your percentage shareholding in Bellamy's will be diluted by your non-participation in the Entitlement Offer and you will not receive any payment or value for that part of your Entitlement that you do not take up.</p>	Section 2.5 of this Prospectus
Can I apply for New Shares in excess of my Entitlement?	<p>If you are an Eligible Retail Shareholder who held 100,000 Shares or less on the Record Date, yes. Under the Retail Entitlement Offer, Eligible Retail Shareholders who held 100,000 Shares or less on the Record Date may apply for Additional New Shares in excess of their Entitlement. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail Shareholder's Entitlement.</p> <p>Additional New Shares have precisely the same terms as New Shares.</p> <p>Additional New Shares will, however, only be allocated to Eligible Retail Shareholders if available and if and to the extent that the Company so determines, in its absolute discretion. The Company may apply any scale-back to applications for Additional New Shares in its absolute discretion.</p> <p>The allocation of Additional New Shares and any scale back will be subject to the availability of Additional New Shares and in the Company's absolute discretion.</p>	Section 7.8 of this Prospectus
How much will I pay per New Share or Additional New Share?	\$4.75 per New Share (or Additional New Share, as applicable) (ie the Offer Price).	Section 2 of this Prospectus
Can I trade my Entitlement?	<p>Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred.</p> <p>Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.</p>	Section 2.5(b) of this Prospectus
How do I accept the Entitlement	If you are an Eligible Retail Shareholder within (i)	Section 2.6 of

Topic	Summary	For more information
Offer?	<p>Australia or (ii) New Zealand and you have an account with an Australian financial institution that supports BPAY® payments, pay your Application Monies via BPAY®. Alternatively, complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.</p> <p>The Underwriter will provide to Eligible Institutional Shareholders the details of their Entitlements and of how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.</p>	this Prospectus
Can I withdraw my Application?	To the extent permitted by law, Applications are irrevocable.	Section 7.14 of this Prospectus
Is the Entitlement Offer underwritten?	<p>Yes. The Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited.</p> <p>In addition, one of the Company's major Shareholders, Janchor, intends to provide sub-underwriting support to the Entitlement Offer. The Company's Chairman, Mr John Ho, has an indirect interest in the Shares held (or to be held) by Janchor.</p>	Section 7.21 of this Prospectus
What are the key terms of the New Shares (and Additional New Shares, if applicable)?	The New Shares (and therefore, the Additional New Shares) are fully paid ordinary shares in the equity capital of the Company. New Shares (and if applicable to you, Additional New Shares) will rank equally in all respects with existing ordinary Shares on issue from their issue date.	Section 7.4 of this Prospectus
What is the effect of the Entitlement Offer on the Company?	<p>The effect of the Entitlement Offer on the financial position of the Company is detailed in the 'Purpose and effect of the Entitlement Offer' section of the Prospectus.</p> <p>The Entitlement Offer is not expected to have any effect on control of the Company.</p>	Section 3 of this Prospectus
Is the Entitlement Offer subject to Shareholder approval?	No. The Entitlement Offer is not subject to Shareholder approval.	N/A
Summary of risks		
What are the key risks associated with the Offered Securities and the Company?	<p>An investment in the Offered Securities is subject to significant risk. The risks associated with an investment in the Offered Securities and the Company are set out in Section 6 of this Prospectus. Key risks include:</p> <ul style="list-style-type: none"> • 'China labelled' product regulatory risk - the Chinese government's dairy foods regulatory regime requires, among other things, certain foreign manufacturing facilities to complete a registration process in order to import, distribute and sell 'Chinese labelled' dairy food products to the local offline retail channel. Specifically it requires registration with the CNCA. The Chinese government maintains significant discretion in the granting and renewal of registration certificates and other qualifications necessary for the import of food products into China. A further regulatory requirement has been introduced that any 'Chinese labelled' brand imported, distributed and sold through retail channels in China beyond 1 	Section 6 of this Prospectus

Topic	Summary	For more information
	<p>January 2018 requires CFDA registration. Bellamy's does not anticipate that it will have the required registrations in place by 1 January 2018. A delay in obtaining the registration, or the failure to complete the Acquisition or successfully submitting a registration will have a material impact on Bellamy's financial position. In addition it should also be noted that future or sudden regulatory changes in China continue to be a business risk for Bellamy's.</p> <ul style="list-style-type: none"> 'Australian labelled' product regulatory risk (MOFCOM) - Bellamy's also sells 'Australian labelled' product in China through the Cross-border E-commerce channel (CBEC), leveraging various platforms. Original interpretation of the CFDA regulation required these platforms to also distribute 'China labelled' or CFDA registered product beyond 1 January 2018. However, recent statements from MOFCOM indicated a positive signal that 'Australian labelled' "personal" goods can continue to be sold through CBEC platforms beyond January 2018. As regulations have not yet been formalised, the Company is not able to determine whether its 'Australian labelled' infant milk formula products will comply with the requirements imposed by further clarification or regulation in relation to the CBEC channel. Import testing - All food product imported into China is subjected to a sample based quality testing, known as China Inspection and Quarantine (CIQ) tests. Should a product in a shipment being made to China fail the CIQ tests, Chinese law prevents the entire shipment from entering China, even if the affected product forms only part of the shipment. The Company is not able to insure for such a risk and no compensation is available from the manufacturer of the Company's products. If the Company's products or the products from a canning line owned by the Company fail a CIQ test, this could have a material adverse impact on the Group's business, financial performance and operations. Market concentration risk - Bellamy's has a large exposure to changes in consumer demand for its products in China. A failure by Bellamy's to predict or respond to changes in consumer preferences in China or a decrease in demand for the Company's products in China could adversely impact on the Group's future financial and operating performance. Erosion of brand reputation in China - The Company's business and in particular its sales into China are highly sensitive to consumers' perceptions of the safety and quality of the Company's products. Any actual or perceived contamination, spoilage or other adulteration, product misbranding, failed product testing or tampering may lead to a material erosion of the Company's brand reputation in China, regardless of its merits. Further, the dairy industry in China has been the subject of product recalls and 	

Topic	Summary	For more information
	<p>product contamination in the past, including products supplied from outside China into China. Publication of reports of contaminated or tainted dairy products by other non-Chinese manufacturers that supply the Chinese market could negatively impact the Company's business even if there is no direct connection with Bellamy's products. Regardless of merit, such reports could also lead to additional scrutiny and testing by regulators which could impact the Group's business, financial performance and operations.</p> <ul style="list-style-type: none"> Visibility of the Company's distribution channels - Bellamy's transfers ownership of its products to purchasers at the time of sale. Many purchasers then on-sell the Company's products to sub-purchasers, who then further on-sell the products to the end-consumer. Bellamy's is not able to obtain information on the level of inventory which remains unsold at each step in the distribution chain. While efforts are made to minimise levels of unsold inventory, a large release of a distributor's inventory to the market at a discount to the price at which Bellamy's charges for its products at the initial point of sale may have a material adverse effect on sales through other channels. Class action - As previously announced, Bellamy's has been served with two representative (class action) proceedings. The statements of claim for each of these class actions allege contraventions of the Corporations Act in relation to misleading or deceptive conduct and continuous disclosure obligations in connection with Bellamy's business update announcement made on 2 December 2016. Bellamy's is currently reviewing the statements of claim in detail and has retained legal advisers. Bellamy's does not accept the claims made in the statements of claim and its present intention is to vigorously defend them. It is too early in the process of assessing these claims and considering its defence for Bellamy's to provide any reliable assessment of the likely quantum of any damages that may become payable if its defence is unsuccessful in whole or in part. If either or both of the proceedings are determined in a manner that requires payment by Bellamy's of a material amount by way of damages or settlement, this could have a material adverse impact on the financial performance and position of Bellamy's and may result in the Directors needing to consider whether to sell assets and/or to raise additional capital or, if assets are not able to be sold or additional capital is not available on acceptable terms, to place the Company into voluntary administration. 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 	

Topic	Summary	For more information
	<p>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.</p> <ul style="list-style-type: none"> Australia made labelling laws - From 1 July 2018, food to be sold in Australia must be labelled according to the requirements set out in the Country of Origin Food Labelling Information Standard 2016. As Australia is not a major producer of organic milk, Bellamy's sources the majority of its organic milk powders from Europe. The new labelling requirements mean that Bellamy's will need to provide consumers with further transparency about the source of key ingredients. This may affect consumer demand for the Company's products as consumers look to purchase those products which use Australian ingredients. Changes in consumer demand for the Company's products in Australia could adversely affect the operating and financial performance of the Group. Inventory levels - Currently, Bellamy's has \$106 million in inventory (comprising \$85 million of finished goods and \$21 million of raw materials), with one key product representing approximately 70% of the finished goods inventory value. Although all of this inventory currently has 15 months or more of remaining shelf life, demand forecasts suggest that 6% of this inventory will have less than 50% shelf-life remaining as at December 2017, presenting a risk that the Company may be unable to sell the inventory above its carrying value. Many retailers and distributors set rules on the allowable percentage of shelf-life which remains on a product before they will accept it for sale. In the event that the Company is unable to sell this inventory, this may adversely affect the operations and financial performance of the Group. Competition - Bellamy's participates in a highly competitive fast moving consumer goods global industry against materially larger global competitors who have greater 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. ASIC queries - The Company is engaging co-operatively with ASIC in relation to the Company's compliance with its continuous disclosure obligations. ASIC's enquiries are continuing but as far as the 	

Topic	Summary	For more information
	<p>Company is aware have not as at the date of this Prospectus been concluded. There can be no assurance that ASIC will not, following completion of its inquiries, commence enforcement action against the Company or take other actions, such as the issuance of an infringement notice. It is possible that any such action that ASIC may take could have a material adverse effect on the Company's financial performance, financial position, corporate reputation or industry standing.</p> <ul style="list-style-type: none"> • Acquisition risks - Due to circumstances beyond the control of Company, the Directors and Bellamy's management team, it is possible that the Acquisition is not ultimately completed or completion may be delayed. These circumstances could materially impact Bellamy's future earnings as well as result in it not being able to obtain CFDA registration. Certain notifications (eg change in control notifications) are also required to be made to the CNCA in respect of the Acquisition. CNCA has broad discretion as to whether to accept such notifications. In the event that such notifications are not accepted by CNCA, Camperdown Powder's registrations with the CNCA with respect to infant formula may be terminated which would require Camperdown Powder to go through a new registration process via Dairy Food Safety Victoria or such other governing authorities which approve and recommend that Camperdown Powder be registered with CNCA. If this were to occur, the material benefits which the Company proposes to obtain from undertaking the Acquisition may be delayed or may not be achieved. <p>The above risk factors ought not be taken as an exhaustive list of the risks faced by the Company or by investors in the Company's securities (including the Offered Securities). The above factors, and others not specifically referred to in Section 6 of this Prospectus, may in the future materially affect the financial condition or prospects of the Company and, therefore, the value of the Offered Securities offered under this Prospectus. As such, the Offered Securities to be issued under this Prospectus, carry no guarantee with respect to their value or price.</p>	
Miscellaneous		
What are the Consideration Shares and why are they being offered?	<p>The Company is issuing 3,190,042 Shares to the Vendor as part consideration for the Acquisition.</p> <p>The Consideration Shares are being offered pursuant to this Prospectus and the Vendor can apply for the Consideration Shares by completing the Subscription Agreement which will be provided to the Vendor by the Company, together with this Prospectus.</p>	Section 7.22 of this Prospectus
What are the Options and why are they being issued?	Each Option which is being offered to an Eligible Person pursuant to this Prospectus is an Option to acquire one Share in the Company at an exercise price of \$5.643 per Option (being a price equal to TERP), upon satisfaction	Section 7.5 of this Prospectus

Topic	Summary	For more information
	<p>of the vesting conditions attaching to those Options.</p> <p>The Options are being offered to Eligible Persons as part of their remuneration for FY18.</p> <p>The Options are being offered pursuant to this Prospectus and Eligible Persons can apply for Options by completing the Application Form which will be provided to Eligible Persons by the Company, together with this Prospectus.</p>	
What are the significant interests and benefits payable to Directors and other persons connected with the Company and the Entitlement Offer?	These details are set out in Section 7.12 of this Prospectus.	Section 7.12 of this Prospectus

2. Details of the Offer and how to apply

Except as expressly stated otherwise, this section describes the Retail Entitlement Offer and how Eligible Retail Shareholders take up their Entitlements under it. References to 'you' in this **Section 2** are references to Eligible Retail Shareholders.

The Underwriter will provide to Eligible Institutional Shareholders the details of their Entitlements and how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.

The Company will provide to the Vendor, in respect of the Consideration Shares, and Eligible Persons, in respect of the Options, details of how to apply for the Consideration Shares and the Options (as the case may be) and relevant Application Forms will accompany this Prospectus.

2.1 The Retail Entitlement Offer

As noted above, Eligible Retail Shareholders (as defined in **Section 7.6** of this Prospectus) are being offered the opportunity to subscribe for 5 New Shares for every 38 existing Shares held at 7.00pm (Australian Eastern Standard time) on Thursday, 15 June 2017, at the Offer Price of \$4.75 per New Share.

You should note that not all Shareholders will be eligible to participate in the offer of New Shares. Please read **Section 7.6** of this Prospectus for further details.

Eligible Retail Shareholders who held 100,000 Shares or less on the Record Date may also apply for Additional New Shares in excess of their Entitlement. The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares available from Eligible Retail Shareholders who do not take up their full Entitlement. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail Shareholder's Entitlement. Additional New Shares will only be allocated to Eligible Shareholders if available and to the extent that the Company so determines, in its absolute discretion. The Company may apply any scale-back to applications for Additional New Shares in its absolute discretion.

No Additional New Shares will be issued to a Shareholder which will result in them increasing their voting power in Bellamy's above 20%.

For further information in respect of applying for Additional New Shares, see **Section 7.8** of this Prospectus.

New Shares (and Additional New Shares, if any) issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Shares on issue.

2.2 Please consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to the risks associated with an investment in the Company, the New Shares and the Additional Shares which are set out in **Section 6** of this Prospectus.

An investment in New Shares and Additional New Shares (if applicable) is subject to investment and other known and unknown risks, some of which are beyond the control of Bellamy's, including possible loss of income and principal invested. Bellamy's does not guarantee any particular rate of return or the performance of Bellamy's, nor does it guarantee the repayment of capital from Bellamy's or any particular tax treatment.

2.3 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 5 New Shares for every 38 existing Shares you held as at the Record Date rounded up to the nearest whole New Share. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Shares, including in respect of entitlement to dividends.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please refer to the personalised Entitlement and Acceptance Form and apply for New Shares (and Additional New Shares, if applicable to you) pursuant to the instructions set out on the personalised Entitlement and Acceptance Form.

If you take no action or your application is not supported by any cleared funds, your Entitlement will lapse and you will not be issued with New Shares. You should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Bellamy's will be diluted as a result of your non-participation in the Retail Entitlement Offer. If you do not take up your Entitlement in full you will not receive any payment or value for that part of your Entitlement that you do not take up.

Note: the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (see the definition of Eligible Retail Shareholder in **Section 7.6** of this Prospectus) or you sold Shares on ASX before Thursday, 15 June 2017 but your broker did not settle that sale until after Thursday, 15 June 2017.

2.4 Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders. Bellamy's is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (eg for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer). Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person that is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States. Bellamy's assumes no obligation to advise you on any foreign laws.

2.5 Options available to you

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement (see **Section 2.5(a)** below);
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement (see **Section 2.5(a)** below);
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (see **Section 2.5(b)** below).

Entitlements cannot be traded on ASX or another financial market, or privately transferred.

(a) If you decide to take up all or part of your Entitlement or take up all of your Entitlement and apply for Additional New Shares

If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement, please:

- pay your Application Monies via BPAY®; or
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.

Bellamy's will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement. Amounts received by Bellamy's in excess of your full Entitlement (**Excess Amount**) will be treated as an application for as many Additional New Shares as your Excess Amount will pay for in full, subject to any priority allocation which Bellamy's determines to give to Eligible Retail Shareholders who apply for Additional New Shares as well as any scale-back that Bellamy's may determine to implement in its absolute discretion in respect of Additional New Shares (see **Section 7.8** of this Prospectus for further information).

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, you will be issued your New Shares on Thursday, 6 July 2017. If you apply for Additional New Shares in excess of your Entitlement, subject to Additional New Shares being available and the Company's allocation policy and discretion to scale-back your allocation of Additional New Shares, you will also be issued with these Additional New Shares on Thursday, 6 July 2017. The Company's decision on the number of Additional New Shares to be allocated to you will be final.

Other than to the extent that Additional New Shares are issued to you, any surplus Application Monies received for more than your Entitlement will be refunded after the close of the Retail Entitlement Offer on or around Friday, 30 June 2017 (except for where the amount is less than \$2.00, in which case it will be donated to a charity chosen by Bellamy's). Refunds will be made by sending a cheque in the post to the address Bellamy's records on its share register for you on or about 6 July 2017. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or refunded (wholly or partially).

Bellamy's also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017. Eligible Retail Shareholders who wish to pay via cheque, bank draft or money order will need to also ensure that their completed personalised Entitlement and Acceptance Form is also received by that time using the reply paid envelope provided with this Prospectus or otherwise.

(b) If you do nothing

If you take no action, you will not be issued New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred. Eligible Retail Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

2.6 Payment methods

(a) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (ie where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY®, you will be deemed to have taken up your Entitlement and applied for New Shares over and above your Entitlement on that holding to which that CRN applies and your applications in respect of your other CRNs will be deemed to have lapsed.

Should you choose to pay by BPAY® it is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you

should therefore take this into consideration when making payment. Bellamy's takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Retail Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

(b) Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'Bellamy's Australia Limited' and crossed 'Not Negotiable'.

Your cheque, bank draft or money order must be:

- for an amount equal to \$4.75 multiplied by the number of New Shares and Additional New Shares that you are applying for; and
- in Australian dollars drawn on an Australian financial institution or an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies is insufficient to pay for the number of New Shares (and Additional New Shares, if applicable) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares (and Additional New Shares, if applicable) as your cleared Application Monies will pay for and to have specified that number of shares on your personalised Entitlement and Acceptance Form.

Should you choose to pay by cheque, bank draft or money order, it is your responsibility to ensure that your payment is received by the Share Registry by no later than 5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017. Cash payments will not be accepted. Receipts for payment will not be issued.

2.7 Confirmation of your application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares or Additional New Shares from this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Investor Services website (www.linkmarketservices.com.au). To access the Investor Services you will need your Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored/CHES statements and you will need to pass the security challenge on the site.

2.8 ASX quotation and trading

The Company will apply for quotation of the New Shares (and Additional New Shares, if any) and the Consideration Shares on ASX. While the Company is not aware of any reason why quotation would be denied, there is no assurance that the application will be granted. If quotation is not granted, New Shares and Additional New Shares (if any) under the Entitlement Offer and the Consideration Shares will not be issued and Application Monies will be refunded to applicants without interest.

The fact that ASX may grant quotation of the New Shares (and Additional New Shares, if applicable) and the Consideration Shares is not to be taken in any way as an indication of the merits of the Company, the New Shares, the Additional New Shares (if any) or the Consideration Shares issued under the Offer.

It is expected that the quotation and trading of New Shares (and Additional New Shares, if applicable) issued under the Retail Entitlement Offer will commence on or about Monday, 10 July 2017 (on a normal settlement basis) and quotation and trading of the Consideration Shares issued to the Vendor will commence on or about Monday, 3 July 2017 (on a normal settlement basis).

Confirmation of issue is expected to be sent in accordance with the ASX Listing Rules. It is the responsibility of each Applicant to confirm their holding before trading in New Shares (and Additional New Shares, if applicable to you) or Consideration Shares. Any Applicant who sells

New Shares (and, if applicable, Additional New Shares) or Consideration Shares before receiving their confirmation of issue will do so at their own risk. The Company, the Share Registry and the Underwriter disclaim all liability in tort (including negligence), statute or otherwise, to any person who trades in New Shares (and, if applicable, Additional New Shares) or Consideration Shares before receiving their confirmation of issue, whether on the basis of a confirmation of issue provided by the Company, the Share Registry or the Underwriter, or otherwise.

2.9 CHESS

The New Shares (and Additional New Shares, if any) and the Consideration Shares will participate from the date of commencement of quotation in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement Pty Limited. These securities must be held in uncertificated form (ie no certificate will be issued) on the CHESS sub-register under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored sub-register. Arrangements can be made at any subsequent time following quotation to convert your holdings from the issuer-sponsored subregister to the CHESS sub-register under sponsorship of a sponsoring participant or vice versa, by contacting your sponsoring participant.

2.10 Treatment of foreign shareholders

The Company has decided that it is unreasonable to make offers under the Retail Entitlement Offer to investors who are holders of Shares and who are in the United States or have registered addresses outside Australia or New Zealand, having regard to the number of such holders in those places and the number and value of New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. Ineligible Retail Shareholders are not eligible to participate in the Retail Entitlement Offer due to securities law restrictions on the offer of New Shares in certain jurisdictions.

As the Entitlement Offer is non-renounceable, the right to subscribe for New Shares that would otherwise have been offered to Ineligible Retail Shareholders have been sold in the Institutional Bookbuild for the Offer Price. As a result, Ineligible Retail Shareholders will not receive any value for entitlements in respect of any New Shares that would have been offered to them if they had been eligible to participate in the Retail Entitlement Offer.

2.11 Mail

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Australian Eastern Standard time) on Thursday, 29 June 2017. If you make payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Bellamy's Australia Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2000

A reply paid envelope is supplied.

Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's registered or corporate offices, or other offices of the Share Registry.

3. Purpose and effect of the Offer and Acquisition

3.1 Sources and uses of funds of the Offer and Acquisition

The Company is seeking to raise approximately \$60.4 million under the Entitlement Offer. The value of the placement of the Consideration Shares to the Vendor is \$18.0 million.

A table setting out the sources of funds⁶ in relation to the Entitlement Offer and the Acquisition and the uses of those funds is set out below:

Sources of funds	A\$m	Uses of funds	A\$m
Entitlement Offer	\$60.4 million ⁷	Acquisition	\$28.5 million
Placement of the Consideration Shares to the Vendor	\$18.0 million	Camperdown Powder capital expenditure and working capital	\$8.5 million
		Fonterra supply reset payment	\$27.5 million
		Additional funds for working capital, new product opportunities and general purposes	\$10.4 million
		Transaction and restructure costs ⁸	\$3.5 million
Total sources	\$78.4 million	Total uses	\$78.4 million

3.2 Capital structure

A table setting out the effect of the Offer and the Acquisition on the capital structure of the Company is set out below:

	As at the Record Date	On completion of the issue of the Consideration Shares*	On completion of the Retail Entitlement Offer^
Ordinary shares†	96,686,525	99,876,567	112,598,478
Unquoted options (excluding the Options)	3,077,268	3,077,268	3,077,268
Options offered under this Prospectus that are not subject to Shareholder approval	—	—	3,840,000
Options offered under this Prospectus which are subject to Shareholder approval (being those offers of Options which are made to Directors of the Company)^	—	—	265,888

⁶ \$18.0 million of the consideration which is payable by the Company to the Vendor in connection with the Acquisition will be satisfied by way of issue of the Consideration Shares to the Vendor. Accordingly, the Company will not receive cash proceeds for the issue of the Consideration Shares, rather, they are paid for 'in kind' under the Acquisition.

⁷ Gross of Entitlement Offer, Acquisition and underwriting costs.

⁸ Capitalised transaction and underwriting costs for the Entitlement Offer (estimated at \$2.6 - \$2.8 million, and are assumed to be \$2.7 million in the table) and Acquisition/restructure costs (estimated at \$0.5 - \$1. million and are assumed to be \$0.8 million in the table).

† The precise number of Shares on issue on completion of the Offer will depend on a number of factors including the reconciliation and rounding of entitlements.

* Ignoring the completion of the Institutional Entitlement Offer.

^ The Options granted to Directors will not be issued unless and until Shareholder approval is obtained at the Company's forthcoming annual general meeting.

3.3 Effect on control

The Entitlement Offer is not expected to have any effect on control of the Company.

One of the Company's major Shareholders, Janchor, intends to take up its pro rata entitlement and also to provide sub-underwriting support for the Entitlement Offer.

4. Overview of Bellamy's

4.1 Introduction

Bellamy's is an ASX-listed Australian food brand business. The brand is focussed on two key segments of this industry: Organic Baby Food and Formula. Bellamy's mission is to promote healthy, mindful eating through wholesome organic food and provide a pure start to life®⁹ for babies and young children everywhere. Bellamy's products use only high quality 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 company to offer an organic infant milk formula range to Australian mothers. Tasmanian Pure Foods Limited purchased Bellamy's Organic in 2007. Tasmanian Pure Foods Limited was 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 and listed on ASX.

Bellamy's supplies its product range to supermarket chains, pharmacy chains, independent stores and selected distributors across Australia as well as online.

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.

4.2 Bellamy's products and markets

The Company offers a range of organic food and formula products for babies and toddlers. The Company's products are certified organic. This forms the centrepiece of the Company's brand appeal and the brand promise of a Pure Start to Life®.

The Company offers over 30 products that are tailored to the needs of babies and toddlers, including:

Babies from birth to 6 months:

- Infant milk formula, baby food pouches, dry cereals

Babies from 6 to 12 months:

- Infant milk formula, baby food pouches, dry cereals, teething rusks, pasta

Toddlers from 1 to 3 years:

- Toddler milk, baby food pouches, dry cereals, teething rusks, fruit snacks, pasta

These products are delivered to consumers through a well-established retail distribution network, including:

- **In Australia:**
 - via major supermarkets, pharmacies, wholesale distributors and niche organics and health stores.
- **In China:**
 - via distribution networks across major cities in China and managed by our general distributor in China
 - via select E-commerce and Social platforms including Tmall, JD.com, VIP.com, Kaola and WeChat.
- **In South-East Asia:**

⁹ ® Registered to Bellamy's Organic Pty Ltd ABN 11 125 461 903

- via major supermarkets and pharmacies in Singapore and Hong Kong working closely with our key distributor LF Asia.
- via distribution networks in Vietnam, Malaysia and New Zealand.
- **Online across** multiple geographies including Australia and China.

Bellamy's classifies its infant formula products as 'Australian labelled' or 'Chinese labelled'. 'Australian labelled' products are primarily sold to Australian retailers and global distributors, who sell such products to Australian consumers, and also to consumers in China through the "daigou" channel (direct parcel) and CBEC. 'Chinese labelled' product is sold by Bellamy's to Bellamy's offline China distributor for sale in retail stores in China. In FY17, the Company forecasts that 84% of Bellamy's infant formula sales will comprise 'Australian labelled' product, and the remaining 16% comprised 'Chinese labelled' product.

4.3 Strategy

The Company's strategy is to continue to focus investment, capacity and capability on bringing the core business of infant formula and baby food in Australia and China to full potential. The Chinese market is particularly important to the Company due to its size and projected growth rate, driven by demographics and changing consumer wealth and preferences.

In the near term, the Company is focused on stabilising the business through improved execution, including reducing overhead and supply chain costs, and achieving the required CFDA registration to continue importing and selling 'Chinese labelled' product within China. The successful closing and integration of the Acquisition will be critical.

In the medium term, the priority will be to strengthen the Bellamy's consumer proposition within the organic baby food and formula category. This will require investment in both the brand and in updating and expanding the product range.

The Company is continually evaluating new markets and laying early foundations for longer-term growth beyond the core business.

4.4 CFDA registration process and reformulation

As previously announced, from 1 January 2018, the PRC will require the Company's infant formula products that are manufactured for sale in China (Bellamy's 'Chinese labelled' products) to be registered with the CFDA. Product manufactured and imported to China prior to 1 January 2018 can continue to be sold in China after 1 January 2018 until shelf life expiry.

Following the announcement of the sale of Bega's Derrimut canning line to Mead Johnson Nutrition (Australia) Pty Ltd and having pursued ongoing discussions with Bega, the Company announced on 30 March 2017 that Bellamy's 'Chinese labelled' products could no longer be registered at the Derrimut canning line. Since this date, the Company has explored multiple alternatives in relation to obtaining CFDA registration for its 'Chinese labelled' products. The Acquisition now provides a path to achieving the required registration. Bellamy's plans to prepare a new formulation of 'Chinese labelled' products that will be canned at Camperdown Powder and registered with CFDA.

Through the remainder of calendar year 2017, Bellamy's will be working towards CFDA registration, however, given the complexity and time for achieving this (such as a lengthy approval process and shelf life testing), the Company does not anticipate that it will have this registration in place by 1 January 2018. .

4.5 Supply chain and manufacturing

Bellamy's has various agreements with manufacturers and suppliers of its product range. The two key infant milk formula manufacturers and suppliers are Bega and Fonterra. Bega supplies the Company's bulk milk production from its Tatura facility, which is canned and finished at a facility in Derrimut, formerly owned by Bega and sold to Mead Johnson Nutrition (Australia) Pty Ltd on 24 April 2017. Bellamy's infant milk products are also supplied by Fonterra under a supply agreement that prescribes minimum annual volume commitments for production.

On 9 June 2017, Bellamy's and Fonterra agreed to revise the existing supply agreement to realign incentives and establish a platform for mutual growth (as described below). As consideration for

the renegotiated arrangements, Bellamy's has agreed to make a one-time \$27.5 million payment to Fonterra, conditional on successful completion of the Entitlement Offer.

The revised supply agreement encompasses the following elements:

- removes projected shortfall payments to Fonterra over the life of the agreement, increasing expected gross margin and allowing greater investment in marketing and the Bellamy's brand. It is important to note that the agreement still includes minimum annual volume commitments that are subject to shortfall payments, however, the level of these commitments is now aligned with growth and production forecasts;
- increases operating flexibility to direct canning to Camperdown Powder, allowing Bellamy's to fully realise the canning margin on their own volumes and the rationale for the Acquisition;
- introduces volume based rebates and a modified bulk formula price to improve Bellamy's cost position as the business grows; and
- secures R&D investment to improve Bellamy's formulations, with Fonterra to provide technical, quality and assurance support.

4.6 The Acquisition

The Acquisition is the proposed acquisition, by a subsidiary of the Company, of a 90% interest in a newly formed entity which will hold all of the issued capital of Camperdown Powder for a total consideration of \$28.5 million, of which \$10.5 million will be funded using the proceeds raised under the Entitlement Offer and the remaining \$18.0 million will be satisfied by way of issue of the Consideration Shares to the Vendor.

Camperdown Powder operates a 6,000 - 8,000 tonne per year capacity canning line facility located in Braeside, Victoria.

The selection of Camperdown Powder met a number of Bellamy's objectives including:

- Camperdown Powder had been issued with a CNCA licence (July 2015) and is Australian NASAA certified, with China WIT reasonably expected;
- The consideration payable for the Acquisition being in line with recent benchmarks set in Australia and New Zealand for similar companies;
- Camperdown Powder had a record of compliance with Chinese regulations and a strong operational and regulatory capability¹⁰;
- The Acquisition allowing Bellamy's capacity to be expanded; Bellamy's estimate that Camperdown Powder could be expanded to 12,000 – 15,000 tonnes within six – twelve months;
- Access to existing customers: Camperdown Powder's customers include a Chinese formula brand, a major Australian vitamin brand and other minor brands; and
- Location – Camperdown Powder has reasonable proximity to other manufacturing facilities supplying Bellamy's (namely Fonterra and Bega).

The Acquisition is expected to provide a number of benefits to Bellamy's including:

- The Company believes that the Acquisition will provide a clear path to achieve CFDA registration of 'Chinese labelled' product, securing this critical element of the Company's supply chain, increasing the Company's control of its own registration process and helping to protect against any future regulatory changes in relation to ownership;
- The canning line is central to managing the Company's Chinese regulatory requirements. It is subject to licencing by CNCA and, from 1 January 2018, subject to CFDA registration as outlined in Section 4.5 of this Prospectus;

¹⁰ Camperdown Powder is not associated with the previous licence suspension relating to Camperdown Dairy Company in Sept 2016. The two businesses are unrelated.

- Helping to strengthen Bellamy's competitive position for the expected rationalisation of brands in the China offline channel flowing from new China regulations, addressing Bellamy's largest customer concerns regarding CFDA registration and OEM model and delivering Chinese distributors and retailers confidence in Bellamy's sales continuity;
- Improves Bellamy's internal capabilities, such as adding a high-quality and invested management team members with expertise in Chinese regulation and CFDA registration experience. The Company expects to retain key management including Camperdown Powder's chief executive officer, chief financial officer, quality team and China regulatory and CFDA registration expert;
- Strengthening Bellamy's research & development capabilities and product quality assurance capability; and
- The potential to provide an attractive return on investment through improvement in the Company's cost position, capturing the canning margin on Bellamy's volume through the new facility and growing existing customers at the Camperdown Powder facility who the Company believes have significant growth potential.

The Acquisition is expected to close in July 2017 subject to customary closing conditions including notifications. The Company intends to make additional capital expenditure of \$7.5 million to upgrade the Camperdown Powder facility, with first production expected in 2H18.

4.7 Board of directors

The Board comprises four members, consisting of the independent non-executive chairman and three 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.

Name / role	Bio
John Ho (Non-executive Director and Chairman)	Mr Ho was appointed as a non-executive Director and Chairman of the Company in May 2017. Mr Ho is the Founder and Chief Investment Officer of the Hong Kong based industrialist investor Janchor Partners. Mr Ho also serves as Deputy Chairman of the Hong Kong Stock Exchange Listing Committee, the regulatory body that provides independent oversight of the listing rules and listed companies in Hong Kong. Janchor Partners has a relevant interest of 7.01% of Bellamy's.
John Murphy (independent non-executive Director and Deputy chairman)	John Murphy was appointed as a non-executive Director and Deputy Chairman of the Company in May 2017. John has over 35 years' experience in the beverage, food and packaging industry both within Australia and internationally. Mr Murphy has held numerous senior leadership roles at large multinational companies, including the role of managing director of Coca-Cola Amatil Australia, Chief Executive Officer of Visy Packaging and Recycling for Australasia and managing director of Fosters Australia/Carlton & United Breweries. Mr Murphy also previously served as Chairman of the Lantern Hotel Group. Mr Murphy currently sits on the advisory board of a number of private companies including PFD Food Services and Bladnoch Distillery, and also advises a range of companies internationally.
Rodd Peters (non-executive Director)	Rodd Peters was elected as a Director of the Company in February 2017. Mr Peters has more than 30 years' experience as a commercial and litigation lawyer. Mr Peters was a barrister for seven years practicing in commercial and equity matters. He then formed his own law firm in March 1993 in partnership, which traded until its merger with Kemp Strang in November 2016. Mr Peters has a broad base of experience in commercial transactions and complex commercial litigation.
Wai-Chan Chan (independent non-executive Director)	Wai-Chan was appointed as a non-executive Director in February 2017. He brings 25 years of consulting and operating experience in the consumer products and retailing sectors, with a focus on Asia, in particular China. He advises clients in the grocery, health and beauty, apparel and food and beverages industries on

issues related to strategy, operations, organisation, and digital. He currently works for Oliver Wyman where he is a partner and the Global Leader of the Consumer Goods Practice. He was also previously at the retailer, Dairy Farm where he was the Regional North Asia Director, responsible for some 2,500 stores across multiple formats. He was also a partner at McKinsey & Company in Greater China. Wai-Chan holds a Ph.D. from the University of Cambridge, an MBA from the Harvard Graduate School of Business Administration, and a B.Sc. from Imperial College, London.

4.8 New executive remuneration – CEO

The Company has put in place a new employment contract and remuneration package for its CEO, Mr Andrew Cohen.

Mr Cohen was appointed Bellamy's acting CEO on 11 January 2017 and was permanently appointed to this position on 13 April 2017. Mr Cohen's remuneration package review was undertaken using market data provided by Godfrey Remuneration Services, and this together with an assessment of Mr Cohen's experience and capability to manage a turn-around environment, has been the basis for establishing his remuneration package. Key details of Mr Cohen's remuneration package is set out in the table below:

	At target	Maximum
Total fixed remuneration	\$820,000	\$820,000
Short term incentives	\$230,884	\$384,808
Long term incentives	\$1,116,667	\$1,116,667
Total	\$2,167,551	\$2,321,475

In addition to the new remuneration package for the Company's CEO, Bellamy's has also approved the grant of Options to certain of its Directors and management under its Long Term Incentive Plan.

Further details on the Options which are proposed to be granted to certain Directors and management of the Company are set out in **Section 7.5** of this Prospectus.

4.9 Senior management team

The Company's key executives are as follows:

Name / role	Bio
Andrew Cohen (CEO)	Andrew was appointed as CEO in April 2017 having been appointed as acting CEO in January 2017 and had previously held the position of Chief Operating Officer and Chief Strategy Officer of the Company from July 2016. Mr Cohen brings extensive experience in grocery, retail and FMCG, including successful and extensive China go-to-market experience in vitamins, infant formula and dairy. Prior to joining Bellamy's, Mr Cohen worked as a Partner with Bain & Company where he held a leadership role in Consumer Products and Retail practice. With over 10 years' retail and FMCG experience in management and consulting roles, Mr Cohen has worked with multiple high profile companies to capitalise on the greatest opportunities in the sector and delivering strategies to accelerate growth across multiple platforms. Mr Cohen holds a Bachelor of Commerce and Arts, University of Melbourne and has completed an MBA, Cambridge University (Dux).
Melinda Harrison (General Counsel and Company Secretary)	Melinda was appointed as General Counsel and Company Secretary in May 2017. Melinda has over 20 years' experience in law, risk and governance in listed and privately held companies both in Australia and internationally. Most recently, Melinda was General Counsel at Carter Holt Harvey, one of Australia's largest wood manufacturing business where she lead the legal function in Australia as well as being chair of the risk committee. Prior to that Melinda held senior legal and governance roles in a US listed group of companies based in Hong Kong,

	<p>conducting significant work in China and throughout Asia. Melinda started her career in private practice in Corporate Advisory including at King Wood Mallesons. Melinda holds an M.B.A. (honours) from the University of Hull (U.K.), an L.L.B (honours) from Melbourne University, a B.A. (honours) from Melbourne University and recently graduated from the Australian Institute of Company Directors course with an order of merit. She has also completed a certificate of Governance Practice from the Governance Institute of Australia.</p>
Nigel Underwood (Chief Financial Officer)	<p>Nigel was appointed as Chief Financial Officer in April 2017, having been appointed acting Chief Financial Officer of the Company in January 2017. Prior to joining Bellamy's Mr Underwood had experience in senior finance roles in a number leading companies and was most recently Chief Financial Officer of transport operator, Keolis Downer. Mr Underwood holds a Master of Business Administration, is a Fellow of the Chartered Accountants Australia and New Zealand and is a graduate member of the Australian Institute of Company Directors.</p>
Rod Lyon (General Manager, Operations)	<p>Rod was appointed as Operations manager of Bellamy's in 2011 having previously been General Manager of Operations at Tamar Ridge Wines and Operations Manager at Reynolds Wines. Mr Lyon is responsible for production, logistics, compliance and new product development. Mr Lyon has 25 years of operations experience in manufacturing environments and has led the expansion of Bellamy's supply chain. Mr Lyon has Advanced Diploma's in Farm Management and Horticulture.</p>
Shona Ollington (Director of Finance and People)	<p>Shona was appointed as finance director of the Company in January 2017, and had previously held the position of Chief Financial Officer of the Company from August 2014. Prior to joining Bellamy's Ms Ollington enjoyed a 16 year career at KPMG (Director since 2011) specialising in business advisory, taxation, business restructuring and business valuation. Ms Ollington holds a Master of Applied Finance (Kaplan Professional), is a Fellow of the Taxation Institute of Australia (TIA) and the Chartered Accountants of Australia and New Zealand and has a Graduate Diploma of Financial Planning (Securities Institute of Australia) and a Graduate of the Stanford University Emerging CFO program.. Ms Ollington holds a Bachelor of Commerce with majors in Accounting & Human Resource Management.</p>
Jiong Ou (Henry) Hong (Country General Manager, China)	<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. Mr Hong'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. Mr Hong holds a Bachelor of Commerce and a Bachelor of Engineering and Computer Systems.</p>
Peter Fridell (Director of Operations)	<p>Peter joined Bellamy's in February 2017. He has fifteen years of strategy, operational improvement and financial management experience. Prior to joining Bellamy's, he gained extensive fast moving consumer goods experience as Strategy Director and Supply Finance General Manager at Carlton & United Breweries. He has previously worked with A.T. Kearney management consultants and as a mechanical design engineer. Peter holds an M.B.A. (Dean's list), INSEAD (France), a Bachelor in Mechanical & Manufacturing Engineering (first-class honours), University of Melbourne, and a Bachelor of Commerce, University of Melbourne.</p>
David Jedynak (Director of Sales and Marketing)	<p>David joined Bellamy's in July 2016 and was key advisor during the restructure of the business. He was appointed as acting Sales and Marketing Director in January 2017, and confirmed in the role in June 2017. David has 13 years of experience in strategy, private equity and venture investing, across both developed and emerging markets. He has worked as Principal with Bain & Company where he focused on consumer/retail businesses, managed investment portfolios focused</p>

on high-growth small-cap businesses, and built and advised several tech start-ups. David holds a Bachelor of Engineering (Mechatronics) and Bachelor of Computer Science from the University of Melbourne.

4.10 Class actions

On 23 February 2017, Bellamy's announced that it had been served with a representative (class action) proceeding filed by Slater & Gordon Lawyers in the Federal Court of Australia. On 8 March 2017, Bellamy's announced that it had been served with a further representative (class action) proceeding filed by Maurice Blackburn in the Federal Court of Australia. The statements of claim for each of these class actions allege contraventions of the Corporations Act in relation to misleading or deceptive conduct and continuous disclosure obligations in connection with Bellamy's business update announcement made on 2 December 2016.

Bellamy's is currently reviewing the statements of claim in detail and has retained legal advisers. Bellamy's does not accept the claims made in the statements of claim and its present intention is to vigorously defend them. It is too early in the process of assessing these claims and considering its defence for Bellamy's to provide any reliable assessment of the likely quantum of any damages that may become payable if its defence is unsuccessful in whole or in part. If either or both of the proceedings are determined in a manner that requires payment by Bellamy's of a material amount by way of damages or settlement, this could have a material adverse impact on the financial performance and position of Bellamy's and may result in the Directors needing to consider whether to sell assets and/or to raise additional capital or, if assets are not able to be sold or additional capital is not available on acceptable terms, to place the Company into voluntary administration.

5. Financial information

5.1 Overview and preparation

The Financial Information in this Prospectus has been prepared in accordance with the measurement and recognition principles of AAS adopted by the AASB, which are consistent with IFRS issued by the International Accounting Standards Board and the Company's accounting policies. The Company's significant accounting policies are described in its Annual Report for the year ended 30 June 2016 which is available at <http://investors.bellamysorganic.com.au/>.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, **Section 5.4** describes certain non-IFRS financial measures that Bellamy's uses to manage and report on its business that are not defined under or recognised by the AAS or the IFRS. The Directors are responsible for the preparation and presentation of the Financial Information.

5.2 Preparation of the Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from Bellamy's interim financial report for the half year ended 31 December 2016.

Bellamy's interim financial report for the half year ended 31 December 2016 was prepared in accordance with AASB 134, Interim Financial Reporting, and was reviewed by PricewaterhouseCoopers in accordance with Australian Auditing Standards on Review Engagements ASRE 2410, Review of a Financial Report Performed by the Independent Auditor of the entity, and PricewaterhouseCoopers issued an unmodified review report with respect to these financial statements.

Bellamy's interim financial report for the half year ended 31 December 2016 is available at <http://investors.bellamysorganic.com.au/>.

5.3 Preparation of the Pro forma Historical Financial Information

The Pro forma Historical Financial Information is derived from the reviewed interim financial report of Bellamy's for the half year ended 31 December 2016, adjusted in the manner described in **Section 5.6** of this Prospectus.

5.4 Explanation of certain non-IFRS financial measures

To assist in the evaluation of the performance of the Company's business, the Company uses certain measures to report on the business that are not recognised under AAS or IFRS. These measures are collectively referred to in this **Section 5** and under *ASIC Regulatory Guide 230: 'Disclosing Non-IFRS Financial Information published by ASIC* as 'non-IFRS financial measures'. The only non-IFRS financial measures that are referred to in this Prospectus is EBIT is earnings before interest (net finance costs) and taxation.

Although the Directors believe that these measures provide useful information about Bellamy's financial performance, they should be considered as supplements to the consolidated statement of profit or loss measures that have been presented in accordance with the AAS and IFRS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Bellamy's calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

5.5 Current trading outlook

The Company's sales and normalised EBIT outlook for 2H17 remains consistent with the guidance previously provided by the Company to the market on 24 February 2017.

Net sales for 2H17 are expected to fall above the mid-point of such guidance of \$105 - \$120 million. Bellamy's has restructured its sales model, including consolidating its distributors, and has instituted a more disciplined approach to pricing and promotions of its products. As a result, the Company has seen a number of positive signs in terms of sales of its products. These include:

- a steady increase in the value and share of sales on Alibaba Global platforms since January 2017;
- trade inventory in China appears to be better understood and has continued to decline in line with the Company's expectations; and
- wholesale prices have stabilised and Chinese e-commerce platform prices have increased.

Indirect costs in 2H17 are forecast to be materially lower than 1H17 excluding one off redundancy and restructuring costs.

Compared to previous 2H17 EBIT guidance of \$9.0 - \$13.0 million, the Company is now expecting reported 2H17 EBIT of (\$9.5) – (\$14.0) million, reflecting one-off costs including the \$27.5 million payment to Fonterra for the reset of the Company's supply arrangements with Fonterra, and transaction costs associated with the Acquisition and Entitlement Offer. Normalised 2H17 EBIT guidance is revised from \$11 million – \$15 million to \$16.5 – \$20.5 million.

The table below summarise these impacts:

Table 1 2H17 EBIT guidance				
A\$ millions	Provided 24 February 2017	Removal of Fonterra shortfall payment	Transaction costs	Revised
Normalised EBIT	11 – 15	5.5 ^(a)	n.a.	16.5 – 20.5
Reported EBIT	9 – 13	(22.0) ^(b)	(0.5) – (1.0) ^(c)	(9.5) – (14.0)
(a) Previous guidance on shortfall payments for FY18 and FY19 (reduced from \$11million – \$13 million to \$5.5 – \$7.5 million) is dependent on underlying sales growth and production requirements.				
(b) Total one-off payment to Fonterra is \$27.5 million. \$5.5 million of this amount was already included in EBIT guidance provided in 1H17 results presentation. Additional one-off cost is \$22.0 million.				
(c) Includes those transaction costs for the Acquisition and ancillary costs associated with the Entitlement Offer which will be expensed.				

Bellamy's has been cashflow positive since March 2017 reflecting an improving inventory position, and is forecasted to be close to net-cash neutral as at 30 June 2017 (prior to impacts of the Acquisition and Entitlement Offer). Forecasted inventory at 30 June 2017 is expected to be similar to 31 December 2016.

The assumptions set out below should be read in conjunction with the risk factors set out in Section 6.

General assumptions

The following general assumptions are relevant to the current trading outlook:

- there is no material change in the competitive and operating environments in which the Company operates;
- there is no significant deviation in economic conditions from current expectations of the key markets in which the Company operates;
- there is no material changes in legislative regimes (including tax) and regulatory environment in which the Company operates;
- there is no loss of key management personnel, and the Company maintains its ability to recruit and retain the personnel required to support future growth;

- there are no material industry disturbances or disruptions to the continuity of operations of the Company nor other material changes in its business;
- there are no material amendments to, or termination of, any material contract, agreement or arrangement relating to the Company's business, other than as disclosed in this Prospectus;
- there are no changes in foreign exchange rates which have a material impact on the financial performance and financial position (either translational or transactional impacts);
- there is no material adverse impact in relation to litigation or claims (existing or otherwise);
- there is no material change in the Company's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there are no material acquisitions, divestments, restructuring or investments for the Company, other than as disclosed in this Prospectus;
- there is no change in applicable AAS that would have a material effect on the Company's accounting policies, financial reporting or disclosure requirements, or its financial performance or position;
- none of the key risks listed in Section 5 occurs; and
- the Offer proceeds are received in accordance with the timetable set out in this Prospectus.

Specific assumptions that have been used in the preparation of the current trading outlook are set out in the sections below.

Key revenue assumptions

The current trading outlook is based on the following key revenue assumptions:

- Revenue - An open order for approximately \$6.5 million to a distributor in China will be shipped on 29 June 2017 at which point revenue is recognised. This assumes no delays to shipping schedules or unplanned events which might impact on shipping times.

Key operating cost and other assumptions

The current trading outlook is based on the following key assumptions:

- Direct costs
 - Promotion and distribution costs have been primarily derived from historic experience and an assessment of specific current and anticipated orders.
 - Formula and food revenues have been assumed to deliver similar margins as achieved in prior months and adjusted for known and forecast changes in cost of sales (e.g. due to rebates, discounts etc.).
 - Where specific information exists as to expected revenue or cost of sales mix by types of product, this has been brought into account in the forecast
- Employee costs
 - These have been forecast based on known salary costs for existing employees.
 - Staff costs assume all non-financial short term incentive hurdles are met and paid.
- Other general overheads
 - These have been forecast based on specific management expectations (informed by the budgeting process) and expected inflationary and other contractual increases.

5.6 Pro forma Historical Financial Information

The pro forma historical statement of financial position as at 31 December 2016 in Table 2 is based on the Company's reviewed statutory historical statement of financial position as at 31

December 2016, adjusted to take into account the effect of the Acquisition, the Offer and costs associated with the restructure of the Company's supply chain. These adjustments reflect the impact of the change in the financial position of the Company that will take place as a result of these events as if they had occurred at 31 December 2016.

Table 2 Statutory historical statement of financial position as at 31 December 2016 and pro forma historical statement of financial position					
A\$ millions	Reviewed at 31 December 2016	Impact of the Entitlement Offer ^(a)	Impact of Acquisition ^(b)	Supply chain restructure ^(c)	Pro forma
Cash and cash equivalents	15.6	57.7	(11.0)	(27.5)	34.8
Trade and other receivables	50.3		1.6		51.9
Inventories	102.7		2.1		104.8
Other assets	0.5				0.5
Total current assets	169.2	57.7	(7.3)	(27.5)	192.1
Property, plant & equipment	1.2		2.2		3.4
Intangible assets	2.0		26.3		28.3
Deferred tax assets (net)	3.4	0.8		8.3	12.5
Total non-current assets	6.6	0.8	28.5	8.3	44.2
Total assets	175.8	58.5	21.2	(19.3)	236.2
Trade and other payables	(64.5)		(3.5)		(68.0)
Borrowings	(14.6)				(14.6)
Provisions	(0.5)				(0.5)
Derivatives	(0.8)				(0.8)
Current tax liabilities	(11.3)				(11.3)
Total current liabilities	(91.6)	-	(3.5)	-	(95.1)
Non-current Provisions	(0.2)				(0.2)
Total non-current liabilities	(0.2)	-	-	-	(0.2)
Total liabilities	(91.8)	-	(3.5)	-	(95.3)
Net assets	84.0	58.5	17.7	(19.3)	140.9
Issued capital and reserves	43.8	57.7	18.0	-	119.5
Retained Earnings	40.1	0.8	(0.5)	(19.3)	21.2
Non-controlling			0.2		0.2

interest					
Total Share Capital & Reserves	84.0	58.5	17.7	(19.3)	140.9

Notes to the Pro Forma Historical Statement of Financial Position

- (a) Reflects the \$60.4 million capital raise under the Entitlement Offer net of \$2.7 million transaction costs relating directly to the capital raise. The pro forma balance sheet reflects this adjustment net of the tax effect on the transaction costs of \$0.8 million.
- (b) The Acquisition is the proposed acquisition, by a subsidiary of the Company, of a 90% interest in a newly formed entity which will hold all of the issued capital of Camperdown Powder for a total consideration of \$28.5 million, of which \$10.5 million will be funded using the proceeds raised under the Entitlement Offer and the remaining \$18 million will be satisfied by way of issue of the Consideration Shares to the Vendor (being 3,190,042 Shares at \$5.643 per Share being TERP). Accordingly, the Company will not receive cash proceeds for the issue of the Consideration Shares, rather, they are paid for 'in kind' under the Acquisition.

In accordance with AASB 3, Camperdown Powder's identifiable assets, liabilities and contingent liabilities, including intangible assets, must be identified and valued as at the acquisition date. The purchase price is then allocated across the fair value of these assets, liabilities and contingent liabilities with any residual recognised as goodwill.

The valuation of intangible assets is a complex and time-consuming process that may require specialist skills and detailed information about the business, which will become available to Bellamy's following completion of the Acquisition. In addition, each of the identified intangibles acquired may have a limited life and must be amortised over that life in contrast to goodwill, which is subject to annual impairment review. Indefinite life intangibles are not amortised and are reviewed for impairment annually. A detailed identification and valuation process will therefore be undertaken after the Acquisition completes. The examples provided below are not intended to be an exhaustive list of items acquired in a business combination that meet the definition of an intangible asset. However they provide an indication of the types of intangibles that may be acquired as part of the Acquisition including:

- licenses; and
- customer contracts.

The Acquisition has been accounted for by including provisional assessments of the fair values of the assets, liabilities and contingent liabilities as at 31 May 2017. Under AASB 3, the Company has up to 12 months from the date of acquisition during which retrospective adjustments can be made to the provisional acquisition accounting. The Company has not completed an exercise to consider the fair value of the tangible and identifiable intangible assets and the liabilities acquired along with any related deferred tax amounts. No value has been attributed to potential carry forward tax losses or deferred tax liabilities related to intangible assets for the purposes of the pro forma historical statement of financial position.

Accordingly, adjustments will impact the recorded amounts of assets and liabilities of the Company and will have an impact on depreciation and amortisation charges in future financial periods and therefore impact EBIT and NPAT.

- (c) As described in **Section 4.5** of this Prospectus, the Company will pay Fonterra \$27.5 million as part of the supply chain restructure. This payment will be expensed in the statement of financial performance for the year ending 30 June 2017. The pro forma balance sheet reflects this adjustment net of the tax effect of \$8.3 million.

6. Risk factors

This Section 6 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.

You should note that this Section 6 does not purport to list every risk that may be associated with an investment in the Company, the Offered Securities now or in the future, and the occurrence or consequences of some of the risks described in this Section 6 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 date of this Prospectus, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before applying for Offered Securities, you should satisfy yourself that you have a sufficient understanding of these matters, including the risks described in this Section 6, 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.

Risks specific to an investment in Bellamy's

6.1 'China labelled' product regulatory risk (CNCA and CFDA)

The Chinese government has instituted a dairy food products regulatory regime that requires, among other things, certain foreign manufacturing facilities to complete a registration process in order to import, distribute and sell 'Chinese labelled' dairy food products to the local offline retail channel. Specifically it requires registration with the CNCA in compliance with the Administrative Provisions on Registration of overseas Manufacturing Enterprises of Imported Foodstuffs of the nominated canning facility used to blend and back infant formula products.

The Chinese government maintains significant discretion in the granting and renewal of registration certificates and other qualifications necessary for the import of food products into China. CNCA registration is valid for four years before renewal and the renewal application must be submitted one year prior to the expiration of the four year term expiration.

A further regulatory requirement has been introduced that any 'Chinese labelled' brand imported, distributed and sold through retail channels in China beyond 1 January 2018 requires CFDA (China Food and Drug Administration) registration. This registration is also held by the canning facility and is valid for five years. Any individual facility can register a maximum of three individual brands and a total of nine stock keeping units (i.e. Step 1, 2 and 3 for a given brand). Each registered brand must also be significantly different in formulation to be recognised.

As previously announced, following the sale by Bega Cheese Ltd of its infant formula finishing plant at Derrimut to Mead Johnson Nutrition in February 2017, Bellamy's 'Chinese labelled' products are no longer able to be registered through that CNCA licenced plant. Notwithstanding this, the Company's manufacturing contract with Bega remains in place.

As a result, Bellamy's has sought to mitigate this risk by undertaking the Acquisition. The Camperdown Powder facility was granted its CNCA licence in July 2015 with an expected renewal date in July 2019. Bellamy's expects that the Acquisition will allow Bellamy's to now begin the CFDA brand and product registration process for its 'Chinese labelled' products in its own right (rather than relying on the registrations obtained by third party manufacturers).

However, Bellamy's does not anticipate that it will have the required registrations in place by 1 January 2018 given the time required to develop the application, a six month shelf life testing

requirement and the lengthy CFDA processing time guideline. Bellamy's is working with its distributor to seek to ensure that there is an appropriate level of stock in China prior to 1 January 2018 to sustain supply during this delay, however a further delay in obtaining the registration, or the failure to complete the Acquisition or successfully submit a registration will have a material impact on Bellamy's financial position. The sale of Bellamy's 'Chinese labelled' products accounted for approximately 16% of total forecast sales in FY17.

In addition to the above it should also be noted that the future or sudden regulatory changes in China continue to be a business risk.

Even with successful completion of the Acquisition, the Chinese government maintains significant discretion over the retention and renewal of any Chinese certification that the Company or the Group may hold from time to time, with limited avenues for appeal or review.

'Australian labelled' product regulatory risk (MOFCOM import restrictions)

Bellamy's also sells 'Australian labelled' product in China through CBEC, leveraging various platforms including Tmall, JD.com, VIP.com and Kaola. Original interpretation of the CFDA regulation required these platforms to also distribute 'China labelled' or CFDA registered product beyond 1 January 2018. However, recent statements from the China Ministry of Commerce (MOFCOM) on 17 March 2017 indicated a positive signal that 'Australian labelled' "personal" goods can continue to be sold through CBEC platforms beyond January 2018.

However, some industry participants expect further clarification of the definition of "personal" goods and timelines in relation to the 17 March 2017 statement. As such regulations have not yet been formalised and the Company is not able to determine whether its 'Australian labelled' infant milk formula products will comply with the requirements imposed by further clarification or regulation in relation to the CBEC channel.

Although the vast majority of 'Australian labelled' product consumed in China is 'direct mailed' and not distributed through the CBEC channel, if the Company is unable to comply with any future clarification or regulation relating to the CBEC channel this may nonetheless have a material adverse impact on financial performance. This risk of future regulation on the 'direct mail' channel must also be considered but could include the imposition of taxes and/or prohibitions or measures taken to restrain the ability to undertake the ability to undertake direct mail activity.

Import testing

China's State Administration of Quality Supervision, Inspection and Quarantine is responsible for national import and export commodity inspections in China. Within that framework, all food product imported into China is subjected to a sample based quality testing, known as China Inspection and Quarantine (CIQ) tests. Bellamy's tests the quality of its products at several stages of both the manufacturing process and across its distribution channels. Tests are also required to be conducted by independent and government based laboratories, who retain discretion as to whether a product test is successful. Test failures and the need for re-testing are not uncommon in the industry. Should a product in a shipment being made to be imported into China fail the CIQ tests, Chinese law prevents the entire shipment from entering China, even if the affected product forms only part of the shipment. While limited re-testing is available, no reference to previously successful tests of the relevant product can be made. The Company is not able to insure for such a risk and no compensation is available from the manufacturer of the Company's products even if prior tests have been successful in Australia. If the Company's products or the products from a canning line owned by the Company fail a CIQ test, this could have a material adverse impact on the Group's business, financial performance and operations.

Market concentration risk

A material proportion of the Company's revenue is derived from the import of the Company's 'Chinese labelled' products into China. The Company's 'Chinese labelled' products imported into China is forecast to represent 16% of group revenue in FY17. In addition, sales of the Company's 'Australian labelled' products to persons in Australia who on-sell to Chinese consumers via e-commerce and social media platforms cannot reliably be estimated by the Company, but is thought to be very substantial and the Company is highly reliant on this channel.

Accordingly, Bellamy's has a large exposure to changes in consumer demand for its products in China. A failure by Bellamy's to predict or respond to changes in consumer preferences in China

or a decrease in demand for the Company's products in China could materially adversely impact on the Group's future financial and operating performance.

Erosion of brand reputation in China

The Company's business and in particular its sales either directly or indirectly to China are highly sensitive to consumers' perceptions of the safety and quality of the Company's products. Any actual or perceived contamination, spoilage or other adulteration, product misbranding, failed product testing or tampering may lead to a material erosion of the Company's brand reputation in China, regardless of its merits. Counterfeiting and imitation of well-known products in China has also occurred in the past. There can be no assurance that this will not occur to Bellamy's in the future. The Company's failure to detect counterfeiting and imitation of its products and trademarks or a failure to mitigate their impact could result in a material adverse impact on the Company's sales in China.

Further, the dairy industry in China has been the subject of product recalls and product contamination in the past, including products supplied from outside China into China. Publication of reports of contaminated or tainted dairy products by other non-Chinese manufacturers that supply the Chinese market could negatively impact the Company's business even if there is no direct connection with Bellamy's products. Regardless of merit, such reports could also lead to additional scrutiny and testing by regulators which could impact the Group's business, financial performance and operations.

Visibility of the Company's distribution channels

Bellamy's transfers ownership of its products to purchasers at the time of sale (usually on receipt into the purchaser's warehouse, except for sales to Bellamy's offline China distributor where ownership transfers upon delivery by the Company of inventory to the port in Melbourne). Many purchasers then on-sell the Company's products to sub-purchasers, who then further on-sell the products to the end-consumer. Bellamy's is not able to obtain information on the level of inventory which remains unsold at each step in the distribution chain. While efforts are made to minimise levels of unsold inventory, a large release of a distributor's inventory to the market at a discount to the price at which Bellamy's charges for its products at the initial point of sale may have a material adverse effect on sales through other channels. In addition, this may cause inventory holdings at other distributors to be 'stranded', at least until the relevant product has been depleted. All of this, in turn, may have a material adverse effect on demand and ultimately sales of Bellamy's products.

6.2 Class actions

Bellamy's may, in the ordinary course of business, be involved in litigation and disputes, for example with suppliers, customers or Shareholders. Any litigation or dispute (including the class action litigation described below) could be costly and damaging to the Company's reputation and business relationships, and could have a material adverse effect on its financial performance, financial position or industry standing.

On 23 February 2017, Bellamy's announced that it had been served with a representative (class action) proceeding filed by Slater & Gordon Lawyers in the Federal Court of Australia. On 8 March 2017, Bellamy's announced that it had been served with a further representative (class action) proceeding filed by Maurice Blackburn in the Federal Court of Australia. The statements of claim for each of these class actions allege contraventions of the Corporations Act in relation to misleading or deceptive conduct and continuous disclosure obligations in connection with Bellamy's business update announcement made on 2 December 2016.

Bellamy's is currently reviewing the statements of claim in detail and has retained legal advisers. Bellamy's does not accept the claims made in the statements of claim and its present intention is to vigorously defend them. It is too early in the process of assessing these claims and considering its defence for Bellamy's to provide any reliable assessment of the likely quantum of any damages that may become payable if its defence is unsuccessful in whole or in part. If either or both of the proceedings are determined in a manner that requires payment by Bellamy's of a material amount by way of damages or settlement, this could have a material adverse impact on the financial performance and position of Bellamy's and may result in the Directors needing to consider whether to sell assets and/or to raise additional capital or, if assets are not able to be sold or

additional capital is not available on acceptable terms, to place the Company into voluntary administration.

6.3 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.

6.4 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 and future prospects.

6.5 Australia made labelling laws

The Australian Government introduced new country of origin labelling laws that commenced on 23 February 2017 to provide additional transparency and certainty in relation to the country of origin of ingredients used in consumer products to be sold in Australia. From 1 July 2018, food to be sold in Australia must be labelled according to the requirements set out in the Country of Origin Food Labelling Information Standard 2016.

As Australia is not a major producer of organic milk, Bellamy's sources the majority of its organic milk powders from Europe. The new labelling requirements mean that Bellamy's will need to provide consumers with further transparency about the source of key ingredients. This may affect consumer demand for the Company's products as consumers look to purchase those products which use Australian ingredients. Changes in consumer demand for the Company's products in Australia could adversely affect the operating and financial performance of the Group.

6.6 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. Organic raw ingredients form only a small portion of the available dairy pool as a result of the difficulties associated producing such ingredients. Due to the rarer nature of organic products, the supply of such products is less stable than that for non-organic products, and the prices for such products are subject to a premium to secure longer term supply as well as material price fluctuations and volatility. While longer term supply relationships mitigate volatility to some extent, the longer term nature of such agreements needs to be balanced against the risk associated with the Company having to order quantity of product which are in excess of its requirements. Should there be interruptions in Bellamy's supply chain or should there be other economic or environmental events which impact the availability of organic raw ingredients, 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 Group.

6.7 Milk powder production risks

The Company currently relies on third party manufacturers to produce its infant and toddler milk product range. Such manufacturing arrangements are concentrated in two manufacturers, Bega and Fonterra. Should there be a disruption in one or both of these manufacturers ability to manufacture the Company's milk powder product range or should one or both of the manufacturers elect not to continue manufacturing such products on behalf of the Company, this could have a material adverse impact on Group's ability to meet consumer demand and may impact the financial performance and future prospects of the Group.

6.8 Infant formula blending risks

Assuming successful completion of the Acquisition, the Company will have the capability to blend and pack ingredients provided by specialist manufacturers, rather than relying on third party manufacturers to perform this task. As the Company has not previously engaged in blending and packing its infant formula products, it will be subject to certain manufacturing risks including, but are not limited to, product quality, safety, asset utilisation and general manufacturing risks. To the extent that the Company is not able to manage these risks, this may have an adverse impact on the Group's operating and financial performance.

6.9 Product concentration

Bellamy's product mix and revenues are highly dependent on infant milk formula. This product category generated 96% of sales in FY16 and is forecast to generate approximately 93% of sales in FY17. Adverse changes in consumer demand for Bellamy's infant milk formula could have a material adverse impact on Bellamy's financial performance and future prospects of the business.

6.10 Key customer concentration

A large proportion of Bellamy's sales are made through three major Australian retailers. These customers have contributed 31% of 'Australian labelled' product sales in FY17 to date. In addition, a large proportion of sales are made through four distributors who primary sell into the Chinese daigou network and to Chinese cross-border e-commerce platforms. These customers have contributed 27% of 'Australian labelled' product sales in FY17 to date. Should any of these customers elect to disrupt the sale or distribution of Bellamy's products, it could have a material adverse impact on Bellamy's performance and prospects.

6.11 Inventory levels

Currently, Bellamy's has \$106 million in inventory (of which \$85 million comprises finished goods and \$21 million comprises raw materials), with one key product representing approximately 70% of the finished goods inventory value with an estimated at 10 month's supply. Although all of this inventory currently has 15 months or more remaining shelf life, demand forecasts suggest that 6% of this inventory will have less than 50% shelf-life remaining as at December 2017, presenting a risk that the Company may be unable to sell the inventory above the carrying value. Many retailers and distributors set rules on the allowable percentage of shelf-life of a product which remains before they will accept it for sale. In the event that the Company is unable to sell this inventory, this may adversely affect the operations and financial performance of the Group.

Bellamy's sales orders are generally received and executed within a month. Ordering for certain raw ingredients required to produce Bellamy's products is required six months in advance of production due to the limited availability of organic ingredients and the need for some products to be produced to order, and long lead times associated with an international ingredient supply-chain. Anticipating the production required to meet sales demand is difficult and involves significant judgement. The timing mismatch exposes Bellamy's to the risk of inventory shortfall's or build up which may in turn affect Bellamy's ability to meet consumer demand or its financial performance, respectively.

6.12 Intellectual property

While the Company seeks to protect its brands and intellectual property rights, the Company's failure to enforce its intellectual property rights could diminish the value of its brands and products and harm the Company's business, future growth prospects and financial and operating performance.

The industry in which the Company operates is characterised by vigorous pursuit and protection of intellectual property rights, which may result in protracted and expensive litigation. Third parties may assert claims of misappropriation of trade secrets or infringement of intellectual property rights against the Company or against its end customers or partners for which the Company may be liable.

6.13 Shortfall payments

Bellamy's has long term contractual infant milk formula supply arrangements with Fonterra, which has been recently revised (see **Section 4.5** of this Prospectus for further details), and Bega which

vary between five and eight years. The key manufacturing contracts have minimum volume commitments to secure access to the necessary manufacturing facilities. Where the Company is not able to fulfil minimum volume commitments, it is required to make production shortfall payments.

The minimum volume commitments are based on each individual contract year (which differs from the Company's financial year). At each financial reporting period, a provision is raised when production thresholds have not been met or the company does not have the ability to meet the threshold under the contractual terms.

At 31 December 2016, the Company had met the production volumes under relevant contractual arrangements to date and therefore no provision for production shortfall payments was recognised.

At 30 June 2017 an assessment will be required in relation to achievement against the relevant thresholds for the various contracts (which have differing contract years). It was estimated that for the year ended 30 June 2017 production shortfall payments of approximately \$6 - 8 million would need to be accrued. However, subject to the Fonterra amendment and the condition of a successful capital raise, this number will increase to \$28 – 30 million.

6.14 Competition

Bellamy's participates in a highly competitive FMCG global industry against materially larger global competitors who have greater 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.

6.15 Change in regulations

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:

- (a) product packaging and/or labelling requirements as a requirement of increases to mandatory dietary content disclosures; or
- (b) the introduction of taxation measures that reference food content; and/or
- (c) restrictions that prevent or restrict access to markets by amendments to regulations governing the export or importation of products (ie free trade agreements).

While the Directors are not aware of any current issues other than the China regulatory change noted above, the Australian made labelling changes highlighted, 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.

6.16 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.

6.17 Retail environment

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

6.18 Product contamination, recall and food safety

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 effect 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).

6.19 Funding and debt covenants

The Company has a working capital facility with HSBC in an aggregate amount of \$40 million, together with a credit card facility of \$250,000 and a bank guarantee facility of \$200,000 (together, the **Facilities**). The working capital facility is comprised of a number of sub-facilities with specific conditions and limits, with the effect that the Company's ability to utilise the working capital facility is subject to those conditions being satisfied and those limits not being exceeded. The Facilities are secured over assets of the Company and are subject to the Company continuing to comply with its obligations (including financial covenants) under those Facilities.

As at 31 December 2016, the aggregate amount outstanding under the Facilities was \$14.5 million and the Company was in compliance with its obligations under those Facilities. Based on current forecasts, the Company expects that it will remain in compliance with those obligations. A specific exemption to covenants has been applied by HSBC for the Fonterra amendment.

Notwithstanding the above, this indebtedness could adversely affect the Company's financial health in the following ways:

- a portion of the Company's cash flow from operations must be dedicated to the payment of interest on its outstanding indebtedness, thereby reducing the funds available to it for other purposes, including its ability to pay dividends;
- the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired, limiting its ability to maintain the value of its assets and operations; and
- there would be a material and adverse effect on the Company's business and financial condition if it is unable to service its indebtedness or obtain additional financing, as needed.

The Facilities also contain, and future indebtedness may contain, significant financial and non-financial covenants that limit the Company's ability to engage in certain activities that may be in its long-term best interests. The Company's ability to comply with the covenants, ratios or tests contained in the Facilities or in the agreements governing its future indebtedness may be affected by events beyond the Company's control, including prevailing economic, financial and industry conditions. In addition, events of default, if not waived or cured, could result in the acceleration of the maturity of the indebtedness under the Facilities or other indebtedness. If the Company were unable to repay those amounts, HSBC could proceed against the security granted to them to secure that indebtedness.

6.20 ASIC queries

The Company is engaging co-operatively with ASIC in relation to the Company's compliance with its continuous disclosure obligations. ASIC's enquiries are continuing but as far as the Company is aware have not as at the date of this Prospectus been concluded. There can be no assurance that ASIC will not, following completion of its inquiries, commence enforcement action against the Company or take other actions, such as the issuance of an infringement notice. It is possible that any such action that ASIC may take could have a material adverse effect on the Company's financial performance, financial position, corporate reputation or industry standing.

6.21 Foreign exchange

The Company has exposure to movements in foreign currency exchange rates through, for example:

- sales to customers in foreign currency;
- anticipated purchases of inventory in foreign currency; and
- translations of net investments in foreign subsidiaries of the Group which are denominated in foreign currencies.

Sales of Bellamy's products are conducted primarily in Australian dollars. The Company imports ingredients to meet demand, and has exposure to USD and EUR movements directly where it purchases ingredients on its own behalf and indirectly through purchases of finished products where the Company's product manufacturers purchase ingredients on its behalf.

In order to hedge against the exposure to fluctuations in exchange rates associated with the highly probable purchase of ingredients, the Company enters into forward exchange contracts, which are designated as cash flow hedges.

The ability to pass on changes in purchase prices due to foreign exchange fluctuation costs is limited, especially in the short term.

6.22 Completion of Acquisition

The Acquisition (further details of which are set out in **Section 4** of this Prospectus) is expected to be completed in July 2017, but there can be no guarantee that this will occur. Due to circumstances beyond the control of Company, the Directors and Bellamy's management team, it is possible that the Acquisition is not ultimately completed or completion may be delayed. These circumstances could materially impact Bellamy's future earnings as well as result in it not being able to obtain CFDA registration.

6.23 Acquisition and integration risks

Bellamy's intends to pursue the Acquisition, which is central to its strategy into the China market, as it will allow the Company to seek to obtain its own CFDA registration. However, the Acquisition may consume a large amount of management time and attention during integration, and the Acquisition may fail to meet strategic objectives (including the obtaining of CFDA registration), or achieve expected financial performance (including unrealised synergies).

Certain notifications (eg change in control notifications) are also required to be made to the CNCA in respect of the Acquisition. CNCA has broad discretion as to whether to accept such notifications. In the event that such notifications are not accepted by CNCA, Camperdown Powder's registrations with the CNCA with respect to infant formula may be terminated which would require Camperdown Powder Pty Ltd to go through a new registration process via Diary Food Safety Victoria or such other governing authorities which approve and recommend that Camperdown Powder be registered with CNCA. If this were to occur, the material benefits which the Company proposes to obtain from undertaking the Acquisition may be delayed or may not be achieved.

6.24 Due diligence risk

Bellamy's has performed certain pre-acquisition due diligence on Camperdown Powder. There is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the Acquisition. A material adverse issue which was not identified prior to completion of the Acquisition could have an adverse impact on the financial performance or operations of the Company.

As is usual in the conduct of acquisitions, the due diligence process undertaken by Bellamy's identified a number of risks associated with the Acquisition, which Bellamy's had to evaluate and manage. The mechanisms used by Bellamy's to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Bellamy's may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on Bellamy's earnings and financial position.

In addition, Bellamy's has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it by, or about, the Vendor (including with respect to their financial wherewithal), or about Camperdown Powder, against independent data. The Company has prepared (and made assumptions in the preparation of) the financial information relating to Camperdown Powder in this Prospectus in reliance on limited financial information and other information provided by the Vendor. This information was unaudited. If any of the data or information provided to and relied upon by Bellamy's in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Bellamy's may be materially different to the financial position and performance expected by the Company and reflected in this Prospectus.

General Risks

6.25 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.

6.26 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:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) 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.

6.27 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.

7. Additional information

7.1 Nature of this Prospectus

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. Section 713 allows the issue of a more concise prospectus for offers of:

- securities in a class which have been continuously quoted by ASX for the three months prior to the date of the prospectus; and
- options over such continuously quoted securities.

Shares in the Company have been continuously quoted by ASX for the three months prior to the date of this Prospectus.

The Prospectus has also been prepared for the offer of Options such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available. Specifically, if the Options are issued with disclosure under this Prospectus, then the Shares issued upon the exercise of any of the Options can be on-sold within 12 months of their issue without a disclosure document for the on-sale offer (even if the Shares were issued without disclosure or lodgement of a cleansing statement), as the Options are issued with disclosure and the exercise of the Option does not involve any further offer.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- the effect of the Offer on the Company; and
- the rights and liabilities attaching to the Offered Securities.

This Prospectus contains this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all the information that would be included in a prospectus for an initial public offering of shares.

The Company, since listing, has provided ASX with a substantial amount of information regarding its activities. That information is publicly available. Shareholders and other investors should read this Prospectus in conjunction with that publicly available information before making an investment decision.

No party other than the Company has authorised or caused the issue of the information in this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

7.2 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

7.3 Availability of other documents

ASX maintains records of company announcements for all companies listed on ASX. The Company's announcements may be viewed on the ASX website (www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at any office of ASIC. The Company will provide a copy of any of the

following documents, free of charge, to any person who requests a copy during the Entitlement Offer period:

- the Annual Report lodged with ASIC and given to ASX by the Company for the year ended 30 June 2016;
- any continuous disclosure notice given by the Company to ASX (being any document used to notify ASX of information relating to the Company under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act) after the date of lodgement with ASIC and giving to ASX of the Annual Report referred to above and before lodgement with ASIC of this Prospectus. Details of these notices are as follows:

Date	Title of announcement
09/06/2017	S&P DJ Indices Announces June Quarterly Rebalance
18/05/2017	Final Director's Interest Notice
18/05/2017	Initial Director's Interest Notice
18/05/2017	Director Appointment/Resignation
12/05/2017	Company secretary Appointment/Resignation
08/05/2017	Company secretary Appointment/Resignation
28/04/2017	Change in substantial holding
21/04/2017	Initial Director's Interest Notice
13/04/2017	Change in substantial holding
13/04/2017	Director Appointment/Resignation
06/04/2017	Change in substantial holding
04/04/2017	Becoming a substantial holder
03/04/2017	Investor presentation
30/03/2017	Update on registration of Bellamy's products with CFDA
21/03/2017	Initial Director's Interest Notice
08/03/2017	Bellamy's acknowledges further class action
07/03/2017	Initial Director's Interest Notice
07/03/2017	Final Director's Interest Notice
07/03/2017	Final Director's Interest Notice
07/03/2017	Final Director's Interest Notice
07/03/2017	Final Director's Interest Notice
01/03/2017	Appointment of Chairman
28/02/2017	Results of Extraordinary General Meeting
28/02/2017	Resignation of Chairman
28/02/2017	Registration of Bellamy's products with China FDA
28/02/2017	Trading Halt
24/02/2017	BAL 1H17 Results Presentation
24/02/2017	BAL 1H17 Results Announcement

Date	Title of announcement
24/02/2017	1H17 Half Yearly Report & Accounts
24/02/2017	Change in substantial holding
23/02/2017	Bellamy's acknowledges class action
23/02/2017	Extraordinary General Meeting
22/02/2017	Change in substantial holding
22/02/2017	Change in substantial holding
20/02/2017	Change in substantial holding
16/02/2017	Change in substantial holding
16/02/2017	Becoming a substantial holding
13/02/2017	Ceasing to be a substantial holder
13/02/2017	Chairman's update letter regarding EGM
13/02/2017	Withdrawal of nominee proposed by Black Prince
08/02/2017	Change in substantial holding
07/02/2017	Becoming a substantial holder
30/01/2017	Final Director's Interest Notice
27/01/2017	Ceasing to be a substantial holder
27/01/2017	Becoming a substantial holder
27/01/2017	Ceasing to be a substantial holder
27/01/2017	Change in substantial holding
27/01/2017	Becoming a substantial holder
24/01/2017	Director Resignation
23/01/2017	IMF: New Australian Funding - Bellamy's Class Action
19/01/2017	Notice Extraordinary General Meeting/Chair's Letter/Proxy
18/01/2017	Response from Black Prince Private Foundation
11/01/2017	Appointment of Acting Chief Executive Officer
11/01/2017	Reinstatement to Official Quotation
11/01/2017	Business Update
04/01/2017	Requisition of meeting under section 249D of the Corporations Act
21/12/2016	Request for extension of voluntary suspension
14/12/2016	Suspension from Official Quotation
12/12/2016	Trading Halt
09/12/2016	Ceasing to be a substantial holder
08/12/2016	Response to ASX Aware Query Letter
08/12/2016	Becoming a substantial holder

Date	Title of announcement
07/12/2016	Change in substantial holding
02/12/2016	Business Update
19/10/2016	Statement on AGM resolution 2
19/10/2016	Results of Meeting
19/10/2016	AGM Presentation Resolutions 2 & 3
19/10/2016	Annual General Meeting Presentation 2016
14/10/2016	Appendix 3B
27/09/2016	Change of Director's Interest Notice
26/09/2016	Appendix 3B
22/09/2016	Ceasing to be a substantial holder
16/09/2016	Notice of Annual General Meeting/Proxy Form
16/09/2016	Announcement Notice 2016 Annual General Meeting
09/09/2016	Change of Melbourne Registry Address Notification
08/09/2016	Update - Dividend/Distribution – BAL
02/09/2016	Becoming a substantial holder
29/08/2016	Announcement - Change of Director's Interest Notice
29/08/2016	Change of Director's Interest Notice
29/08/2016	Change of Director's Interest Notice
19/08/2016	Corporate Governance Statement
19/08/2016	Appendix 4G
19/08/2016	FY2016 Results Announcement
19/08/2016	FY2016 Results Presentation
19/08/2016	Dividend/Distribution – BAL

All requests for copies of the above documents should be addressed to:

The Company Secretary
Bellamy's Australia Limited
Level 4, 115 Cimitiere St
Launceston TAS 7250

Certain documents are also available on the Company's website
(<http://investors.bellamysorganic.com.au/>).

7.4 Rights and liabilities attaching to Shares, New Shares, Additional New Shares and Consideration Shares

There is presently only one class of share on issue in the Company: **fully paid ordinary shares**. The rights attaching to fully paid ordinary shares in the Company (ie the Shares, the New Shares, the Additional New Shares (if any) and the Consideration Shares) are:

- set out in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

The following is a summary of the significant rights attaching to the Shares (and therefore to the New Shares, Additional New Shares and Consideration Shares). This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

(a) Voting rights

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for every fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote proportional to the amount paid up on the Share (excluding any amount credited as paid up). A poll may be demanded by at least 5 Shareholders present and entitled to vote at the meeting, by Shareholders with at least 5% of the votes that may be cast on the resolution, or by the chairperson.

(b) General meetings and notices

Each Shareholder is entitled to receive notice of, and except in certain limited circumstances, to attend and vote at general meetings of the Company and receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution or the Corporations Act.

(c) Dividends

Shares carry the right to receive dividends. The Directors may from time to time pay dividends to Shareholders out of the profits of the Company. Subject to the requirements of the Corporations Act, the Directors may declare a dividend or determine that a dividend is payable if, in their judgment, the financial position of the Company justifies. The Directors may fix the amount and time for and method of payment of the dividends. The payment of a dividend does not require any confirmation by Shareholders of the Company in a general meeting.

(d) Transfer of Shares

Shareholders may transfer Shares electronically by a transfer effected in accordance with the Constitution, the ASX Settlement Operating Rules, the Corporations Act and the ASX Listing Rules. Where the Shares are quoted on ASX, the Directors may in their absolute discretion refuse to register any transfer in any of the circumstances permitted by the ASX Listing Rules. The Company must not refuse or fail to register or give effect to, or delay or in any way interfere with, a proper ASX Settlement transfer of Shares quoted by ASX.

(e) Issue of further Shares

The Directors may (subject to the restrictions on the issue of Shares imposed by the Constitution, the ASX Listing Rules and the Corporations Act) issue, grant options over, or otherwise dispose of, Shares on such terms as the Directors determine.

(f) Winding up

Shares attract the right in a winding up to participate equally in the distribution of the assets of the Company available for distribution (subject to any amounts unpaid on a Share). On a winding up of the Company, the liquidator may, with the approval of a special resolution of the Company, divide among the Shareholders in kind, all or any of the Company's assets and determine how such division is to be carried out between different classes of Shareholders.

(g) Directors – appointment and removal

The minimum number of Directors is four. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that every Director (other than the managing director) must retire at each annual general meeting of the Company. A Director retiring by rotation is eligible for re-election, subject to certain restrictions. The Directors may also appoint a Director to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

(h) Directors voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present and entitled to vote on the matter. In the case of an equality of votes, the chairperson has a second or casting vote.

(i) Variation of rights

Under the Constitution, the rights attached to any class of shares in the Company (including Shares, New Shares and Additional New Shares) may be varied with the written consent of the holders of 75% of the shares of the class or by special resolution passed at a separate meeting of the holders of shares of the class.

(j) Dividend and share plans

The Directors may implement a dividend reinvestment plan, an employee share plan and an employee option plan not being inconsistent with the provisions of the Constitution. While the Company has not presently adopted a dividend reinvestment plan it has adopted the Bellamy's Long Term Incentive Plan.

(k) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

7.5 Rights attaching to the Options

The number of Options to which this Prospectus relates is 4,105,888. Of these, 1,675,000 Options are being granted to Andrew Cohen, the Company's CEO, 193,373 are being granted to John Murphy, the Company's Deputy Chairman, 36,257 are being granted to each other Director (other than John Ho) and 2,165,000 are being granted to other senior management of the Company.

The key terms of the Options are as follows:

Date of grant	13 June 2017, except for those Options which are to be granted to Directors of the Company which will be subject to, and will be granted promptly after receipt of, approval of Shareholders.								
Exercise price	\$5.643 per Option, being equal to TERP. On exercise, each Option will entitle the holder to receive one Share, subject to payment of the exercise price.								
Consideration for grant	Nil								
Performance period	1 July 2017 – 30 June 2020 with retesting available until 31 March 2021								
Last exercise date	13 June 2021. Options not exercised by this date will automatically lapse.								
Vesting conditions	<p>The Options granted will vest in two equal tranches with the first tranche being eligible for vesting at the end of 30 June 2019 (with retesting over the balance of the performance period) and the second tranche being eligible for vesting at the end of 30 June 2020 (with retesting over the balance of the performance period).</p> <p>The Options granted will be subject to performance conditions based on the Company's relative total shareholder return (TSR) performance during the performance period, as detailed below:</p> <table> <tr> <th>Company's TSR</th><th>% of Options satisfying the TSR performance condition</th></tr> <tr> <td>Below 50% of the TSR Target</td><td>0%</td></tr> <tr> <td>At 50% of the TSR Target</td><td>50%</td></tr> <tr> <td>Between 50% of the TSR Target and 100% of the</td><td>Between 50 and 100%, as determined on a pro rata</td></tr> </table>	Company's TSR	% of Options satisfying the TSR performance condition	Below 50% of the TSR Target	0%	At 50% of the TSR Target	50%	Between 50% of the TSR Target and 100% of the	Between 50 and 100%, as determined on a pro rata
Company's TSR	% of Options satisfying the TSR performance condition								
Below 50% of the TSR Target	0%								
At 50% of the TSR Target	50%								
Between 50% of the TSR Target and 100% of the	Between 50 and 100%, as determined on a pro rata								

	TSR Target	straight line basis
	At or above 100% of the TSR Target	100%
	For the purposes of the above the TSR Target is \$11.28	
Other terms	<p>If the holder of an Option is dismissed with cause before the Options vest, all unvested Options will be forfeited unless otherwise determined by the Board.</p> <p>If the holder of an Option is terminated for any other reason, there will be a pro-rata forfeiture of Options (unless otherwise determined by the Board) and the balance of the Options will remain on foot and vest at the end of the vesting period subject to the satisfaction of the vesting conditions.</p> <p>If there is a change in control of the Company, all of the Options will vest.</p>	
Ranking and quotation of Shares issued on exercise of an Option	Upon valid exercise of an Option, new Shares in the Company will be issued. These Shares will rank equally in all respects with Shares on issue at the time of issue. After the issue of new Shares upon exercise of Options, the Company will apply to ASX for those new Shares to be admitted to quotation.	
Participation in new issues	A holder of an Option will not be entitled to participate in any new issue of securities to existing Shareholders by virtue of holding the Option unless they first exercise their Option, and acquire the underlying Share, prior to the record date for determining entitlements to the new issue of securities and participate in the new issue as a result of being a holder of Shares.	
Pro-rata issue	If there is a pro-rata issue of Shares (other than a bonus issue and this Offer) to Shareholders before the expiry of an Option and no new Share has been issued in respect of the Option before the record date for determining entitlements to that pro rata issue, the exercise price of the Option will be reduced in accordance with the formula in ASX Listing Rule 6.22.2.	
Bonus issue	If there is a bonus issue of Shares to Shareholders, and no new Share has been issued in respect of an Option on or before the record date for determining entitlements to the bonus issue, the number of new Shares over which the Option is exercisable will be increased by the number of new Shares which the Option holder would have received if the Option had been exercised before the record date for determining entitlements to the bonus issue.	
Reorganisation of capital	If there is a reorganisation of the issued capital of the Company (including a consolidation, sub-division, reduction or return of capital), then the rights of the holder of an Option will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.	

The above program is estimated to cost \$8.2 million over three years with the cost in FY18 being \$3.4 million, subject to option valuation in accordance with AASB 2. Legacy equity based remuneration cost is expected to be \$1 million in FY18 and \$0.3 million in FY19.

7.6 Eligible Shareholders

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at the Record Date¹¹;
- have an address on the Bellamy's share register in Australia or New Zealand (and where they have a registered address in New Zealand, continue to be a registered holder of Shares as at 9.00am (Australian Eastern Standard time) on 20 June 2017 (the time that the Retail Entitlement Offer opens));
- are not in the United States and are not a person in the United States or acting for the account or benefit of United States persons, to that extent;
- did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

Retail Shareholders who do not satisfy each of these criteria are **Ineligible Retail Shareholders**. Ineligible Retail Shareholders will be sent a letter in the form lodged with ASX on or about 15 June 2017.

Eligible Institutional Shareholders are those holders of Shares who are registered as a holder of Shares as at the Record Date³ and the Underwriter reasonably believes to be a person:

- if in Australia, is able to be offered Offered Securities in circumstances that do not need disclosure under Chapter 6D.2 of the Corporations Act because of the operation of sections 708(8) and 708(12) (inclusive); or
- in any other case, to who offers for issue of Shares may lawfully be made in a Permitted Jurisdiction without the need for a lodged prospectus or other disclosure document or other lodgement, registration, filing with or approval by a Government Agency (other than one with which the Company is willing to comply),

provided that if any such Shareholder is in the United States, that it is an Approved US Shareholder or an Eligible U.S. Fund Manager.

Institutional Shareholders who do not satisfy each of these criteria are Ineligible Institutional Shareholders. Ineligible Institutional Shareholders will be sent a letter in the form lodged with ASX on or about 15 June 2017.

Bellamy's may (in its absolute discretion) extend the Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws).

Bellamy's, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Entitlement Offer, or an Ineligible Shareholder and is therefore unable to participate in the Entitlement Offer. Bellamy's disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Retail Entitlement Offer is not being extended to any Shareholders outside Australia or New Zealand. By returning a completed Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

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

¹¹ In accordance with the ASX Listing Rules, Bellamy's may ignore changes in security holdings which occur after the imposition of the trading halt in Shares on 13 June 2017 (other than registrations of transactions which were effected through ASX Trade before the trading halt).

Bellamy's may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

7.7 Ineligible Shareholders

Bellamy's has decided that it is unreasonable to make offers under the Retail Entitlement Offer to retail investors who are holders of Shares and who are in the United States or have addresses on the share register outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

As the Entitlement Offer is non-renounceable, the right to subscribe for New Shares that would otherwise have been offered to Ineligible Retail Shareholders have been sold in the Institutional Bookbuild for the Offer Price. As a result, Ineligible Retail Shareholders will not receive any value for entitlements in respect of any Shares that would have been offered to them if they had been eligible to participate in the Retail Entitlement Offer.

7.8 Additional New Shares

Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement. There is no guarantee you will receive the amount of Additional New Shares applied for, if any.

Additional New Shares will only be allocated to Eligible Retail Shareholders if available and to the extent that Bellamy's so determines, in its absolute discretion. Bellamy's may apply any scale-back to applications for Additional New Shares in its absolute discretion.

If you apply for Additional New Shares then, the Excess Amount (if any) may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full.

No Additional New Shares will be issued to a Shareholder which will result in them increasing their voting power in Bellamy's above 20%.

7.9 Reconciliation, Reconciliation Shares and the rights of Bellamy's and the Underwriter

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Bellamy's may need to issue additional New Shares (**Reconciliation Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Reconciliation Shares would be issued is not known.

Bellamy's also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if Bellamy's believes, in its complete discretion, that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Bellamy's may, in its discretion, require the relevant shareholder to transfer excess New Shares to the Underwriter at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by Bellamy's in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Bellamy's or the Underwriter to require any of the actions set out above. Bellamy's reserves the right to determine whether a retail Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

7.10 Warranties made on acceptance of the Retail Entitlement Offer

By completing and returning their personalised Entitlement and Acceptance Form or making a payment by BPAY® Eligible Retail Shareholders (in this **Section 7.10** 'you' or 'your') you will be

deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting:

- acknowledge that you have fully read and understood both this Prospectus and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Prospectus and the Constitution;
- authorise Bellamy's to register you as the holder(s) of New Shares (and any Additional New Shares) issued to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once Bellamy's receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued with up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, including, in each case, any Additional New Shares, at the Offer Price per share;
- authorise Bellamy's, the Underwriter, the Share Registry and any of their respective officers or agents to do anything on your behalf necessary for New Shares (and any Additional New Shares) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Prospectus and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this Prospectus and your Entitlement and Acceptance Form is not a recommendation that New Shares (including Additional New Shares) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that you have read and understood **Section 6** 'Risk Factors' of this Prospectus and you further acknowledge and understand that an investment in Bellamy's are subject to a high degree of risk;
- acknowledge that none of Bellamy's, the Underwriter, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of Bellamy's, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise Bellamy's to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of Bellamy's, the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and that you are not an eligible institutional Shareholder under the Institutional Entitlement Offer;

- represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares (or Additional New Shares); and
- represent and warrant that your acceptance of the Retail Entitlement Offer does not breach any laws in a jurisdiction outside Australia or New Zealand.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Retail Shareholder (as defined in the 'Additional information' section) or otherwise eligible to participate in the Retail Entitlement Offer and:

- you and each person on whose account you are acting are not in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements, New Shares or Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- the Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and, accordingly, the Entitlements may not be taken up, and the New Shares or Additional New Shares may not be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Prospectus, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

7.11 Consents

Each of the parties named below:

- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims 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 appears and any statement included in this Prospectus with its consent, as specified in the table below.

Role	Consenting party	Consent
Underwriter	Credit Suisse (Australia) Limited	Consent to be named
Australian legal adviser	MinterEllison	Consent to be named
Share Registry	Link Market Services Limited	Consent to be named

7.12 Interests of Directors

Other than as set out below or elsewhere in this Prospectus:

- No Director or proposed Director has, or has had in the two years before lodgement of this Prospectus, an interest in:
 - the formation or promotion of the Company;
 - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - the Offer itself.
- No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them in connection with:
 - the promotion or formation of the Company; or
 - the Offer (or either of its components).

(a) Directors' securities holdings

As at the date of this Prospectus, the Directors have the following interests in issued securities of the Company, either directly or indirectly:

Director	Interest in Shares	Interest in unquoted options in Bellamy's
John Ho	John Ho has an indirect interest in the 6,779,284 Shares held by Janchor Partners Limited	Nil
John Murphy	Nil	Nil
Rodd Peters	Rodd Peters has an indirect interest in the 242,700 Shares held by The Elsie Cameron Foundation Pty Ltd as trustee for The Elsie Cameron Foundation	Nil
Wai-Chan Chan	Nil	Nil

(b) Directors' remuneration

As at the date of this Prospectus, the Directors are paid the following remuneration:

Director	Remuneration (A\$) (exclusive of superannuation)
John Ho	Nil
John Murphy	\$135,000
Rodd Peters	\$78,000
Wai-Chan Chan	\$78,000

See **Section 7.5** for details of the grants made to certain Directors (subject to Shareholder approval) under the Long Term Incentive Plan.

7.13 Interests of advisers and costs of the Entitlement Offer

Other than as set out below or elsewhere in this Prospectus, no adviser involved in the preparation of this Prospectus (nor any firm in which any adviser is a partner), has held at any time in the past two years any interests in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer (or any component of it) itself.

In addition, other than as set out below, no amounts (whether in cash, Shares or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any adviser (or any firm in which the adviser is a partner) for services rendered by the adviser, or the

adviser's firm in connection with the promotion or formation of the Company or in connection with the Offer (or any component of it):

- Credit Suisse (Australia) Limited has acted as Underwriter to the Entitlement Offer. In relation to these services, the Company has agreed to pay the Underwriter gross proceeds of approximately \$1.7 million (plus GST and disbursements);
- MinterEllison has acted as Australian legal advisers to the Company in relation to this Prospectus and the Offer. The Company has paid or agreed to pay \$200,000 (plus GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to MinterEllison in accordance with their usual time based charge out rates; and

7.14 No withdrawal or cooling-off rights

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in the Offered Securities.

Bellamy's reserves the right to withdraw the Offer at any time before the issue of Offered Securities, in which case Bellamy's will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

7.15 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

7.16 No Entitlements trading

Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

7.17 Not investment advice or financial product advice

The information in this Prospectus is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. Bellamy's is not licensed to (and does not) provide financial product advice in respect of the Offered Securities.

The information in this Prospectus does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for Offered Securities, you should consider whether they are a suitable investment for you in the light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the Offered Securities the subject of the Offer. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

7.18 Foreign jurisdictions

The information in this Prospectus has been prepared to comply with the applicable requirements of the securities laws of Australia and New Zealand.

The information in this Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, the Entitlements or the Offered Securities, or otherwise permit a public offering of the Offered Securities, in any jurisdiction outside of Australia and New Zealand. Return of your Application Form or your BPAY payment will be taken by Bellamy's to constitute a representation by you that there has been no breach of any laws of a jurisdiction outside Australia or New Zealand.

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

(a) Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

(b) New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(c) Singapore

This Prospectus and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(d) Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this Prospectus nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

This Prospectus is personal to the recipient only and not for general circulation in Switzerland.

(e) United Kingdom

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

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

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company. In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

(f) United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

7.19 Governing law

The information in this Prospectus, the Offer, and dealings in the Entitlements and the contracts formed on acceptance of the Offer pursuant to the Application Forms are governed by the law applicable in New South Wales, Australia. Each investor who applies for Offered Securities submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

7.20 Taxation – Retail Entitlement Offer

The following is a summary of the Australian income tax, goods and services tax (GST) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are resident in Australia for tax purposes and who hold their New Shares and Additional New Shares on capital account for the purposes of investment.

The Australian taxation system is complex and the taxation consequences for each Eligible Retail Shareholder may differ depending upon their particular circumstances and the views of the Australian Taxation Office (**ATO**). This summary is intended as a general guide only, it does not constitute taxation advice and should not be relied upon as such and is not a complete statement of all the potential tax implications for any Eligible Retail Shareholder. All Eligible Retail Shareholders should seek professional taxation advice as to the taxation implications of the Retail Entitlement Offer appropriate to their individual circumstances.

This summary reflects the provisions of the Australian tax laws and the regulations made under those tax laws, taking into account rulings and determinations published by the ATO applicable as at the date of this Prospectus. The summary does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account the tax legislation of countries other than Australia.

The summary is not exhaustive of all the Australian taxation considerations that may apply to an Eligible Retail Shareholder and, in particular, does not apply to Eligible Retail Shareholders who:

- (a) hold their Shares (or will hold their Entitlement) as revenue assets (ie they are engaged in a business of share trading, banking or investment) or as trading stock or otherwise;
- (b) have acquired their Shares for the purposes of resale at a profit;
- (c) acquired their Shares under an arrangement which qualifies as an employee share scheme or option plan for Australian tax purposes;
- (d) are subject to special tax rules such as a bank, insurance company or tax exempt organisation; or
- (e) are non-resident Shareholders that hold their Shares as an asset of a permanent establishment in Australia.

(a) Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder.

(b) Exercise of Retail Entitlements

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and may acquire Additional New Shares. For capital gains tax (**CGT**) purposes, each New Share or Additional New Share will:

- have a cost base (and reduced cost base) at the time of acquisition that is equal to the Offer Price plus any non-deductible incidental costs incurred in acquiring the New Share or Additional New Share; and
- be taken to be acquired on the day that the Entitlement in respect of the New Share is exercised or, in the case of an Additional New Share, the date on which the Company issued the Additional New Shares to the Eligible Retail Shareholder.

No income tax or CGT liability will arise on the exercise of the Entitlements by Eligible Retail Shareholders.

(c) Lapse of Entitlements

On the basis that no proceeds will be received by Eligible Retail Shareholders who allow their Entitlements to lapse, no income tax consequences should arise for those Eligible Retail Shareholders. Eligible Retail Shareholders who do not exercise their Entitlements will also not be entitled to any tax deductions or capital losses from the lapsed Entitlement.

(d) Dividends on New Shares or Additional New Shares

An Australian tax resident Eligible Retail Shareholder who is an individual, trust or complying superannuation entity should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend.

For Eligible Retail Shareholders to be eligible for a tax offset in relation to any franking credits attached to a dividend paid by the Company on the New Shares or Additional New Shares, they will need to hold the New Shares or Additional New Shares at risk for at least 45 days continuously, not counting the day of acquisition or disposal (referred to as the *holding period rule*). The holding period rule generally only needs to be satisfied once for the New Shares and Additional New Shares and will apply in respect of the New Shares and Additional New Shares beginning on the day after the day on which the Eligible Retail Shareholder acquires the New Shares or Additional New Shares. This rule is subject to certain exemptions and does not apply if the Eligible Retail Shareholder is an individual whose total franking credit entitlement for the year of income of the individual in which the dividend is received does not exceed A\$5,000.

A specific integrity rule prevents taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of dividend washing. Eligible Retail Shareholders should consider the impact of these and other measures affecting the availability of franking credits given their own personal circumstances.

(e) Disposal of New Shares or Additional New Shares

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

Individuals, complying superannuation entities or trusts that have held New Shares or Additional New Shares (as the case may be) for at least 12 months (not including the dates of acquisition and disposal of such shares) should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after the application of any current year or carry forward capital losses). The CGT discount factor is 50% for individuals and trusts and $33\frac{1}{3}\%$ for complying superannuation entities. The CGT discount is not available for companies.

If a capital loss arises on disposal of the New Shares or Additional New Shares, the capital loss can only be used to offset capital gains; i.e. the capital loss cannot be used to offset ordinary income. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

(f) Taxation of Financial Arrangements (TOFA)

The application of the TOFA rules is dependent on the particular facts and circumstances of the Eligible Retail Shareholder, each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA rules to their particular facts and circumstances.

(g) Other Australian taxes

Eligible Retail Shareholders should not be liable for any GST or stamp duty in respect of the issue or exercise of the Entitlements, or the acquisition of the New Shares or the Additional New Shares.

Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares or Additional New Shares.

7.21 Underwriting

On 13 June 2017, Bellamy's entered into an underwriting agreement with the Underwriter, under which the Underwriter has agreed to manage the Entitlement Offer and fully underwrite¹² the Entitlement Offer (**Underwriting Agreement**).

The underwriting is conditional upon certain conditions customarily found in underwriting agreements for issuers in the Company's circumstances.

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

(a) Fees, Costs and Expenses

The Underwriter will receive the following total fees under the Underwriting Agreement:

- under the Institutional Entitlement Offer, a management and selling fee of 0.875% and an underwriting fee of 2.00% of the Institutional Entitlement Offer proceeds; and
- under the Retail Entitlement Offer, a management and selling fee of 0.875% and an underwriting fee of 2.00% of the Retail Entitlement Offer proceeds.

The Company must also pay to the Underwriter their reasonable expenses including legal and out-of-pocket expenses incurred by the Underwriter in relation to the Entitlement Offer.

(b) Indemnities

Customary and usual representations and warranties are given by the parties in relation to matters such as power to enter into the Underwriting Agreement, corporate authority and approvals and the Company's compliance with the Corporations Act and ASX Listing Rules in relation to the Entitlement Offer.

The Company gives a number of further representations and warranties to the Underwriter, including that this Prospectus and related public documents and information do not contain any material statements that are misleading or deceptive and that none of the information supplied to the Underwriter is misleading or deceptive in a material respect, together with warranties regarding financial reporting, regulatory actions, due diligence, no event of insolvency, litigation and other matters concerning the Entitlement Offer, the issue of the Consideration Shares and affairs of the Company.

The Company indemnifies the Underwriter and persons associated with the Underwriter in respect of certain loss that may be suffered in connection with the Entitlement Offer or the issue of the Consideration Shares.

(c) Termination events

The Underwriter may terminate its obligations under the Underwriting Agreement if any of the following events occur:

- ***(disclosures in Prospectus)** a statement in this Prospectus is or becomes misleading or deceptive or a matter required to be included is omitted from this Prospectus (including, without limitation, having regard to section 713 of the Corporations Act); or
- **(information materials)** the Information Materials (as defined in the Underwriting Agreement), other than this Prospectus:
 - contain a statement that is or becomes misleading or deceptive or likely to mislead or deceive;
 - omit any information they are required to contain; or
 - fails to comply with the Corporations Act or any other applicable law or any statement about a future matter (including the doing or, or refusing to do, an act, and also including any forecast, expression of opinion, intention or expectation) expressed in the Public Information (other than the Prospectus) being taken to be misleading in accordance with section 769 of the Corporations Act;

¹² However, and as is typical for an underwritten offer of this nature, the underwriting of the Entitlement Offer is conditional on the satisfaction of certain conditions precedent.

- ***(new circumstance)** a new circumstance arises or becomes known which, if known at the time of lodgement of this Prospectus would have been required to be included in this Prospectus;
- ***(Supplementary Prospectus)** the Company lodges a supplementary Prospectus that has not been approved by the Underwriter in circumstances required by the Underwriting Agreement; or a supplementary Prospectus is required to be lodged by, or with, ASIC under the Corporations Act;
- **(market fall)**: the S&P/ASX 200 Index closes at a level that is 15% or more below the level of that index at market close on the last trading day immediately prior to the date of the Underwriting Agreement on:
 - any day from the announcement date up to and including the date of settlement of the Institutional Entitlement Offer; or
 - any two consecutive trading days after the date of settlement of the Institutional Entitlement Offer until (and including) the date of settlement of the Retail Entitlement Offer or the trading day prior to this date;
- **(ASIC)** ASIC:
 - issues an order (including an interim order) under section 739 of the Corporations Act or makes a determination under section 713(6) of the Corporations Act in relation to the Company;
 - makes an application for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or the Information Materials; commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Entitlement Offer or the Information Materials;
 - holds, or gives notice of intention to hold, a hearing or investigation in relation to the Entitlement Offer or the Company; or
 - prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Entitlement Offer or the Company,

and which:

 - is public; or
 - is not public, and is not withdrawn, within five Business Days or within two Business Day of the date of settlement of the Institutional Entitlement Offer or the Retail Entitlement Offer, if made within five days of either of them;
- **(ASX)** the Company is removed from the official list of ASX, its Shares are suspended from trading or quotation on ASX, or unconditional approval (or conditional approval, provided such condition would not, in the opinion of the Underwriter, have a material adverse effect on the success or settlement of the Entitlement Offer) by ASX for official quotation of the New Shares or Additional New Shares is refused or ASX indicates that quotation will not be granted;
- **(certificate not provided)** the Company does not provide a certificate as and when required under the Underwriting Agreement;
- **(withdrawal)** the Company withdraws the Entitlement Offer or indicates that it does not intend to proceed with the Entitlement Offer or any part of the Entitlement Offer;
- **(Timetable)** there are certain delays in the timetable for the Entitlement Offer without the Underwriter's consent;
- **(regulatory action)** any regulatory body or third party commences any material public action against the Company, any of the directors of the Company and such action is not successfully disposed of within the time specified in the Underwriting Agreement;

- **(insolvency events)** any member of the Group becomes insolvent, or there is an act or omission which will result in a member of the Group becoming insolvent;
- **(Material Adverse Effect)** a Material Adverse Effect (as defined in the Underwriting Agreement) occurs;
- ***(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia or PRC a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy, or there is a public announcement of a proposal to change an existing, or introduce a new, law, policy or regulation in PRC (other than a law, policy or regulation which has been announced before the date of the Underwriting Agreement);
- ***(representation and warranties)** a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- ***(breach)** the Company defaults on one or more of its obligations under the Underwriting Agreement;
- ***(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States, the United Kingdom, PRC or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- ***(certificate incorrect)** a statement in any certificate is false, misleading, inaccurate or untrue or incorrect;
- ***(disruption in financial markets)** there are material disruptions in financial, political or economic conditions in key markets, or hostilities commence or escalate in certain key countries;
- **(Acquisition agreement)** the agreement pursuant to which the Company will undertake the Acquisition is breached, rescinded or terminated or, other than with the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed) withdrawn, varied, altered or amended in any material respect, or there is a failure to comply with it in any material respect; and
- **(Fonterra agreement)** the revised supply agreement between the Company and Fonterra (as amended in the manner described in **Section 4.5** of this Prospectus) is breached, rescinded or terminated or, other than with the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed) withdrawn or further varied, altered or amended in any material respect, or there is a failure to comply with the terms of that in any material respect.

No event marked above with an asterisk (*) entitles the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, it has reasonable grounds to believe that the event:

- has or is likely to have a materially adverse effect on:
 - the success, settlement or marketing of the Entitlement Offer or on the ability of the Underwriter to market or promote or settle the Entitlement Offer; or
 - the willingness of investors to subscribe for the New Shares; or
- will, or is likely to, give rise to a liability of the Underwriter under, or a contravention by the Underwriter or its affiliates or the Underwriter or its affiliates being involved in a contravention of, any applicable law.

7.22 Share purchase agreement – Acquisition

The key terms on which the Company will undertake the Acquisition are as follows:

Consideration	\$28.5 million of which \$10.5 million will be satisfied in cash and \$18 million will be
---------------	---

	satisfied by way of issue of the Consideration Shares to the Vendor at \$5.643 per Consideration Share, which is equal to the TERP price on the Entitlement Offer.
Conditions	<p>The Acquisition is subject to a number of conditions including receipt of consents from counterparties to certain of Camperdown Powder's material contracts and leases to the change in control of Camperdown Powder which will occur on completion of the Acquisition.</p> <p>In addition, certain notifications are required to be made to the CNCA in respect of the Acquisition following completion.</p>
Sell down	The Vendor and the Company will enter into a sell down coordination deed on completion of the Acquisition pursuant to which the Vendor will agree to deal with its Consideration Shares only in an orderly, controlled and structured manner over the 12 month period following Completion and to provide certain notices to the Company should it intend to so deal.
Shareholders' Agreement	BOPL and the holder of the remaining 10% interest in Camperdown Powder will enter into a shareholders' agreement to govern the affairs of Camperdown Powder on customary terms.
Call Option Deed	<p>BOPL and the holder of the remaining 10% interest in Camperdown Powder will enter into a call option deed pursuant to which the latter party will grant a call option over its remaining interests in Camperdown Powder to BOPL.</p> <p>The call option is exercisable at any time after:</p> <ul style="list-style-type: none"> • a change in Chinese regulation, law or policy directly or indirectly which requires BOPL to hold 100% of the issued capital of Camperdown Powder in order to maintain, manufacture, distribution and/or export of the Group's products to China; or • the cessation of the employment of a key employee of Camperdown Powder in certain circumstances; or • the third anniversary of the date of completion of the Acquisition. <p>The exercise price payable to exercise the call option is in the ordinary course, likely to be between 2 and 6 times a measure of Camperdown Powder's earnings (as specified in the call option deed) depending on the trigger event for the exercise (see above) and the date of exercise.</p>
Warranties, representations and covenants	BOPL and the Vendor each make representations, warranties and covenants which are customary for a transaction of this nature.
Completion	Completion is expected to occur in July 2017.

7.23 Financial data

All dollar values in this Prospectus are in Australian dollars (\$) or A\$) unless otherwise stated.

7.24 Information availability for the Entitlement Offer

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Prospectus during the Retail Entitlement Offer period by calling the Share Registry on 1300 853 809 (within Australia) or +61 1300 853 809 (from outside Australia) at any time from 8.30am to 5.30pm (Australian Eastern Standard time) Monday to Friday.

A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry. Neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons that are in the United States or otherwise distributed in the United States.

7.25 Forward-looking statements and future performance

Neither Bellamy's, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the Offered Securities or any return on any investment made pursuant to the information in this Prospectus. Forward-looking statements, opinions and estimates provided in the information in this Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward-looking statements including projections, guidance on sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Bellamy's and the board of directors of Bellamy's, including the risks described in **Section 6** of this Prospectus, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Prospectus.

7.26 Past performance

Past performance and pro-forma historical financial information given in this Prospectus is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Prospectus is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

7.27 Notice to nominees and custodians – Entitlement Offer

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to eligible institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not), institutional Shareholders who were treated as ineligible institutional investors under the Institutional Entitlement Offer and Ineligible Retail Shareholders.

7.28 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by Bellamy's, or its related bodies corporate, in connection with the Offer.

Except as required by law, and only to the extent so required, none of Bellamy's, or any other person, warrants or guarantees the future performance of Bellamy's or any return on any investment made pursuant to this Prospectus.

7.29 Consents to lodgement of this Prospectus

Each Director of the Company has consented, and not withdrawn their consent, to the lodgement of this Prospectus with ASIC as required by section 720 of the Corporations Act.

Glossary

Term	Meaning
1H17	The half year ended 31 December 2016
2H17	The half year ended 30 June 2017
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
Additional New Shares	Has the meaning given in Section 7.8 of this Prospectus
Applicant	An Eligible Retail Shareholder who validly applies for New Shares (and, if applicable, Additional New Shares) under the Retail Entitlement Offer in accordance with the Prospectus
Application	An application made on a personalised Entitlement and Acceptance Form to apply for New Shares (and, if applicable, Additional New Shares) under the Retail Entitlement Offer in accordance with this Prospectus
Application Form	An Entitlement and Acceptance Form, the Subscription Agreement or any other application form provided by the Company to Eligible Shareholders, the Vendor or Eligible Persons (as the case may be).
Approved US Shareholder	Those Shareholders at the Record Date that are located in the United States or that are acting for the account or benefit of persons in the United States, that the Company reasonably believes to be (a) QIBs; whose participation in the US Private Placement is expressly approved by the Company or (b) dealers or other professional fiduciaries organised, incorporated or (if individuals) resident in the United States that are acting for an account (other than an estate or trust) held for the benefit or account of persons that are not U.S. Persons for which they have and are exercising investment discretion within the meaning of Rule 902(k)(2)(i) of Regulation S,
Application Monies	Monies received from Applicants in respect of their Applications
Acquisition	The acquisition by BOPL (a subsidiary of the Company) of a 90% interest in a newly formed entity that will hold all of the issued capital of Camperdown Powder
ASIC	Australian Securities and Investments Commission
ASX or Australian Securities Exchange	ASX Limited ABN 98 008 624 691, or the financial market operated by it, as the context requires
ASX Listing Rules	The official listing rules of ASX
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement, and to the extent they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited ABN 48 001 314 503
ATO	Australian Tax Office
AUD, A\$, \$ or Australian dollar or cent	The lawful currency of the Commonwealth of Australia
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Australian label product	Bellamy's products that are labelled in English and initially sold to distributors for on-sale to consumers in Australia and China
Bega	A related entity of Tatura Milk Industries Limited ABN 66 006 603 970
Bellamy's or Company	Bellamy's Australia Limited ABN 37 124 272 108

Term	Meaning
Bellamy's Group or Group	The Company and its subsidiaries
Board	The board of directors of the Company from time to time
BOPL	Bellamy's Organic Pty Ltd ABN 11 125 461 903
Camperdown Dairy	Camperdown Dairy International Pty Ltd ACN 168 442 206
Camperdown Powder	Camperdown Powder Pty Ltd ACN 168 982 250
CBEC	Cross-border E-commerce channel
CFDA	China Food and Drug Administration
CHESS	Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Chinese label product	Bellamy's products that are exported to China to be sold in stores and are labelled in Chinese languages and comply with Chinese food labelling laws
China WIT	A Chinese regulatory body overseeing food certification
CNCA	Certification Accreditation Administration of the People's Republic of China
Consideration Shares	The Shares to be issued to the Vendor in connection with the Acquisition.
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CRN	Customer Reference Number
Director	A member of the board of directors of the Company from time to time
Eligible Institutional Shareholders	Has the meaning given in Section 7.6 of this Prospectus
Eligible Retail Shareholders	Has the meaning given in Section 7.6 of this Prospectus
Eligible Persons	Australian resident directors and employees of the Company who receive a written invitation from the Company to apply for Options under this Prospectus
Eligible Shareholders	An Eligible Retail Shareholder or an Eligible Institutional Shareholder
Eligible U.S. Fund Managers	Dealers or other professional fiduciaries organised, incorporated or (if individuals) resident in the United States that are acting for an account (other than an estate or trust) held for the benefit or account of persons that are not U.S. Persons for which they have and are exercising investment discretion within the meaning of Rule 902(k)(2)(i) of Regulation S
Entitlement	The number of New Shares that an Eligible Retail Shareholder is entitled to apply for under the Retail Entitlement Offer, as determined by the number of Shares held by that Eligible Retail Shareholder on the Record Date
Entitlement and Acceptance Form	The relevant personalised form accompanying this Prospectus which Eligible Retail Shareholders may use to apply for New Shares (and, if applicable, Additional New Shares)
Entitlement Offer	The accelerated non-renounceable entitlement offer of New Shares in the Company in the ratio of 5 New Shares for 38 Shares held on the Record Date
Financial Information	The Statutory Historical Financial Information and the Pro Forma Historical Financial Information
FMCG	Fast-moving consumer goods
Fonterra	Fonterra Australia Pty Ltd ACN 006 483 665
FY17	The financial year ended 30 June 2017

Term	Meaning
FY18	The financial year ended 30 June 2018
FY19	The financial year ended 30 June 2019
GAAP	Generally Accepted Accounting Principles
Government Agency	Any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency, bureau, municipal, board, instrumentality or entity in any jurisdiction
GST	Goods and services or similar tax imposed in Australia
HIN	Holder Identification Number
IFRS	International Financial Reporting Standards
Ineligible Institutional Shareholders	Institutional Shareholders who do not satisfy the criteria to be an Eligible Institutional Shareholder
Ineligible Retail Shareholders	Retail Shareholders who do not satisfy the criteria to be an Eligible Retail Shareholder
Institutional Bookbuild	The bookbuild process undertaken by the Underwriter in respect of the Institutional Entitlement Offer
Institutional Entitlement Offer	The institutional component of the Entitlement Offer including the US Private Placement.
Janchor or Janchor Partners	Janchor Partners Limited and its associates, or if the context requires, Janchor Partners Pan-Asian Master Fund and Vittoria Fund-J, L.P.
Lodgement Date	13 June 2017, being the date this Prospectus is lodged with ASIC
MAV	Minimum annual volume commitments
NASAA	National Association for Sustainable Agriculture in Australia
New Share	Fully paid ordinary shares in the Company issued under either component of the Entitlement Offer which will rank equally with existing Shares from the date of issue
Offer	The Entitlement Offer, the offer of the Consideration Shares to the Vendor and the offer of the Options to Eligible Persons
Offer Price	The price payable for a New Share (or Additional New Share, if applicable) under the Retail Entitlement Offer, being \$4.75 per New Share
Offered Securities	The New Shares, the Additional New Shares, the Consideration Shares and the Options
Option	An option to acquire a Share on terms described in this Prospectus
PRC	People's Republic of China
Pro Forma Historical Financial Information	The Company's pro forma historical statement of financial position as at 31 December 2016
Prospectus	This prospectus dated 13 June 2017 prepared by the Company in accordance with the special content rules under section 713 of the Corporations Act in respect of the Offer
QIB	A 'qualified institutional buyer' as that term is defined in Rule 144A under the US Securities Act
Reconciliation Shares	Has the meaning given to that term in Section 7.9 of this Prospectus
Record Date	The record date for the Entitlement Offer, being 7.00pm (Australian Eastern Standard time) on Thursday, 15 June 2017
Retail Entitlement Offer	The retail component of the Entitlement Offer
Share	A fully paid ordinary share in the Company

Term	Meaning
Shareholder	The registered holder of a Share
Shareholding	The number and value of Share(s) held in the Company
Share Registry	Link Market Services Limited ACN 083 214 537
SRN	Security Reference Number
Statutory Historical Financial Information	The Company's reviewed statutory historical statement of financial position as at 31 December 2016
Subscription Agreement	The subscription agreement to be entered into between the Company and each Vendor pursuant to which each Vendor will apply for the Consideration Shares
TERP	Theoretical ex-rights price
Underwriter	Credit Suisse (Australia) Limited ACN 007 016 300
Underwriting Agreement	The underwriting agreement dated 13 June 2017 between the Company and the Underwriter
United States, US or U.S.	The United States of America
US Private Placement	The offer and sale by the Company to Approved US Shareholders of Entitlements, New Shares and Additional New Shares as part of the Entitlement Offer in the manner contemplated by the US Private Placement Memorandum and the Underwriting Agreement
US Private Placement Memorandum	The US Private Placement Memorandum including the Prospectus, a draft of the Subscription Agreement, a US securityholding declaration form and a US entitlement acceptance form
US Securities Act	United States Securities Act of 1933, as amended
Vendor	Camperdown Dairy International Pty Ltd ACN 168 442 206 or, in connection with the placement of the Consideration Shares, its nominee

Corporate directory

Registered office

Bellamy's Australia Limited
Level 4, 115 Cimitiere St
Launceston, Tasmania 7250

Website

<http://investors.bellamysorganic.com.au/>

Stock exchange listing

The Company's Shares are listed on ASX (code 'BAL')

Underwriter

Credit Suisse (Australia) Limited
(ABN 94 007 016 300)
31/1 Macquarie Place
Sydney NSW 2000

Australian legal adviser

MinterEllison
Level 40, Governor Macquarie Tower
1 Farrer Place
Sydney, New South Wales 2000

Share Registry

Link Market Services Limited
GPO Box 3560
Sydney NSW 2000

Australia 1300 853 809
International +61 1300 853 809

Open 8.30am to 5.30pm (Australian Eastern Standard time) Monday to Friday (during the Retail Entitlement Offer period)