Joint Global Co-ordinators

Credit Suisse

Macquarie

UBS

Joint Lead Managers

citi

Goldman Sachs

Morgan Stanley

INGHAM'S PROSPECTUS

Initial Public Offering of Ordinary Shares

Inghams Group Limited ACN 162 709 506

This Prospectus is issued by Inghams Group Limited ACN 162 709 506 (**Ingham's** or **Company**) and Inghams SaleCo Limited ACN 615 041 346 (**SaleCo**) for the purposes of Part 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares in the capital of Ingham's (**Shares**) (**Offer**).

Lodgement and listing

This replacement prospectus is dated 21 October 2016 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. It is a replacement prospectus that replaces the prospectus dated 12 October 2016 and lodged with ASIC on that date (**Original Prospectus**). For the purposes of this document, this replacement prospectus is referred to as the **Prospectus**.

The key changes that have been made to the Original Prospectus are:

- including additional disclosures regarding material contracts in Section 3;
- including additional disclosures regarding Project Accelerate in Section 3;
- including additional disclosures in relation to the sale and leaseback of facilities and the assumptions underlying the Forecast Financial Information in Section 4;
- including additional risk disclosures regarding animal welfare accreditations in Section 5;
- including additional disclosures in relation to the Committed Investor's application for Shares in Section 7.8;
- including additional disclosures regarding the background to management estimates (referred to in Section 2) as a new Appendix D;
- including additional disclosures regarding the acquisition of the business by entities associated with TPG in 2013 in Sections 1 and 3; and
- including additional disclosures in relation to the sale and leaseback of facilities and use of those proceeds including distributions paid to Existing Shareholders in Section 1.

Ingham's applied for admission to the Australian Securities Exchange (**ASX**) on 12 October 2016, for admission of Ingham's to the official list of the ASX and quotation of the Shares on the ASX (**Listing**).

No Shares will be issued or sold on the basis of this Prospectus later than **13 November 2017**, being 13 months after the date of the Original Prospectus.

Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Exposure Period

The Corporations Act prohibits Ingham's from processing applications to subscribe for Shares offered under this Prospectus (**Applications**) in the fourteen day period after lodgement of the Original Prospectus with ASIC (**Exposure Period**).

The Exposure Period enables the Prospectus to be examined by market participants prior to the processing of Applications. The Exposure Period will expire on 26 October 2016. Applications received during the Exposure Period will not be processed by Ingham's and will not receive any preference.

Note to Applicants

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

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in Ingham's.

In particular, you should consider the risk factors that could affect the performance of Ingham's. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation, tax position and particular needs and seek professional guidance from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor before deciding whether to invest in Shares.

Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the best estimate assumptions underlying the Forecast Financial Information (see Section 4.9) that could affect Ingham's business, financial condition and results of operations.

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

Important information for New Zealand investors

Warning statement

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

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

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Additional warning statement: currency exchange risk

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

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Additional warning statement: trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Market and industry data based primarily on management estimates

This Prospectus (and in particular Section 2) contains data relating to the industries, segments and end-markets in which Ingham's operates (**Industry Data**).

Such information includes, but is not limited to, statements and data relating to: product segment and market share, estimated historical and forecast market growth, trends and Ingham's market share and its industry position. Unless otherwise stated, this information has been prepared by Ingham's using both publicly available data and its own internally generated data. Ingham's internally generated data is based on estimates and assumptions that both the Directors and management of Ingham's believe to be reasonable, as at the Prospectus Date.

The Industry Data has not been independently prepared or verified and neither Ingham's nor the Joint Lead Managers can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. Ingham's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

In addition to the Industry Data, this Prospectus uses third party market data, estimates and projections. Ingham's has not independently verified this information. There is no assurance that any of the third party projections contained in this information will be achieved. Nielsen information reflects estimates of market conditions based on samples, and is prepared primarily as a marketing research tool for consumer packaged goods manufacturers and others in the consumer goods industry. This information should not be viewed as a basis for investments and references to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in Ingham's. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by Ingham's. 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 Prospectus Date.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Ingham's, SaleCo or their directors or officers, the **Joint Global Co-ordinators** (Credit Suisse, Macquarie Capital and UBS) and additionally Citigroup, Goldman Sachs and Morgan Stanley (together with the Joint Global Co-ordinators, the **Joint Lead Managers**) or any other person in connection with the Offer. You should rely only on information in this Prospectus. Except as required by law, and only to the extent so required, neither Ingham's, nor any other person, warrants or guarantees the future performance of Ingham's, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.12.3, it is expected that the Shares will be quoted on the ASX initially on a conditional and deferred settlement basis. Ingham's, SaleCo and their directors and officers, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Forward looking statements

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors and on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4.9). The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation of the Pro Forma Historical Financial Information presentation.

This Prospectus contains forward looking statements which are statements that may be identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward looking statements.

Any forward looking statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4.9).

Ingham's has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Any forward looking statements are subject to various risk factors that could cause Ingham's actual results to differ materially from the results expressed or anticipated in these statements. Such 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 Ingham's, SaleCo, the Directors,

the directors of SaleCo and the management of Ingham's. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 5, and other information in this Prospectus.

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

Statements of past performance

This Prospectus includes information regarding the past performance of Ingham's. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial Information presentation

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 4.2.

Ingham's operates on a 52 or 53 week fiscal year, with a 53 week period occurring every five to seven years. For FY14, an additional reporting week was included because the acquisition of Ingham's by the TPG Entities occurred in the last week of FY13 and as a result, the decision was made to extend the FY14 reporting period to include the last week of FY13.

Accordingly, in this Prospectus, references to "FY14" are to the 53 weeks ended 28 June 2014 (for Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information) and 52 weeks ended 28 June 2014 (for Pro Forma Historical Financial Information), references to "FY15" are to the 52 weeks ended 27 June 2015, references to "FY16" are to the 52 weeks ended 25 June 2016 and references to "FY17" are to the 53 weeks ending 1 July 2017 (for Statutory Forecast Financial Information) and to the 52 weeks ending 24 June 2017 (for Pro Forma Forecast Financial Information), unless otherwise stated.

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standard Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board and the accounting policies of Ingham's.

All financial amounts contained in this Prospectus are expressed in Australian currency and are rounded to the nearest hundred thousand (unless otherwise stated). Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding. Tables and figures contained in this Prospectus have not been amended by Ingham's to correct immaterial summation differences that may arise from this rounding convention.

The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Sections 4 and 5.

Unless otherwise noted, Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information and metrics disclosed throughout this Prospectus are derived from the accounting records of Ingham's, which is described in Section 4.2.4. Where financial information and metrics present pro forma amounts, they have been labelled "pro forma".

No offering where offering would be illegal

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 Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia and New Zealand may be restricted by law and any person who comes into possession of this Prospectus outside Australia and 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.

This Prospectus may not be distributed to, or relied upon by, any person in the United States, unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, unless the Shares are registered under the U.S. Securities Act or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The Offer is not being extended to any investor outside Australia and New Zealand, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 9.12 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia and New Zealand.

Obtaining a copy of this Prospectus

During the Offer Period, a paper copy of this Prospectus is available free of charge to Australian and New Zealand resident investors by calling the Offer Information Line on 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia) from 8.30am until 5.30pm (AEDT), Monday to Friday (excluding public holidays). This Prospectus is also available to Australian and New Zealand resident investors in electronic form at the Offer website, www.inghamsIPO.com.au.

The Offer constituted by this Prospectus in electronic form is only available to persons downloading or printing it within Australia and New Zealand and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Applications

Applications may be made only during the Offer Period by completing an Application Form in respect of the Broker Firm Offer, the Employee Offer or the Priority Offer (whichever is relevant to you and which is generally referred to as an Application Form) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from the Offer website, www.inghamsIPO.com.au. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person any Application Form unless it is attached to, or accompanied by, the completed and unaltered version of this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares offered under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application.

Definitions

Defined terms and expressions used in this Prospectus are explained in the Glossary in Appendix C of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Daylight Savings Time (**AEDT**).

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to Ingham's and the Share Registry, which is contracted by Ingham's to manage Applications. Ingham's, 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 a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1997 (Cth) and the Corporations Act.

If you do not provide the information requested in an Application Form, Ingham's and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by Ingham's, that Ingham's considers may be of interest to you.

Your personal information may also be provided to Ingham's agents and service providers on the basis that they deal with such information in accordance with Ingham's privacy policy. The agents and service providers of Ingham's 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 advisors for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires Ingham's to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in Ingham's register of members must remain there even if a person ceases to be a Shareholder. Information contained in Ingham's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that Ingham's may wish to communicate to its Shareholders) and compliance by Ingham's with legal and regulatory requirements. An Applicant has a right to access and correct the information that Ingham's and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of Ingham's privacy policy by visiting Ingham's website, www.inghams.com.au. The privacy policy contains further details regarding access, correction and complaint rights and procedures. To contact Ingham's regarding privacy matters, please use the contact details provided on its website, or write to Ingham's at its address set out in the corporate directory at the end of this Prospectus.

The Share Registry's complete privacy policy is available at the Share Registry's website: www.linkgroup.com. Queries regarding the Share Registry's privacy policy may also be emailed to privacy.officer@linkgroup.com.

Offer management

The Offer is being arranged and managed by the Joint Lead Managers, comprising the Joint Global Co-ordinators (Credit Suisse, Macquarie Capital and UBS), and additionally Citigroup, Goldman Sachs and Morgan Stanley.

The Joint Lead Managers have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus that is based on any statement made by them or by any of their affiliates, officers or employees and advisors. To the maximum extent permitted by law, each of the Joint Lead Managers and each of their respective affiliates, officers, employees and advisors expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representations or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Ingham's website

Any references to documents included on Ingham's website at www.inghams.com.au or the Offer website at www.inghamsIPO.com.au are for convenience only, and none of the documents or other information available on Ingham's website is incorporated herein by reference.

Questions

If you have any questions about how to apply for Shares, please call the Offer Information Line on 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia) from 8.30am until 5.30pm (AEDT), Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 7 and on the Application Form.

If you have any questions about whether to invest in Ingham's, you should seek professional advice from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor.

Report on Directors' forecasts and financial services guide

The provider of the independent review on the Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The financial services guide is provided in Section 8.

INGHAM'S
Heart of the Table
Love 'em
CHICKEN BREAST KIEV
GARLIC BUTTER
NO ADDED HORMONES
100% AUSSIE CHICKEN
GOOD SOURCE OF PROTEIN
CHICKEN BREAST NUGGETS
ORIGINAL
NET 400g
CHICKEN BREAST CHIPEES
CHICKEN BREAST TENDERS
CHICKEN BREAST SCHNITZEL
ORIGINAL
CHICKEN BREAST NUGGETS
CHEESY
CHICKEN BONELESS ROAST
WITH APRICOT AND HERB STUFFING
9 501101 530003
WHOLE CHICKEN
FRESH
TURKEY
DRUMSTICKS

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KEY OFFER STATISTICS AND IMPORTANT DATES

Key offer statistics[1,2]	Low		High
Indicative Price Range[3]	$3.57	—	$4.14
Total proceeds under the Offer	$767.6m	—	$1,121.1m
Total number of Shares available under the Offer[4]	214.7m	—	270.8m
Total number of New Shares available under the Offer[5]	45.2m	—	41.7m
Total number of Existing Shares available under the Offer	169.6m	—	229.2m
Shares retained by Existing Shareholders at Completion of the Offer[6]	158.5m	—	99.2m
Payments made to Selling Shareholders for the sale of Existing Shares[7]	$606.1m	—	$948.6m
Shares on issue at Completion of the Offer[8]	373.2m	—	370.0m
Indicative market capitalisation[9]	$1,334.1m	—	$1,531.8m
Pro forma net debt[10]		$418.2m	
Enterprise Value as at the Prospectus Date[11]	$1,752.3m	—	$1,950.0m
Enterprise Value / Pro forma FY17 forecast EBITDA[12]	9.2x	—	10.3x
Enterprise Value / Pro forma FY17 forecast EBIT[13]	11.9x	—	13.2x
Indicative market capitalisation / Pro forma FY17 forecast NPAT[14]	13.5x	—	15.5x
Implied forecast dividend yield range for FY17 dividend[15]	5.0%	—	4.4%

1. This table contains Forecast Financial Information and information derived from Forecast Financial Information. Forecast Financial Information is set out in Section 4, and is prepared on the basis of the best estimate assumptions set out in Section 4.9. It should be read in conjunction with the discussion of the Pro Forma Historical Financial Information in Section 4.8, as well as the sensitivities set out in Section 4.10, and the risk factors set out in Section 5. This table also contains non-IFRS financial measures, which are discussed in Section 4.3.
2. The range of offer statistics in this table reflects the Indicative Price Range and potential sell down range of the TPG Entities. The "Low" is based on the bottom of the Indicative Price Range and TPG Entities selling 50% of their Existing Shares, and the "High" is based on the top of the Indicative Price Range and TPG Entities selling 70% of their Existing Shares. The TPG Entities reserve the right to sell between 50% and 70% of their Existing Shares across the whole of the Indicative Price Range or outside of the Indicative Price range with the Low and High outcomes being examples only.
3. The Indicative Price Range is the indicative range for the Final Price. The Indicative Price Range may be varied at any time by the TPG Entities, Ingham's and the Joint Lead Managers. The Final Price may be set below, within or above the Indicative Price Range. Shares may trade below the lower end of the Indicative Price Range (refer to Section 7 for more details).
4. Includes Shares subscribed for by Mick McMahon and Ian Brannan with the after-tax proceeds of the one-off bonus and IPO Bonus referred to in Sections 6.3.3.1 and 6.3.3.2 respectively.
5. The number of New Shares available under the offer will depend on the Final Price and the sell down of the TPG Entities. This is because New Shares must be issued to pay transaction costs which depend on the final offer size. The range of New Shares shown is based on the assumptions in footnote 2 above. The maximum number of New Shares (being 47.3m New Shares) that could be issued would occur if the Final Price is at the bottom of the Indicative Price Range and the TPG Entities sell 70% of their Existing Shares in Ingham's, and the minimum number of New Shares (being 39.6m New Shares) that could be issued would occur if the Final Price is at the top of the Indicative Price Range and TPG Entities retain 50% of their Existing Shares.
6. These Shares will be subject to voluntary escrow arrangements (refer to Section 7.9 for details).
7. Payments will depend on the Final Price and, in respect of the TPG Entities only, the level of sell down of the TPG Entities.
8. Excludes 2.3–2.6m shares owned by Current Management and Previous Management, representing the number of Shares with a value equal to the amount of loans provided by Ingham's to certain members of Current Management and Previous Management under previous employee equity arrangements, which loans will remain outstanding at Completion. The number of Shares excluded is calculated by dividing the loan amount that will remain outstanding at Completion of $9.4 million by the top and bottom of the Indicative Price Range, which is 2.4 million Shares at the mid-point of the Indicative Price Range. The Shares that have been excluded are on issue, however, in accordance with the Australian Accounting Standards they are accounted for in substance as options. Further detail of accounting treatment of these Shares and loans is provided in Section 7.14.
9. Indicative market capitalisation calculated as the PE ratio multiplied by pro forma FY17 NPAT. Indicative market capitalisation is calculated with reference to the total number of Shares on issue less the Loan Share Adjustment (refer to Section 7.14 for details). This calculation increases comparability to companies with option-based incentive programs.
10. Reflecting management target cash position at 29 October 2016.
11. Enterprise Value is calculated as the sum of indicative market capitalisation at the Indicative Price Range and pro forma net debt.
12. This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the Enterprise Value based on the Indicative Price Range divided by pro forma FY17 forecast EBITDA of $190.1 million. EBITDA is earnings before interest, tax, depreciation and amortisation.
13. This ratio is commonly referred to as an EV/EBIT ratio. The EV/EBIT ratio is calculated as the Enterprise Value based on the Indicative Price Range divided by pro forma FY17 forecast EBIT of $147.9 million. EBIT is earnings before interest and tax.
14. This ratio is commonly referred to as a price earnings or PE ratio.
15. The estimated FY17 dividend yield range is calculated as the annualised expected dividends per Share in respect of FY17 (based on the mid-point of the intended payout ratio of between 65-70% of Ingham's pro forma NPAT in FY17) divided by the Indicative Price Range (refer to Section 4.13 for more details). Ingham's expects to be in a position to pay fully franked dividends in FY17.

Important dates	
Prospectus Date	21 October 2016
Broker Firm Offer, Priority Offer and Employee Offer open	21 October 2016
Broker Firm Offer, Priority Offer and Employee Offer close and Applications due	1 November 2016
Bookbuild to determine Final Price	2-3 November 2016
Final Price announced to the market	4 November 2016
Expected commencement of trading on a conditional and deferred settlement basis on the ASX	7 November 2016
Settlement of the Offer	10 November 2016
Issue and transfer of Shares and last day of conditional trading on the ASX	11 November 2016
Commencement of unconditional trading on a deferred Settlement basis	11 November 2016
Expected completion of dispatch of holding statements	14 November 2016
Shares expected to begin trading on a normal settlement basis on the ASX	15 November 2016

Dates may change

The dates above are indicative only and may change without notice.

The TPG Entities, Ingham's and the Joint Global Co-ordinators reserve the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, without notice. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

Investors are therefore encouraged to submit their Application Forms as early as possible after the Offer opens.

All times stated throughout this Prospectus are AEDT.

How to invest

Applications for Shares can only be made by completing and lodging an Application Form.

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

Call the Offer Information Line on 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia) from 8.30am until 5.30pm (AEDT), Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor before deciding whether to invest.

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to become a shareholder in Inghams Group Limited (**Ingham's**).

Ingham's is the largest vertically integrated poultry producer across Australia and New Zealand, holding #1 and #2 market positions, respectively. Established by Walter Ingham in 1918, "Ingham's" is a recognised brand with a long history of success in the chicken and turkey industries.

Ingham's vertically integrated operations are located across Australia and New Zealand and span the entire value chain, including one quarantine facility, 10 feedmills, 74 breeder farms, 11 hatcheries, 225 predominantly contracted broiler farms as well as seven primary processing plants, seven further processing plants, one protein conversion plant and nine distribution centres. Across the value chain, Ingham's focuses on best practice standards for quality control, food safety and animal welfare.

Since its acquisition in June 2013 by funds advised and managed by TPG, Ingham's has delivered strong earnings growth. Underlying industry growth remains robust, supported by strong macroeconomic drivers, including population growth, relative affordability of chicken, and consumer trends, such as a desire for foods that improve health and well-being, demand for convenient meals and increasing consumer interest in food provenance and animal welfare. Ingham's earnings growth has been driven by its new operating model and organisational structure and an ongoing transformation project delivering margin expansion. Ingham's is actively planning for future growth by implementing a range of expansion projects across its operations.

This period of strong earnings growth and investment in future growth has been led by a highly regarded and experienced management team.

In addition to strong earnings growth, Ingham's has high cash flow conversion. Ingham's strong operating cash flows will be used to fund its future growth, including facility modernisation and expansion projects, as well as support a forecast annualised dividend yield for FY17 at the Indicative Price Range of 4.4%-5.0%, with a planned future payout ratio of 65-70% of net profit after tax. Ingham's expects to be in a position to pay fully franked dividends in FY17.

As with any chicken and turkey producer, Ingham's faces a number of risks including changes in government policy and regulation, in particular, changes to import restrictions, occurrence of food safety events, exotic disease outbreaks, reputation or brand damage, reduction in demand for its products and supply chain and operational disruption.

The TPG Entities, the existing major shareholders of Ingham's, will sell 50% to 70% of their Existing Shares. The TPG Entities remain strong supporters of Ingham's and will hold 24% to 40% of the Shares at Completion. The TPG Entities have entered into voluntary escrow agreements in relation to their Shares held at Completion for the period until the release of the FY17 results, subject to partial early release of one third of those escrowed Shares following release of the December 2016 half year accounts provided that the prevailing average Share price exceeds the Final Price by at least 20% for any 10 consecutive trading days. Shares that continue to be held by management at Completion will also be held subject to escrow arrangements.

This Prospectus contains detailed information about the Offer, as well as the key risks associated with an investment in Ingham's. I encourage you to read this Prospectus carefully and in its entirety before making an investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder of Ingham's.

Yours sincerely,

Peter Bush
Chairman
Inghams Group Limited

INGHAM'S
Heart of the Table

one INVESTMENT OVERVIEW

1. INVESTMENT OVERVIEW

1.1 Introduction

Topic	Summary
What is Ingham's?	• **Australia and New Zealand's largest integrated poultry[1] producer** – Ingham's holds the #1 and #2 positions in the Australian and New Zealand chicken markets[2] respectively, based on pro forma revenue of $2.3 billion in FY16, and has approximately 8,200 employees. • **Vertically integrated national business model** – Ingham's is a vertically integrated poultry producer with industrialised, large scale operations including one quarantine facility, 10 feedmills, 74 breeder farms, 11 hatcheries, 225 predominantly contracted broiler farms as well as seven primary processing plants, seven further processing plants, one protein conversion plant and nine distribution centres across Australia and New Zealand. Ingham's also operates a stockfeed business, which holds strong market positions in the Australian stockfeed and New Zealand dairy feed markets. • **Well recognised brand** – Ingham's has been operating since 1918 and has a long history of supplying Australia's and New Zealand's major retailers, Quick Service Restaurant (**QSR**) operators, food service distributors and wholesalers. The "Ingham's" brand is well recognised in Australia and New Zealand. In addition, Ingham's "Waitoa" brand is the leading free range brand in New Zealand.[3] • **Strong financial performance and growth** – Ingham's FY16 pro forma EBITDA was $167.5 million and is forecast to increase by 13.5% to $190.1 million in FY17, underpinned by organic growth and efficiency initiatives (refer to Section 4.3 for an explanation of non-IFRS financial measures). • **Robust underlying growth opportunities** – poultry is the most consumed source of animal protein in the developed world.[4] In Australia and New Zealand, the total volume of poultry consumed has grown at an estimated compound annual growth rate (**CAGR**) of approximately 4.1% and 5.1%,[5] respectively, between 1990 and 2015. • **Acquisition by TPG** – In June 2013, entities associated with TPG acquired the business from Bob Ingham for $869 million. For more information, see Section 3.1.
What are Ingham's business operations?	• Ingham's has two operations: – **poultry** – the production and sale of chicken and turkey products across the following categories: primary, free range, value-enhanced, further processed and ingredients; and – **stockfeed** – the production of stockfeed for use by the poultry, pig, dairy and equine industries. The majority of feed produced is for internal use in Ingham's poultry business. • Ingham's holds leading FY16 market positions in chicken and stockfeed: – **#1 market position** in Australia for chicken with approximately 40% estimated market share;[2] – **#2 market position** in New Zealand for chicken with approximately 34% estimated market share;[2] and – **#2 market position** in Australia for stockfeed with approximately 10% estimated market share[6]. For more information, see Section 3.1.
Why is the Offer being conducted?	The purpose of the Offer is to provide: • Ingham's with access to the capital markets to improve capital management flexibility; • Ingham's with the benefits of an increased public profile that arises from being a listed entity; • Existing Shareholders with an opportunity to realise their investment in Ingham's; and • a liquid market for Shares and an opportunity for others to invest in Ingham's. For more information, see Section 7.1.2.

1. Poultry includes chicken and turkey.
2. Australia based on chicken sales by value. Source: Management estimates based on information from Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ; and Statistics NZ. See Appendix D for further details.
3. Management estimate based on volumes produced by Ingham's (Waitoa and private label product for a large retailer) and estimates of competitor volumes. See Appendix D for further details.
4. OECD-FAO Agricultural Outlook 2016-2025 Dataset, © OECD, 2016, http://stats.oecd.org/Index.aspx?datasetcode=HIGH_AGLINK_2016, ranked by consumption using the OECD definition of developed countries.
5. OECD-FAO Agricultural Outlook 2016-2025 Dataset, © OECD, 2016, http://stats.oecd.org/Index.aspx?datasetcode=HIGH_AGLINK_2016.
6. Management estimate, calculated as a % of total stockfeed production for FY16. See Appendix D for further details.

1.2 Key features of Australia's and New Zealand's poultry and stockfeed industries

Topic	Summary
What industries do Ingham's operate in?	• Ingham's principally operates in the Australian and New Zealand poultry industries. • Chicken is the most consumed source of animal protein in Australia and New Zealand. In Australia, the total volume of chicken consumed has grown at approximately 4.1% per annum, between 1990 and 2015.[7] In New Zealand, the total volume consumed grew at approximately 5.1% per annum, between 1990 and 2015.[7] • Animal protein is a key component of both Australian and New Zealand diets, representing 33% and 29% of fresh food consumption, respectively.[7] As the leading animal protein consumed, chicken is an essential part of the diet in both Australia and New Zealand. • Poultry consumption in Australia and New Zealand has grown faster than the consumption of any other form of animal protein over the last 25 years, driven by a range of factors including: – population growth; – affordability of chicken relative to that of other animal proteins; and – consumer trends. • Ingham's also operates in the Australian and New Zealand stockfeed industries, supplying feed to commercial poultry, pig and dairy producers, equestrian breeders, trainers and owners and produce wholesalers and retailers. For more information, see Sections 2.1, 2.2 and 3.1.
Who are the market participants?	• Each of the Australian and New Zealand chicken markets have two large vertically integrated suppliers, representing combined estimated chicken market shares of 73% and 82%, respectively.[8] The combined estimated chicken market share of the two key chicken suppliers in each market has remained relatively stable over the last five financial years. • Ingham's is the only poultry producer with production operations in Australia and New Zealand. • The Australian stockfeed industry is highly fragmented. Ingham's is the second largest stockfeed manufacturer in Australia and accounted for approximately 10% of total estimated market volume in FY16. For more information, see Sections 2.3 and 2.7.
What are the sales channels?	• Poultry in Australia and New Zealand reaches consumers through four major channels: – retail – all major supermarkets; – QSR – major fast food chains; – food service – large distributors; and – wholesale – butchers, boners and secondary food processors. • Poultry is an important fresh food category in Australia and New Zealand, with chicken products representing two of the top five fresh products sold by the four largest Australian supermarket chains by sales.[9] For more information, see Section 2.4.

7. OECD-FAO Agricultural Outlook 2016-2025 Dataset, © OECD, 2016, http://stats.oecd.org/Index.aspx?datasetcode=HIGH_AGLINK_2016.
8. Australia based on chicken sales by value. Source: Management estimates based on information from Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ and Statistics NZ. See Appendix D for further details.
9. Nielsen Homescan, Top 5 ranked fresh items in basket based on value, 12 months moving annual total to 6 August 2016.

1.3 Key features of Ingham's business model

Topic	Summary
How does Ingham's generate its income?	• **Poultry** – Ingham's generated 87% of its FY16 pro forma revenue from the sale of chicken and turkey products. • **Stockfeed** – Ingham's generated 13% of its FY16 pro forma revenue from the sale of stockfeed to external parties. For more information, see Section 3.1.
Who are Ingham's key customers?	• **Poultry** – Ingham's is a key chicken supplier to major retailers, QSR operators, food service distributors and wholesalers across Australia and New Zealand. • **Stockfeed** – Ingham's key customers include major poultry processors and growers, leading players in the pig and New Zealand dairy industries, equestrian breeders, trainers and owners and produce wholesalers and retailers. For more information, see Section 3.1.
What is Ingham's corporate strategy?	• Ingham's vision is to become a world-class food company by continuing to deliver high quality, low cost poultry products to its customers. In delivering Ingham's core purpose 'To be at the Heart of Every Table', Ingham's management is focused on six key strategic pillars: – **quality** – quality in all that we do; – **customers** – delivering for our customers; – **operations** – world-class operations; – **people** – high performance culture; – **financials** – improve returns and invest for future growth; and – **supporting priorities** – build capability. • Ingham's has set the foundations for the successful execution of its strategy through significant investment in the capability of its network, people, processes and systems. • Ingham's owns the majority of its operating plant and equipment, while its land and buildings are managed either through leasehold or freehold arrangements. Ingham's operates 79 leasehold properties, the majority of which are secured with 20 year terms (commencing in the second half of calendar year 2014) with options to extend (five further terms, with each term for 10 years). During FY15 Ingham's sold 51 facilities (with long term leases in place) under a sale and leaseback arrangement, resulting in cash proceeds of $540.0 million being recognised in the statutory cash flow for FY15 and a profit on sale of $188.9 million (before tax) in the statutory income statement for FY15. Together with the cash generated from operating activities during the period, the proceeds of the sale were used to refinance debt (borrowings of $597.5 million were repaid and borrowings of $517.3 million were drawn down), and to pay dividends of $314.6 million and a capital distribution of $200.5 million to the Existing Shareholders. For more information, see Section 3.1.3.
How is Ingham's differentiated?	• Ingham's has a long and successful history, having been founded by Walter Ingham in 1918. • Ingham's is the largest vertically integrated poultry business across Australia and New Zealand with large scale industrial operations spanning the entire value chain. • Ingham's is the only poultry producer with production operations in Australia and New Zealand. • Poultry is a critical fresh category for major Australian supermarket chains, with chicken products representing two of the top five fresh products sold by the four largest Australian supermarket chains by sales. Given import restrictions and Ingham's scale, the Company is an important supplier to Australian supermarkets. • Ingham's has recently invested significant capital in its people, facilities and processes to increase capacity and capability across the network. • Ingham's Group Technical Services team is highly experienced, with global expertise in animal health and welfare, food safety, livestock performance and disease control. • The "Ingham's" brand is well recognised in Australia and New Zealand. In addition, Ingham's "Waitoa" brand is the leading free range brand in New Zealand.[10] For more information, see Section 3.

10. Management estimate based on volumes produced by Ingham's (Waitoa and private label product for a large retailer) and estimates of competitor volumes. See Appendix D for further details.

Topic	Summary
What is Ingham's dividend payout policy?	• Depending on available profits and the financial position of Ingham's, it is the current intention of Ingham's to pay dividends. • The planned future dividend payout ratio is 65-70% of Ingham's NPAT. The Directors intend to pay out between 65-70% of Ingham's pro forma NPAT in FY17. • The Directors anticipate that the first dividend to Shareholders will be determined in respect of the period from 11 November 2016 to 24 December 2016 with reference to available profits and the financial position of Ingham's and will be paid in April 2017. Ingham's expects to be in a position to pay fully franked dividends in FY17. For more information, see Section 4.13.

What is Ingham's pro forma historical and forecast financial performance?

	Pro Forma Historical Results			Pro Forma Forecast Results
June year end ($ millions)	FY14	FY15	FY16	FY17
	52 weeks	52 weeks	52 weeks	52 weeks
Revenue	2,230.5	2,271.9	2,308.7	2,375.0
EBITDA	142.1	114.5	167.5	190.1
EBIT	101.9	81.2	133.1	147.9
NPAT	57.0	51.7	83.1	98.8

- The financial information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4, as well as the risk factors set out in Section 5.
- Investors should read Section 4 for full details of Ingham's Pro Forma Historical Results and Pro Forma Forecast Results, and the assumptions underlying this information.
- The reconciliation between the Pro Forma and Adjusted Statutory Historical Results and Pro Forma and Statutory Forecast Results is set out in Section 4.4.3.

For more information, see Section 4.4.1.

What is Ingham's adjusted statutory historical and forecast financial performance?

	Adjusted Statutory Historical Results			Statutory Forecast Results
June year end ($ millions)	FY14	FY15	FY16	FY17
	53 weeks	52 weeks	52 weeks	53 weeks
Revenue	2,277.4	2,273.8	2,308.7	2,419.3
EBITDA	126.7	301.7	106.6	144.1
EBIT	81.3	268.4	72.2	101.0
NPAT	0.1	146.9	25.2	45.3

- The financial information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.
- Investors should read Section 4 for full details of Ingham's Adjusted Statutory Historical Results and Statutory Forecast Results, and the assumptions underlying this information.
- Statutory Historical Results have been adjusted to present depreciation and amortisation as a separate line item and to reclassify interest income to net finance costs.
- A reconciliation of the Adjusted Statutory Historical Results to the Statutory Historical Results is provided in Appendix B.
- Investors should refer to Sections 4.9.1, 4.9.2 and 4.9.3 of this Prospectus for a description of the general assumptions, the Directors' best estimate assumptions and the specific assumptions underlying the Forecast Financial Information.

For more information, see Sections 4.4.2 and 4.4.3.

1.4 Key strengths and investment highlights

Topic	Summary
Strong underlying market fundamentals	• Chicken is the most consumed animal protein in the developed world,[11] and in 2015 represented 35% and 37% of animal protein consumption in Australia and New Zealand, respectively. • In Australia and New Zealand, total chicken consumption has grown at a CAGR of approximately 4.1% and 5.1% per annum, respectively, between 1990 and 2015. • Population growth and the affordability of chicken relative to other animal proteins have driven consumption growth for poultry in Australia and New Zealand. • A number of consumer trends have also supported growth and driven increases in sales of higher priced, value-enhanced products. The key trends include consumers' desire for healthy forms of protein, demand for convenience and increasing interest in animal welfare and food provenance. For more information, see Section 2.
Leading market position in an attractive industry structure	• Each of the Australian and New Zealand chicken markets has two large vertically integrated producers, representing combined estimated chicken market shares of 73% and 82%, respectively.[12] In both countries, the remainder of the industry is comprised of a number of smaller, privately owned producers. • Ingham's holds leading positions in the Australian and New Zealand chicken markets and is the only producer with production operations in both markets: – #1 producer in Australia with approximately 40% estimated chicken market share[13] in FY16 based on total revenue from chicken sales; and – #2 producer in New Zealand with approximately 34% estimated chicken market share[14] in FY16 based on total revenue from chicken sales. • Both Australia and New Zealand operate relatively strict quarantine regimes that restrict the importation of chicken meat and live chickens into their countries. The quarantine regimes are aimed at protecting people, farmed birds, native birdlife and ecosystems from pathogens that exist in both wild bird populations and commercial chicken and turkey flocks elsewhere in the world. For more information, see Section 2.
Well recognised brand supported by reputation for high quality products and service	• Ingham's has a long history of supplying Australia's and New Zealand's major retailers, QSR operators, food service distributors and wholesalers. During this time, Ingham's has developed a strong brand with a reputation for quality and service. Ingham's brand presence also includes "Waitoa", New Zealand's leading free range brand. • An "Ingham's" brand refresh is currently being implemented with the focus of enhancing Ingham's brand positioning. This includes improved packaging and a communications campaign which focuses on the new tagline 'Heart of the Table'. The refreshed branding reflects the importance that Ingham's core consumers place on bringing the family together at meal time and the growing significance of poultry in consumers' diets. This is mirrored in Ingham's core purpose – 'To be at the Heart of Every Table'. For more information, see Section 3.1.2.
Vertically integrated business with a national network designed to mitigate agricultural risk	• Ingham's is the largest vertically integrated poultry business across Australia and New Zealand, with large scale industrial operations spanning the entire value chain, including a quarantine facility, breeder farms, hatcheries, feedmills, broiler farms, primary processing, further processing, protein conversion and distribution. • Ingham's national scale and vertically integrated operations provide a number of benefits, including: – flexibility and greater resilience to respond to external market pressures; – ability to shift production between Australian states to meet changes in customer demands; – maintenance of quality assurance, while optimising cost efficiencies across the entire value chain; and – ability to reduce operating or environmental risks through geographic diversification. • Farming operations are geographically dispersed with strict quarantine and biosecurity protocols in place in both Australia and New Zealand, to reduce agricultural risks. For more information, see Section 3.1.5.

11. OECD-FAO Agricultural Outlook 2016-2025 Dataset, © OECD, 2016, http://stats.oecd.org/Index.aspx?datasetcode=HIGH_AGLINK_2016 based on the OECD definition of developed countries.
12. Australia based on chicken sales by value. Source: Management estimates; Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ; and Statistics NZ. See Appendix D for further details.
13. Australia based on chicken sales by value. Source: Management estimates; Rabobank; ACMF; OECD; and Aztec. See Appendix D for further details.
14. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ; and Statistics NZ. See Appendix D for further details.

Topic	Summary
Well-invested asset base to support strong growth and cash flow generation	• Ingham's has invested more than $900 million over the last 10 years to enhance its production and processing network across Australia and New Zealand. • Ingham's is currently part way through a significant investment program to build capacity in breeder, hatchery and feedmilling operations, to capitalise on future growth opportunities. For more information, see Section 3.7.1.
Robust market growth with support from a significant transformation program	• Ingham's management believes Ingham's is well positioned to capitalise on potential growth opportunities due to a high quality customer base, committed expansion program and continued investment in capability. • Ingham's is undertaking a transformation program (Project Accelerate). This program comprises a number of initiatives to improve production efficiency across the integrated operations, including investment in automation. • Management commenced the transformation program in late FY15, targeting total gross benefits of $160 million to $200 million over five years commencing in FY16. For more information, see Section 3.7.3.
Highly regarded and experienced senior management team	• Ingham's has a proven and highly experienced senior management team with extensive domestic and international experience. • Ingham's is led by CEO Mick McMahon, who joined Ingham's in January 2015. – Mick has over 30 years' operational experience, including as the former CEO of Skilled Group and COO of Coles Supermarkets Australia. – Prior to joining Coles, Mick spent 19 years with Royal Dutch Shell. • To complement existing experience, Ingham's has added individuals with broad industry experience, internally promoted experienced managers and recruited industry expertise from the United States and Europe into senior roles. For more information, see Section 3.6.1.

1.5 Key growth initiatives

Topic	Summary
Ingham's is well placed to capture market and category growth	• As the largest vertically integrated poultry producer across Australia and New Zealand with capability across fresh, value-enhanced and further processed production, Ingham's management believes Ingham's is well positioned to capture market and category growth. • Over the last 10 years, Ingham's has invested more than $900 million into its business to increase capacity and enhance capability across the network. This included investments to increase processing capacity of value-enhanced, fully cooked and flash-fried products. • In addition, in FY16, Ingham's committed $35 million (including third party funding) to increase capacity and improve efficiency in the feedmilling, breeder and hatchery networks. • Ingham's has invested in building capability in consumer insights, marketing, category management and account management to better position itself to continue to capture the benefits of product premiumisation. For more information, see Section 3.7.
Transformation program (Project Accelerate)	• Following a detailed review in early 2015, Ingham's management identified a number of opportunities to improve efficiency in the business, creating Project Accelerate. • Project Accelerate comprises a number of initiatives to improve production efficiency across the integrated operations, including investment in automation. Management is targeting total gross benefits from Project Accelerate of $160 million to $200 million over five years commencing in FY16. The benefits from this program are designed to allow Ingham's to remain competitive, mitigate inflation in costs and contribute to profit growth. • Ingham's is currently focused on the following Project Accelerate initiatives: – investment in automation; – labour productivity improvements; – procurement savings; – network rationalisation; – warehousing and logistics savings; and – improvement in the turkey and smallgoods business. For more information, see Section 3.7.

1.6 Key risks

Topic	Summary
Significant changes to import restrictions	• Both Australia and New Zealand operate quarantine regimes that restrict the importation of chicken meat and live chickens. The quarantine regimes are aimed at protecting people, farmed birds, native birdlife and ecosystems from pathogens that commonly exist in wild bird populations and commercial chicken and turkey flocks elsewhere in the world. As a result of these conditions, the level of imported poultry in both markets is small relative to consumption and limited to certain forms of poultry. • There is potential for the importation of chicken meat into Australia where the Australian Government considers that an applicant complies with the relevant generic import quarantine conditions applicable to chicken meat. The governments of Australia and New Zealand recently confirmed the certification requirements for the export of fresh and partially-cooked chicken product from New Zealand to Australia. • Any significant alteration to the import quarantine conditions that would allow additional forms of poultry to be imported into Australia or New Zealand may increase competition in the Australian and New Zealand poultry markets. If Ingham's fails to compete successfully, Ingham's market share, revenue and profits could decline, which could adversely affect its business, financial condition and results of operations. For more information, see Section 5.2.1.
A significant food safety event affects Ingham's or the poultry industry	• Poultry products are susceptible to contamination or damage throughout all parts of the production, supply and storage processes. If Ingham's or a competitor's products were to become unsafe or were perceived to be unsafe for any reason, this could result in reduced demand for Ingham's products which could have a material adverse effect on Ingham's financial and operating performance. Additionally, in the case of a food safety event, Ingham's may incur significant product recall costs, other operational costs in order to address any issues, compensation payments and penalties or product liability claims, each of which may impact on Ingham's financial performance. For more information, see Section 5.2.2.
Exotic disease outbreak materially impacts Ingham's ability to supply poultry products	• If an outbreak of avian influenza or another avian disease occurred in Ingham's flock or in areas where Ingham's operates, Ingham's may be required to destroy poultry or be restricted from transporting poultry between facilities or products to customers as a result of the regulatory restrictions designed to manage the outbreak. This could result in Ingham's being unable to supply poultry products from affected areas to customers. • If Ingham's is unable to supply poultry products to its customers, or demand for poultry products decreases, this could have a material adverse effect on Ingham's financial and operating performance. For more information, see Section 5.2.3.
Material reduction in supply of parent stock	• The volume of chicken and other poultry products produced by Ingham's depends on the volume and quality of Ingham's parent stock. A significant reduction in the volume or quality of parent stock, and subsequent broiler stock numbers, may be caused by a number of factors including a failure of a parent stock supplier, poor animal husbandry practices, poor feed quality or an outbreak of disease. • A material reduction in the volume of Ingham's products produced would have a material adverse effect on Ingham's financial and operating performance including loss of revenue where products are not supplied. For more information, see Section 5.2.4.
Ingham's suffers reputation or brand damage	• Ingham's reputation with its customers and consumers generally is an important asset of the business. Ingham's also sells products under different brands, including the "Ingham's" and "Waitoa" brands, which are of significant value to the business. • A material adverse impact to the reputation of Ingham's or its brands could adversely affect customer relationships, resulting in loss of business, loss of contract and loss of market share, and have a material adverse effect on Ingham's financial and operating performance. For more information, see Section 5.2.5.
Significant reduction in demand	• Ingham's sells its products to a number of large customers, including several large supermarket chains as well as QSR operators. During FY16, Ingham's top five customers accounted for 55%-60% of Ingham's sales revenue. • Ingham's may be subject to the loss of or reduction in demand from its customers, including during FY17, for a number of reasons. Some of Ingham's customers periodically tender for their business and there is a risk that Ingham's may not be successful in retaining its existing business with them on the same or better terms. A loss of a large customer or a significant reduction in demand from a key customer or a material decrease in sales terms may have a material adverse effect on Ingham's financial performance and its future prospects. For more information, see Section 5.2.6.

Topic	Summary
Benefits from transformation projects may be delayed or less than expected	• Ingham's is undertaking a transformation program called Project Accelerate. This program involves material capital investment and is expected to deliver cost savings and efficiencies to the business over future periods. • Delays in the procurement or commissioning of capital equipment, cost overruns or a failure to complete the transformations, may impact the implementation and effectiveness of Project Accelerate and thus the forecast cost savings. In addition, actual cost savings achieved may differ materially from management's estimates in terms of both quantum and timing. This may have a material adverse effect on Ingham's financial and operating performance. For more information, see Section 5.2.7.
Ingham's supply chain is materially interrupted	• Ingham's supply chain is relatively complex and involves multiple interlinked components and any disruption could have a flow-on effect to other parts of the supply chain. In many cases, there are components of the supply chain that are time critical, such that a disruption to any part of the operations could have a direct or indirect impact on the supply of products to customers. • A failure by, or significant dispute with, an external supplier (including genetics suppliers, and contracted broiler and breeder farms), material damage or destruction of Ingham's facilities (including as a result of natural disasters), a major workplace safety incident, failure of Ingham's information technology systems or similar events may cause a disruption to Ingham's supply chain with flow-on effects. A significant disruption to Ingham's supply chain may have a material adverse effect on its financial performance and future prospects, as there may be costs associated with rectifying the default, short term costs involved in establishing alternative arrangements, a reduction in future volume produced, loss of revenue where products are not supplied, and loss of business and market share including due to its reputation with customers being negatively affected. • Ingham's supply chain extends through its customers to its customers' customers, the final consumers of Ingham's products. During FY16, Ingham's top 5 customers accounted for 55%-60% of Ingham's sales revenue. If one of these major customers of Ingham's suffers an event that causes the final consumers of Ingham's products to cease or significantly reduce their dealing with Ingham's major customer, including for reasons that are not related to Ingham's, then Ingham's may be subject to a loss of or reduction in demand from that customer. This may have a material adverse effect on Ingham's financial performance and its future prospects. For more information, see Section 5.2.8.
Material increase in labour costs	• As at 30 June 2016, approximately 80% of Ingham's workforce was covered by Enterprise Agreements (**EAs**) and collective agreements which periodically require renegotiation and renewal. Ingham's operations depend on the availability and relative costs of labour and maintaining good relations with employees and labour unions. Ingham's is subject to 56 EAs and collective agreements across Australia and New Zealand. The six largest agreements cover approximately 60% of employees covered by EAs and collective agreements. The EAs and collective agreements are generally for a two to four year term, and are negotiated in normal course. • The absence of any agreement, or failure to renegotiate such agreements on acceptable terms to Ingham's, could result in increased labour costs for Ingham's or subject Ingham's to labour disruptions. If any of these events occur, Ingham's may incur higher costs and reduced profitability. For more information, see Section 5.2.9.
Significant increase in feed costs	• One of Ingham's largest costs is the cost of the raw ingredients that it uses at its feedmills (such as grains and legumes, vegetable and animal protein meals) to produce feed for its breeder and broiler grower operations. • Any significant increase in the costs of these raw ingredients may adversely affect Ingham's profitability. There may be instances where Ingham's is not able to pass through, or is delayed from passing through, increases in these costs to its customers. Although Ingham's operates forward commodity purchase programs, the use of these programs may not be completely successful. For more information, see Section 5.2.10.
Material fluctuations in domestic poultry supply and pricing	• There are a number of other suppliers of chicken products in Australia and New Zealand. Any material increase in the supply of chicken in these markets that exceeds the increase in demand could lead to an oversupply of chicken, which may result in reduced prices and negatively affect Ingham's results of operations and financial performance. For more information, see Section 5.2.11.

Topic	Summary
Inability to secure or retain relevant licences or certifications	• Ingham's and its contract broiler growers require a range of licences, permits, accreditations or certifications relating to food standards, animal welfare, workers' compensation and the environment to successfully operate its business. • If Ingham's is unable to secure or retain these licences, permits, accreditations or certifications for the operation of its sites or business in the future, or any of its existing licences, permits, accreditations or certifications are adversely amended or revoked, this may increase its costs or adversely impact Ingham's ability to operate its business. • If Ingham's is unable to operate its business or incurs additional costs to do so, this would have a material adverse effect on Ingham's financial and operating performance. For more information, see Section 5.2.12.
Regulatory factors	• Ingham's must comply with a range of laws and regulations in each country in which it produces or sells its products. These include food standards, labelling and packaging, animal welfare, biosecurity, fair trading and consumer protection, employment, health and safety, property and the environment (including, among other things, water regulation, odour regulation, noise regulation, discharge of materials into the environment and handling and disposition of wastes (including solid and hazardous wastes)), quarantine, customs and tariffs, foreign investment, taxation and climate change. • Compliance with these laws and regulations, and the ability to comply with any change to these laws and regulations, are material to Ingham's business. Failure to do so may result in a fine, additional costs, adverse publicity, and a loss of consumer confidence in Ingham's products which could have a material adverse effect on Ingham's financial and operating performance. For more information, see Section 5.2.13.
Significant changes in consumer trends, demands and preferences	• The poultry industry is subject to changing consumer trends, demands and preferences, including as a result of increased focus on animal welfare, changing tastes and dietary habits of consumers and general economic conditions. Responding to new market trends could require significant investment and Ingham's devotes significant resources to product development. A failure by Ingham's to anticipate, identify and react to these changes in a timely manner could lead to reduced demand and price reductions for Ingham's products, which could have a material adverse effect on Ingham's financial and operating performance. For more information, see Section 5.2.14.
The TPG Entities will retain a significant stake in Ingham's post Listing	• The TPG Entities will sell 50% to 70% of their Existing Shares in the Company. Following Completion of the Offer, the TPG Entities will hold 24% to 40% of the Shares at Completion, which will make the TPG Entities the largest Shareholder. In addition, following Listing, the Board will include two Directors who were nominated by the TPG Entities. Consequently, depending on the final size of the shareholding retained by the TPG Entities, they may be in a position to exercise influence in relation to matters requiring approval of Shareholders, including the election of directors of Ingham's, and to influence the outcome of any takeover offer for the Shares or similar transaction involving the acquisition of the Shares. • Following the end of the Escrow Period (or following the pre-conditions for an early release of Escrowed Shares following release of the December 2016 half year accounts being met), a significant sale of Shares by a TPG Entity, or the perception that such sales might occur, could adversely affect the market price for the Shares. Alternatively, the absence of any sale of Shares by the TPG Entities in the period following the Escrow Period (or any partial early release) may cause or contribute to a diminution in the liquidity of the market for the Shares. For more information, see Section 5.2.15.
Failure to meet forecasts	• The forward looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various assumptions, some of which are described in Section 4. Various factors, both known and unknown, may impact upon the performance of Ingham's and cause its actual performance to vary significantly from expected results. There can be no guarantee that Ingham's will achieve its stated objectives or that any forward looking statement or forecast will eventuate. For more information, see Section 5.2.16.
Other key risks	• A number of other key risks are included in Section 5, including other commercial and operational risks and general risks.

1.7 Directors and senior management

Topic	Summary
Who are the directors of Ingham's?	• Peter Bush – Chairman • Mick McMahon – Chief Executive Officer • Simon Harle – Non-Executive Director • Ricky Lau – Non-Executive Director • Linda Bardo Nicholls, AO – Non-Executive Director It is intended that a further independent director will be appointed to the Board within the first six months of Listing. For more information, see Section 6.1.
Who are the senior management of Ingham's?	• Mick McMahon – Chief Executive Officer • Ian Brannan – Chief Financial Officer • Philip J. Wilkinson, OBE – Senior Advisor • Dr Beth Krushinskie – Technical Services • Jonathan Hutchings – Strategy and Business Development • Jonathan Gray – Sales and Marketing • Mike Rozen – Primary Processing and Farming Operations • Janelle Cashin – Supply Chain and Further Processing • Quinton Hildebrand – Operations Excellence • Graeme Dillon – Commercial and Trading • Adrian Revell – New Zealand • Brad Moore – People and Performance For more information, see Section 6.2.

1.8 Significant interests of key people and related party transactions

Topic	Summary
Who are the Existing Shareholders and what will their interest be at Completion of the Offer?	

	Shares held immediately prior to Completion		Shares held at Completion	
TPG Entities	298.0m	90.1%	119.2m	31.9%
Current Management[15]	18.3m	5.5%	12.0m	3.2%
Previous Management	14.3m	4.3%	0.5m	0.1%
New Shareholders	0.0%	-%	242.2m	64.8%
Total	330.7m	100%	373.9m	100%

This assumes the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities sell 60% of their Existing Shares. The total Shares on issue includes 2.44 million Loan Shares (2.36 million owned by Current Management and 0.08 million by Previous Management).

The TPG Entities, Current Management and Previous Management are the shareholders of Ingham's prior to Completion and will sell some of their Shares through SaleCo. The TPG Entities are entities controlled by funds advised and managed by TPG.

For more information, see Section 7.1.5.

What significant benefits are payable to Directors and other persons connected with Ingham's or the Offer and what significant interests do they hold?

Directors	Shares held immediately prior to the Offer	Shares acquired in the Offer[16]	Shares held on Completion
Peter Bush	-	129,702[17]	129,702
Mick McMahon	4,955,458	264,591[18]	3,301,313[19]
Simon Harle	-	-	-
Ricky Lau	-	-	-
Linda Bardo Nicholls	-	12,970	12,970

Directors may hold their interests in the Shares shown above directly, or through holdings by companies or trusts.

Mick McMahon is also eligible to participate in Ingham's new long term incentive plan as described in Section 6.3.4.

Directors and senior management are entitled to fees and remuneration as disclosed in Sections 6.3.2 and 6.3.3.

Will any Shares be subject to restrictions on disposal following Completion of the Offer?

Yes. Up to 43% of the Shares will, from Completion of the Offer, be subject to voluntary escrow arrangements.

For more information, see Section 7.9.

15. Includes Shares subscribed for by Mick McMahon and Ian Brannan with the after-tax proceeds of the one-off bonus and IPO Bonus referred to in Sections 6.3.3.1 and 6.3.3.2 respectively.
16. Assumes the Final Price is at the mid-point of the Indicative Price Range.
17. Includes $200,000 of Shares issued to Peter Bush at the Final Price for nil consideration.
18. Reflects the Shares subscribed for by Mick McMahon with the after tax proceeds of his IPO bonus referred to in Section 6.3.3.1.
19. Reflects the Shares held immediately prior to the Offer plus the Shares acquired in the Offer, less the Shares to be sold through SaleCo.

1.9 Overview of the Offer

Topic	Summary
What is the Offer?	• Ingham's is offering to issue 43.2 million New Shares and SaleCo is offering to sell 199.4 million Existing Shares.[20] For more information, see Section 7.1.
Who are the issuers of the Prospectus?	• Inghams Group Limited ACN 162 709 506; and • Inghams SaleCo Limited ACN 615 041 346. For more information, see Section 7.1.
What is the price of Shares under the Offer and how will the price be determined?	• The Indicative Price Range for the Offer is $3.57 to $4.14 per Share. • Successful Applicants under the Offer will pay the Final Price. • The Final Price will be determined at the conclusion of the Institutional Offer bookbuild process and may be set below, within or above the Indicative Price Range. For more information, see Sections 7.8.2 and 7.8.3.
What is the proposed use of the funds raised under the Offer?	• The proposed sources and uses of funds are set out below: $ in millions

Sources of funds	$	%	Uses of funds	$	%
Ingham's					
Cash proceeds received for New Shares issued under the Offer[21]	166.7	11.9	Repayment of existing indebtedness[22] (Ingham's will still have debt in place following the Offer. The details of the New Banking Facilities are set out in Section 4.6.4 and estimated net indebtedness at Completion is set out in Section 4.6.3)	586.0	41.7
Drawdown of New Banking Facilities	420.0	29.9	Costs of the Offer[23]	51.1	3.6
Existing cash	50.3	3.6			
SaleCo					
Cash proceeds received from sale of Existing Shares under the Offer	769.1	54.7	Payments to Selling Shareholders	769.1	54.7
Total sources	1,406.1	100.0	**Total uses**	1,406.1	100.0

For more information, see Section 7.1.2.

Who are the Joint Global Co-ordinators and Joint Lead Managers for the Offer?	• The Joint Global Co-ordinators are Credit Suisse, Macquarie Capital and UBS. The Joint Lead Managers are each of the Joint Global Co-ordinators and Citigroup, Goldman Sachs and Morgan Stanley.

20. Assumes the Final Price is the mid-point of the Indicative Price Range and that the TPG Entities sell 60% of their Existing Shares.
21. Proceeds raised to repay $101.1 million of borrowings ($94.8 million net debt reduction grossed up for $6.5 million write-off of capitalised debt costs, net of $1.8 million capitalised debt establishment fees, plus $3.7 million accrued interest, less $2.1 million repayment of management loans), payment of transaction costs and payment of $14.6 million swap break costs.
22. Repayment of $563.3 million total borrowings (grossed up to include $6.5 million write-off of capitalised debt costs), $3.7 million accrued interest, $14.6 million swap break costs, net of $2.1 million management loan repayment.
23. Includes fees payable to Joint Lead Managers, legal fees, accounting and tax advisory fees, debt establishment fees, transaction disbursements, IPO bonuses, and other transaction costs.

Topic	Summary
Will the shares be quoted on the ASX?	• Ingham's applied to the ASX on 12 October 2016 for admission to the official list of the ASX and quotation of Shares on ASX (which is expected to be under the code ING). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. • Completion of the Offer is conditional upon the ASX approving the admission of Ingham's to the official list of the ASX and the quotation of Shares. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. For more information, see Sections 7.12.1 and 7.12.3.
When can I sell my Shares on the ASX?	• It is expected that trading of Shares on the ASX will commence on or about 7 November 2016 on a conditional and deferred settlement basis. • It is expected that dispatch of holding statements will occur on or about 14 November 2016 and that Shares will commence trading on the ASX on a normal settlement basis on 15 November 2016. • It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. For more information, see Section 7.12.3.
How is the Offer structured and who is eligible to participate?	• The Offer comprises: – the **Retail Offer** consisting of: – the **Broker Firm Offer**, which is open to Australian and New Zealand resident retail clients of Brokers who receive a firm allocation of Shares from their Broker at the Final Price; – the **Priority Offer**, which is made to selected investors in Australia and New Zealand determined by the Board who have received a Priority Offer invitation to apply for Shares at the Final Price; and – the **Employee Offer**, which is open to Eligible Employees; and – the **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and New Zealand and certain other jurisdictions around the world made under this Prospectus or the Institutional Offering Memorandum, as applicable. • To the extent permitted by law, all Applications under the Offer are irrevocable. The Final Price will be determined at the conclusion of the Institutional Offer bookbuild process and it may be below, within or above the Indicative Price Range. Applicants under the Retail Offer will apply for a set dollar value of Shares. Accordingly, Applicants will not know the number of Shares they will receive at the time they make their investment decision, nor will they know the Final Price. Except as required by law, Applicants cannot withdraw their Applications once the Final Price and allocations of Shares have been determined. For more information, see Section 7.1.1 and 7.2.
Is the Offer underwritten?	• No. The Offer is not underwritten.
What is SaleCo and what role does it play in the Offer?	• SaleCo is a special purpose vehicle that was established to enable the Selling Shareholders to sell all or a portion of their Existing Shares. Each Selling Shareholder has executed a deed poll in favour of SaleCo under which they irrevocably offer to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional upon the commencement of conditional and deferred trading of Shares on the ASX. • Existing Shares will be transferred to successful Applicants under the Offer at the Final Price. For more information, see Section 9.4.
What is the allocation policy?	• The allocation of Shares between the Retail Offer (comprising the Broker Firm Offer, Priority Offer and Employee Offer) and the Institutional Offer will be determined by the TPG Entities after consultation with the Joint Lead Managers. For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients. • Ingham's has absolute discretion regarding the allocation of Shares to Applicants under the Priority Offer and Employee Offer and may reject an Application, or allocate fewer Shares than applied for, in their absolute discretion. For more information, see Sections 7.3.4, 7.4.4, 7.5.4 and 7.8.4.

Topic	Summary
Is there any brokerage, commission or stamp duty payable by Applicants?	• No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.
What are the tax implications of investing in the Shares?	• Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. For more information, see Section 9.6.
When will I receive confirmation that my Application has been successful?	• It is expected that initial holding statements will be dispatched by standard post on or around 14 November 2016. • Refunds to Applicants under the Priority Offer and the Employee Offer, who make an Application and are scaled back, will be made as soon as possible post Settlement, which is expected to occur on or about 10 November 2016. No refunds will be made where the overpayments relate solely to rounding at the Final Price. For more information, see Section 7.
What is the minimum Application size under the Offer?	• The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker. • Applicants under the Priority Offer and the Employee Offer must apply for a minimum value of $1,000 of Shares and in multiples of $500 of Shares thereafter. For more information, see Sections 7.3.2, 7.4.2 and 7.5.2.
How can I apply?	• Applicants under the Broker Firm Offer may apply for Shares by completing the Application Form included in or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer. • Applicants under the Priority Offer and the Employee Offer may apply for Shares by following the instructions in their personalised invitation they would have received via email in relation to the offer of Shares under the Priority Offer or the Employee Offer (as applicable). • To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. For more information, see Sections 7.3.2, 7.4.2 and 7.5.2.
Can the Offer be withdrawn?	• Ingham's and SaleCo reserve the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants. • If the Offer does not proceed, Application Monies will be refunded. • No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer. For more information, see Section 7.11.
Where can I find out more information about this Prospectus or the Offer?	• If you are an Australian or New Zealand resident, call the Offer Information Line on 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia) from 8.30am until 5.30pm (AEDT), Monday to Friday (excluding public holidays). You may also visit the Ingham's Offer website at www.inghamsIPO.com.au. • If you are unclear in relation to any matter or are in any doubt as to whether to invest in Ingham's, you should seek professional advice from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor before deciding whether to invest in Ingham's.

INGHAM'S
Heart of the Table

two

INDUSTRY OVERVIEW

2.1 Overview of Australia's and New Zealand's poultry industries

Chicken is the most consumed source of animal protein in Australia and New Zealand. In Australia, the total volume of chicken consumed has grown at an estimated compound annual growth rate of approximately 4.1%, between 1990 and 2015.[1] In New Zealand, the total volume consumed grew at an estimated compound annual growth rate of approximately 5.1% between 1990 and 2015.[1]

Figure 1: Total chicken consumption – Australia[1]

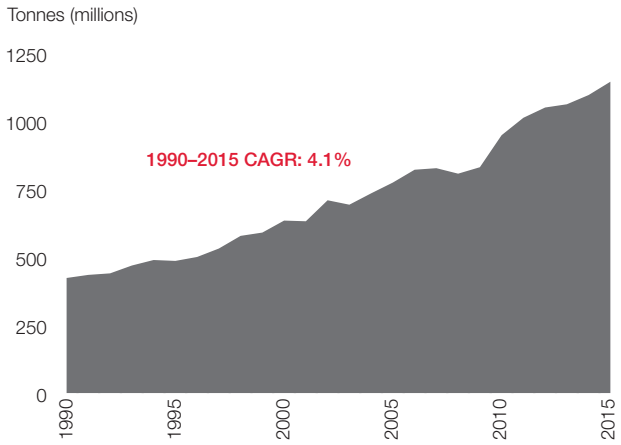
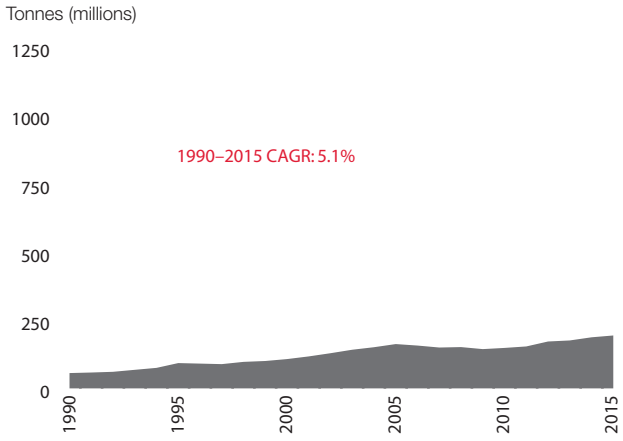


Figure 2: Total chicken consumption – New Zealand[1]



Animal protein is a key component of both Australian and New Zealand diets, representing approximately 33% and 29% of fresh food consumption, respectively.[2] As the leading animal protein consumed, chicken is an important part of those diets. Since the 1990s, chicken consumption has grown faster than the consumption of any other form of animal protein. As highlighted in Figure 3, in Australia, chicken's share of total animal protein consumption increased from 21% in 1990 to 35% in 2015. In New Zealand, chicken's share of total animal protein consumption increased from 14% in 1990 to 37% in 2015. This growth has been supported by a number of consumer trends, with further detail provided in Section 2.2.3.

Figure 3: Australian animal protein consumption[3]

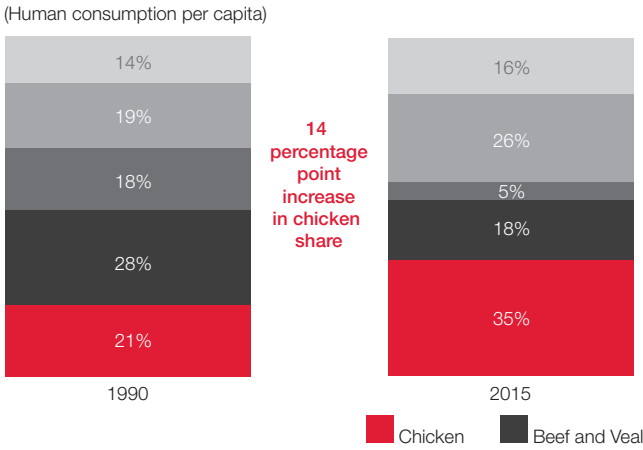
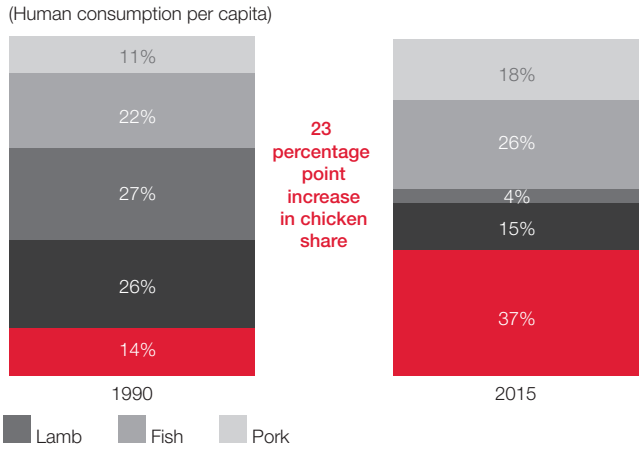


Figure 4: New Zealand animal protein consumption[3]



Both Australia and New Zealand operate strict quarantine barriers that limit the importation of chicken products and place stringent controls on the movement of chicken products into both countries (see Section 2.3.2 for further detail).

Each of the Australian and New Zealand chicken markets has two large vertically integrated producers, representing combined estimated chicken market shares of 73% and 82%, respectively, based on total revenue from chicken sales in FY16.[4] The combined estimated chicken market shares of the two key chicken producers in each market have remained relatively stable over the last five financial years. The remainder of the industry is comprised of a number of smaller, privately owned producers in both markets.

1. OECD-FAO, Agricultural Outlook Dataset (2016-2025).
2. Euromonitor, Fresh Food Market Sizes Dataset (2010-2015).
3. OECD-FAO Agricultural Outlook 2016-2025 Dataset, © OECD, 2016, http://stats.oecd.org/Index.aspx?datasetcode=HIGH_AGLINK_2016. Percentages calculated by dividing a product's human consumption per capita by the sum of chicken, beef and veal, lamb, fish and pork human consumption per capita.
4. Australia based on chicken sales by value. Source: Management estimates based on information from Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ; and Statistics NZ. See Appendix D for further details.

2.2 Key demand drivers for poultry

A range of factors have driven poultry consumption growth in Australia and New Zealand, including:

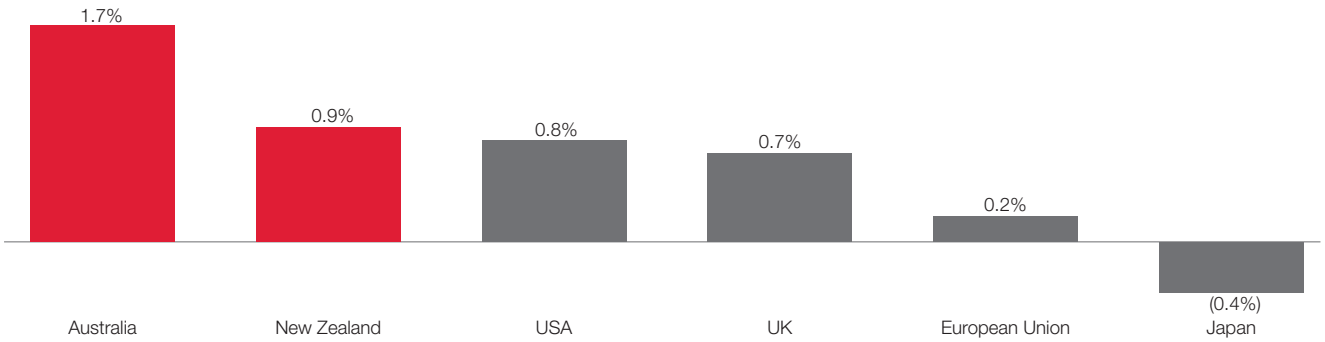
- population growth;
- affordability of chicken relative to that of other animal proteins; and
- consumer trends.

Each of these is discussed in further detail below.

2.2.1 Population growth

Forecast population growth in Australia and New Zealand compares favourably to growth in certain other developed markets, as indicated in Figure 5, and is expected to continue to support growth in poultry consumption.

Figure 5: Forecast population growth – certain developed markets (2016–2021)[5]

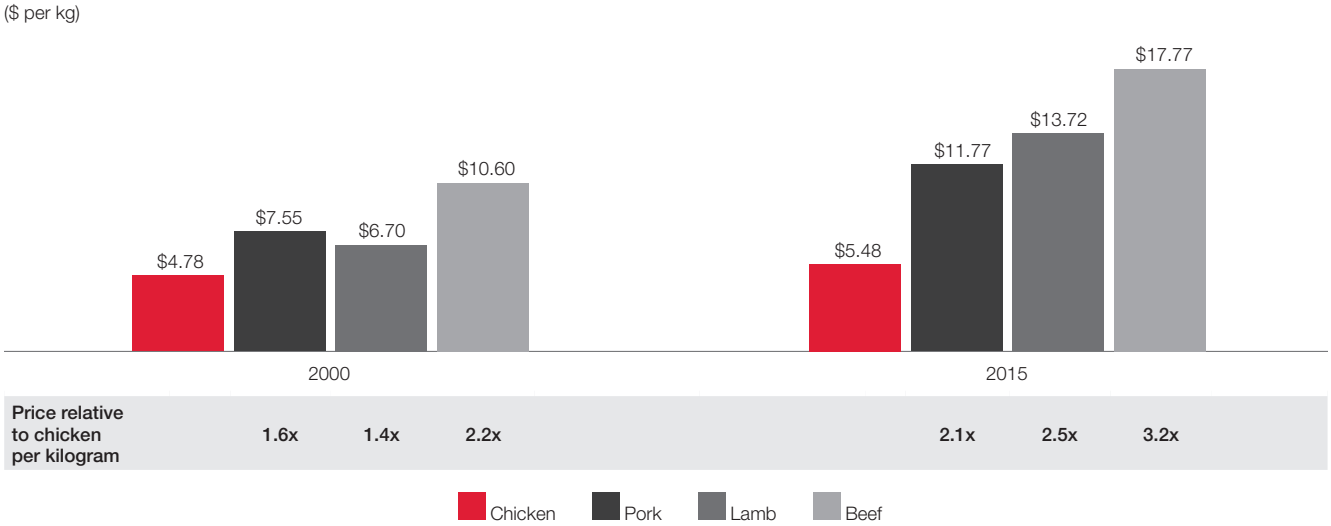


In addition to forecast population growth in Australia and New Zealand, poultry benefits from broad cultural acceptance.

2.2.2 Affordability of chicken relative to that of other animal proteins

Chicken is more affordable in Australia and New Zealand compared to other sources of animal protein, and this price advantage has increased materially since 2000. In 2000, chicken meat in Australia had an average cost of $4.78/kg and the next cheapest animal protein was 1.4 times as expensive.[6] In 2015, the next cheapest animal protein was more than twice the price of chicken per kilogram.[6] This price advantage over other forms of animal protein has been a key driver of the growth in demand for chicken in Australia in recent years.

Figure 6: Change in meat price over time – Australia (2000-2015)[6]



5. OECD, Historical Population Data and Projections (1950-2050). European Union is the OECD definition of 28 countries and includes the UK.
6. ABARES 2015, Agricultural commodity statistics 2015.

The price advantage of chicken is supported by favourable production economics, including its superior feed conversion ratio (**FCR**).[7] The chicken industry is highly efficient at converting feed into live weight for production, as illustrated by Figure 7 and Figure 8 below. Chicken producers are able to convert feed at a rate that is approximately one and a half times more efficient than pork and four times more efficient than beef.[8]

Feed conversion ratios for chicken have been improving in Australia over the last 40 years. In 1975, 2.5kg of feed was required to produce 1kg of bird live weight in Australia. In 2015, only 1.8kg was required to produce 1kg of bird live weight in Australia, as demonstrated in Figure 7. Similar trends of improvement in the FCR are present in New Zealand.

Figure 7: Indicative FCR by livestock type[8]

(kg of feed to produce 1kg liveweight)

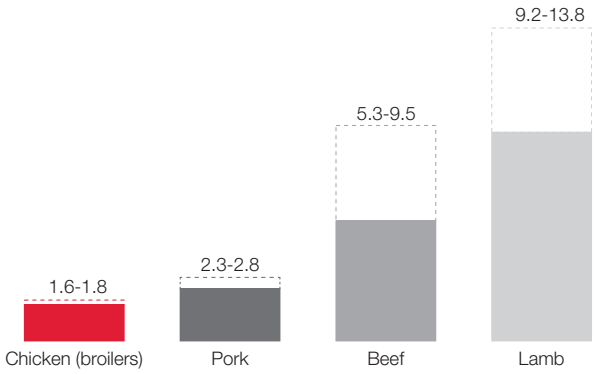
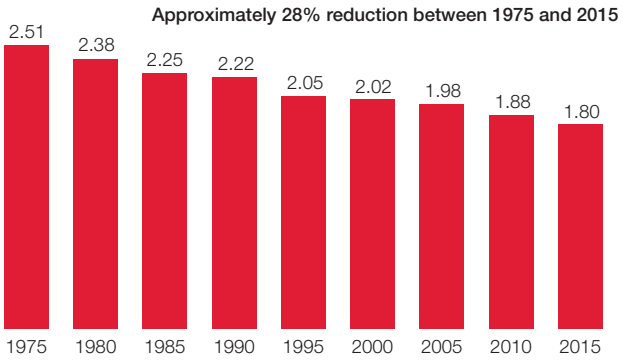


Figure 8: FCR trends Australian chicken industry[9]

(kg of feed to produce 1kg liveweight)



FCR improvements in chicken have been driven by three key factors:

- **genetic improvement** – using selective breeding techniques, genetic suppliers have improved the performance of breeders and broilers. This has resulted in more efficient production as a result of improved growth rates, feed conversion and liveability. The long term research and development cycle of genetic suppliers provides multi-year visibility of future improvements;
- **feed and nutrition** – producers have invested heavily in research and development focused on identifying the optimal mix of nutrients to support chicken growth; and
- **'industrialisation' of the supply chain** – increased use of technology by producers, such as climate and lighting control and automated feed and watering systems, has reduced variability, standardised production and reduced costs.

Over time, the increased scale of operations and increased automation of processing have also contributed to chicken's relative cost advantage over other sources of animal protein.

7. Feed conversion ratio is an industry-wide efficiency metric that measures the number of kilograms of feed required to create one kilogram of live weight.
8. Scientific Advisory Council for the UK Department of Energy, Food, and Rural Affairs, Review of nutrient efficiency in different breeds of farm livestock (30 April 2010). Comparative efficiency based on mid-point of FCR range.
9. ACMF, Industry Fact and Figures, http://www.chicken.org.au/page.php?d=4

2.2.3 Consumer trends

In addition to its relative affordability, there are several consumer trends in Australia and New Zealand that have driven an increase in the consumption of chicken and an increase in the sales of higher priced chicken products. These trends include consumers':

- desire for foods that improve their health and well-being;
- demand for convenience; and
- increasing interest in animal welfare and food provenance.

Desire for foods that improve their health and well-being

Chicken is well positioned as a 'lean' meat option and has benefited from increasing consumer health consciousness. Demand for healthier sources of animal protein has led to an increase in the range of chicken products offered across sales channels. For example, growth in the demand for healthier options by QSR consumers has supported an increase in the number of chicken-focused QSR chains, as well as encouraged an increase in the number of 'healthy' chicken-based options (such as salads, sandwiches and wraps) at other QSR outlets.

Demand for convenience

There has been growing consumer demand for more convenient meals and a broader range of premium products. This has driven a significant increase in new product innovation in the chicken industry and the development of a range of pre-packaged, further processed and 'ready-to-cook' products. Given the versatility of chicken as a base for a wide variety of dishes, it has become a key ingredient in many of these convenience-focused products.

Increasing interest in animal welfare and food provenance

Consumers are increasingly conscious of ensuring the food products they consume come from known, trusted and safe sources. Furthermore, consumers are becoming increasingly interested in the welfare of animals. Animal welfare standards, such as those provided by the RSPCA and free range accreditation, play an important part in communicating the standards applied during the life of the animal. In response to consumer interest in animal welfare, the poultry industry has increased production and promotion of higher priced free range products for which there continues to be strong demand.

All of Ingham's chickens and turkeys are barn raised and cage free. All Ingham's Australian chicken broiler farms are accredited by the RSPCA. In addition, Ingham's Australian chicken broiler free range farms are also accredited by FREPA.[10] Ingham's New Zealand free range chicken broiler farms are accredited by the SPCA.[11]

In addition, the Australian and New Zealand poultry industries are subject to robust regulation,[12] relating to, among other things, product quality, food safety and animal welfare.

10. Free Range Egg and Poultry Australia Limited.
11. SPCA does not accredit barn raised broiler farms in New Zealand.
12. Key regulatory bodies in Australia and New Zealand include: Department of Agriculture and Water Resources (Australia) and the Ministry for Primary Industries (New Zealand). For further information on key regulatory bodies, see Section 3.4.

2.3 Industry dynamics

2.3.1 Market share

Each of the Australian and New Zealand chicken markets has two large vertically integrated producers, representing combined estimated chicken market shares of 73% and 82%, respectively.[13] The remainder of the industry is comprised of a number of smaller, privately owned producers in both markets. The estimated chicken market shares of the two leading producers in each market have remained relatively stable over the last five financial years.

Ingham's is the only chicken producer with production operations in both Australia and New Zealand, with leading positions in Australia (#1 with 40% estimated chicken market share) and New Zealand (#2 with 34% estimated chicken market share).

Figure 9: Australian estimated chicken market share[13]

(% of estimated FY16 total sales)

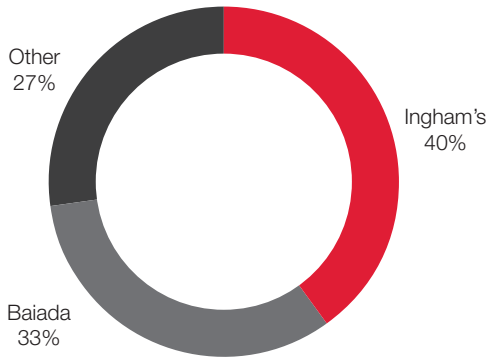
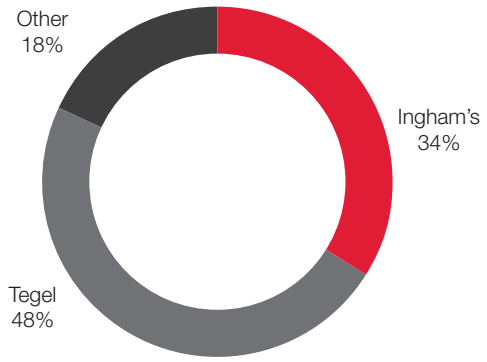


Figure 10: New Zealand estimated chicken market share[13]

(% of estimated FY16 total sales)



The key brands and products offered by the major poultry producers in the Australian and New Zealand markets are summarised in Table 1.

Table 1: Key poultry producers in Australia and New Zealand

	Australia		New Zealand	
	INGHAM'S	Baiada	Tegel	INGHAM'S
Key company-owned brands	• Ingham's	• Steggles • Lilydale	• Tegel • Top Hat • Rangitikei	• Ingham's • Waitoa
Locations	Nationwide	Nationwide	North and South Island	North Island
Product range (external sales)	• Chicken • Turkey • Ingredients • Stockfeed	• Chicken • Turkey • Ingredients • Stockfeed	• Chicken • Turkey • Ingredients • Stockfeed	• Chicken • Ingredients • Stockfeed
Quarantine facility	✓	✗	✗	✗
Internal feedmilling operations	✓	✓	✓	✓
Breeder farms	✓	✓	✓	✓
Hatcheries	✓	✓	✓	✓
Primary processing	✓	✓	✓	✓
Further processing	✓	✓	✓	✓
Smallgoods	✓	✓	✓	✗

13. Australia based on chicken sales by value. Source: Management estimates based on information from Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ; and Statistics NZ. See Appendix D for further details.

2.3.2 Import restrictions

Both Australia and New Zealand operate quarantine regimes that restrict the importation of chicken meat and live chickens. The quarantine regimes are aimed at protecting people, farmed birds, native birdlife and ecosystems from pathogens that commonly exist in wild bird populations and commercial chicken and turkey flocks elsewhere in the world.

The current quarantine regimes in Australia and New Zealand are similar. In New Zealand, only retorted[14] chicken products can be freely imported. While imports of cooked chicken products from Australia to New Zealand are allowed, given strict biosecurity controls, it is unlikely significant volumes will be exported to New Zealand from Australia.

In Australia, retorted chicken products can be imported from any country. Given New Zealand's low disease status, fully cooked chicken meat can be imported to Australia from New Zealand.

Changes announced in August 2016 will allow uncooked New Zealand chicken meat to be imported into Australia in the future, subject to strict licensing conditions, as well as partially cooked products.[15] The importation of fresh chicken to Australia from New Zealand is challenging from an economic, shelf life and supply chain perspective. There may be opportunities for imports into Australia of partially cooked and frozen products, as well as frozen raw chicken meat. Ingham's management believes Ingham's is well placed to benefit from any opportunities arising from this change, as the only major chicken producer with production facilities in both markets.

New Zealand suppliers seeking to export fresh chicken into Australia will need to comply with a number of regulations and conditions in Australia including gaining an import permit, complying with Australian food standards and meeting Australian labelling requirements. Ingham's will apply for a permit to export from New Zealand to Australia.

Live birds cannot be imported into Australia or New Zealand. As a result, genetics supply is managed via the importation of fertilised eggs into a limited number of quarantine stations, where they are hatched, grown out and then released by the quarantine service into breeder farms.

Turkey imports are subject to the same quarantine regime as chicken products in Australia. The Australian Department of Agriculture and Water Resources released a draft review in August 2016 which proposes that the importation of cooked turkey meat to Australia from the United States of America be permitted, subject to biosecurity measures. As a result, cooked turkey products may be allowed into Australia in the future. Approximately 1% of Ingham's chicken and turkey volume is cooked turkey products.

In New Zealand, the importation of cooked and frozen turkey products is allowed but is subject to strict biosecurity and food safety regulations. At present, no countries have met these requirements; however, negotiations are underway with trading partners.

2.4 Poultry sales channels in Australia and New Zealand

Poultry in Australia and New Zealand reaches consumers principally through four major channels:

- retail – all major supermarkets;
- QSR – major fast food chains;
- food service – large distributors;[16] and
- wholesale – butchers, boners and secondary food processors.

Figure 11: Chicken distribution channels – Australia[17]

(% of industry based on FY16 revenue)

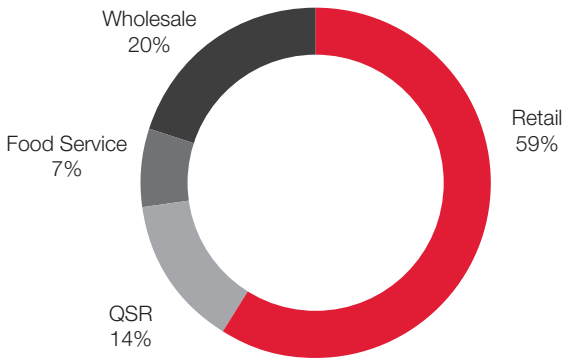
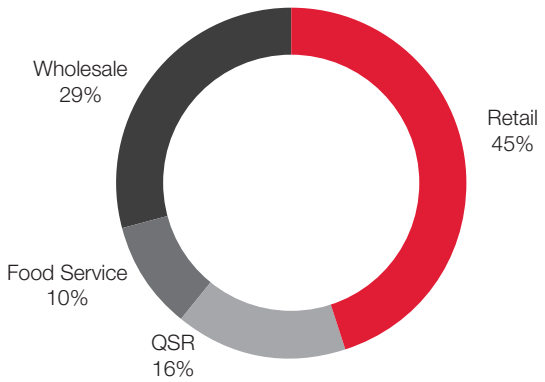


Figure 12: Chicken distribution channels – New Zealand[17]

(% of industry based on FY16 revenue)



In New Zealand, a number of major retailers take delivery of whole birds for cutup and packing within their own operations. As a result, whole birds account for a greater share of New Zealand retail volume and a greater proportion of primary cuts are sold through the wholesale and food service channels.

14. Retorted products are packaged in sealed pouches or containers, then sterilised using heat and pressure, e.g. canned chicken soup.
15. Flash or par fried.
16. Foodservice distributors supply restaurants, schools, hospitals, aged care, etc.
17. Australia based on chicken sales by value. Source: Management estimates based on information from Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ; and Statistics NZ. See Appendix D for further details.

Poultry is an important food category both in Australia and New Zealand. Chicken products represent two of the top five fresh products sold by the four largest Australian supermarket chains by sales.[18] Leading poultry producers are critical suppliers to, and work closely with, retailers, QSR operators and food service distributors to deliver key marketing initiatives to grow the category and drive foot traffic through stores.

Figure 13: Poultry component parts

Table 2: Chicken products by broiler part

Part of the chicken	Product category	Example products
Whole chicken	Primary poultry Value-enhanced	Fresh whole chicken BBQ rotisserie chicken
Breast meat	Primary poultry Value-enhanced Further processed	Fresh breast fillet Crumbed breast nugget
Thighs		Fresh thigh fillet Marinated kebabs
Drumsticks		Fresh bulk drumsticks Peri peri drumsticks
Wings		Fresh whole wings Marinated wings
Ingredients	Other poultry products Palatants Wet pet food ingredients Rendered products	Bagged necks Liquid palatant Fresh livers Poultry meal

2.5 Turkey

Across both Australia and New Zealand, the turkey meat industry is relatively small compared with the chicken meat industry. The Australian Turkey Federation estimate that total turkey consumption per capita in Australia is 1.5-2kg per year versus approximately 43kg[19] per year for chicken.

The majority of turkey sales in both Australia and New Zealand are uncooked fresh or frozen products. Turkey is a highly seasonal product with approximately 40% of turkey volume sold and shipped within a 10 week period in the lead up to Christmas in Australia. In response to this seasonality, turkey producers have released new ranges of portioned, value-enhanced, frozen meals and fresh products in an attempt to increase consumption of turkey products throughout the year.

There are two major turkey producers in Australia (including Ingham's) and three relatively small scale producers in New Zealand. Ingham's does not produce turkey in New Zealand.

2.6 International markets for poultry

Approximately 3% of Australia's annual chicken production is exported, with the majority shipped to Papua New Guinea and the Philippines.[20] The low level of chicken exports is due to strong domestic demand for chicken products and the higher cost base of Australian and New Zealand producers relative to that of producers in other export markets. In 2013, over 95%[20] of poultry exports from Australia were made up of frozen cuts and other edible poultry products. In New Zealand approximately 8%[21] of annual chicken production is exported, with Australia being the primary export market.

While there may be opportunities to grow exports in the future, they currently make up a small proportion of Ingham's sales. Ingham's poultry exports are focused on balancing supply and demand, with the surplus supply exported to markets in the Asia Pacific region. Ingham's also exports stockfeed and poultry ingredients. Ingham's has invested in key supporting capabilities including consumer insights, marketing, category management and new product development (**NPD**) that will position Ingham's to capitalise on targeted export opportunities when they arise.

18. Nielsen Homescan, Top five ranked fresh items in basket based on Value, 12 months moving annual total to 6 August 2016.
19. OECD (2016), Meat consumption (indicator). (Accessed on 17 August 2016). OECD estimates are reported as retail weight.
20. ABARES 2016, Agricultural commodities: March quarter 2016.
21. PIANZ, New Zealand Meat Chicken Consumption from June 2008 to June 2015.

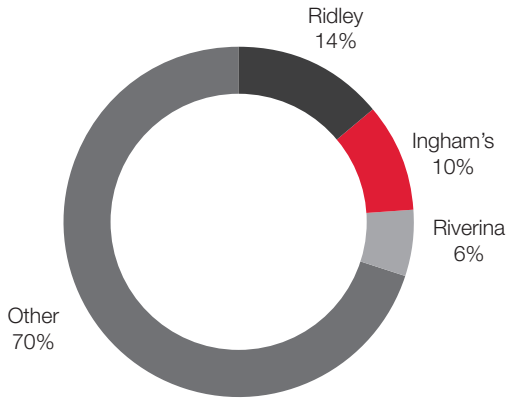
2.7 Stockfeed

2.7.1 Industry overview

The Australian and New Zealand stockfeed industries supply animal feed to commercial livestock, aquaculture producers and households. Australia utilises approximately 12.2 million tonnes of stockfeed annually,[22] which represents approximately 1.5% of total global production.[23] Stockfeed products are typically sold on a bulk basis.

Stockfeed manufacturers convert raw materials into finished feed for animals. Animal nutritionists develop feed rations specifically formulated to meet the requirements of each class of livestock and conduct research to continually improve formulations. The primary raw materials in stockfeed are grains, legumes, vegetable and animal protein meals, and nutritional additives including minerals and vitamins. Ingham's is the second largest stockfeed manufacturer in Australia by volume and accounts for approximately 10% of commercial stockfeed volume as illustrated in Figure 14.[24]

Figure 14: Estimated stockfeed market share – Australia[24]



2.7.2 Demand drivers

As the primary input for livestock production, the demand for stockfeed is largely driven by consumers' demand for livestock, in particular poultry, beef, dairy and pork.

The demand for stockfeed from poultry and pork producers has historically been relatively stable, as these producers have fewer alternative forms of feed. Demand for stockfeed from dairy cattle producers has historically fluctuated depending on a number of factors, including weather conditions and market pricing, as these producers may have more options available to them (e.g. pasture, hay and silage).

2.7.3 Supply drivers

The supply of stockfeed is dependent on the availability and price of component raw materials, particularly wheat, barley, sorghum and soymeal. Feed formulations may be altered (e.g. ingredient substitution) to reflect changes in the availability and pricing of raw materials. The price of raw materials for stockfeed fluctuates depending on international commodity prices, the strength of the Australian dollar and local crop production levels, among other things.

22. Spragg, J, 'Feed Grain Supply & Demand Report 2013–2014, JCS Solutions Pty Ltd, July 2014, <http://www.sfmca.com.au/info_centre/documents/506/FGP%20Report%20July%202014.pdf>, retrieved 28 June 2016.
23. Total global production sourced from Vol 35, Issue 2, Feed International (ISSN 0274-5771) ©Watt Global Media, 2014.
24. Management estimates. New Zealand market share data is not available. See Appendix D for further details.

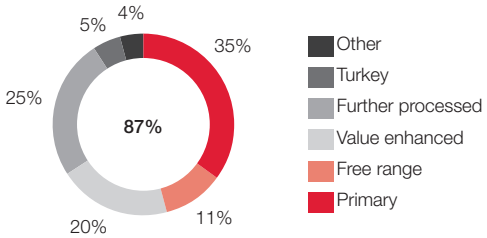
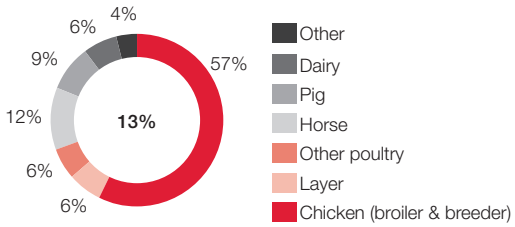
three

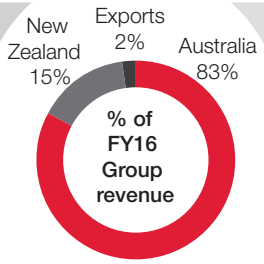
COMPANY OVERVIEW

3.1 Overview of Ingham's

Ingham's is the largest vertically integrated poultry producer across Australia and New Zealand, with pro forma revenue of $2.3 billion in FY16 and approximately 8,200 employees.[1] Ingham's holds the #1 and #2 positions among chicken producers in Australia and New Zealand with 40% and 34% estimated chicken market share,[2] respectively, and is a key supplier to major retailers, QSR operators, food service distributors and wholesalers in both of those markets. In addition to chicken, Ingham's holds strong market positions across the Australian turkey, the Australian stockfeed and the New Zealand dairy feed industries.

Figure 15: Operations overview

	Poultry	Stockfeed
Division overview	• Vertically integrated business model • Full range of poultry products categorised as follows: primary, free range, value-enhanced, further processed and turkey • Ingredients products utilise poultry raws for sale to pet food and food processors	• Produces various poultry, dairy, horse and pig feeds • Currently the second largest producer in Australia • Ingham's preference is to control its own feed supply where possible. Approximately 85% of demand for stockfeed in FY16 was produced internally
Contribution to Group revenue (FY16)		
Key customers by channel		
Retail	• Key customers include all major retailers in Australia and New Zealand • **53% of Group revenue in FY16**	• **13% of Group revenue in FY16** • Key customers include: – major poultry processors and growers; – pig industry; – leaders in New Zealand dairy industry; and – equestrian breeders, trainers and owners
QSR	• Key customers include leading QSR players in Australia and New Zealand • **17% of Group revenue in FY16**	
Food service	• Key customers include major food service distributors across Australia and New Zealand • **8% of Group revenue in FY16**	
Wholesale	• Key customers include large butchers, boners and secondary food processors • **7% of Group revenue in FY16**	
Product and processing	• 345[3] facilities and farms across Australia and New Zealand • Over 440kt of product sold in FY16: – approximately 370kt in Australia (over 160m birds p.a.); and – approximately 70kt in New Zealand (over 30m birds p.a.)	• 10 feedmills across Australia and New Zealand • Over 1.4Mt of product produced in FY16: – approximately 870kt for internal use; and – approximately 560kt sold externally
Geography	• **Australia**: Number one estimated chicken market share (40%) • **New Zealand**: Number two estimated chicken market share (34%) • **Exports**: Represent <1% of Group revenue	• **Australia**: Number two estimated market share (10%) in stockfeed • **New Zealand**: Leading dairy stockfeed brands • **Exports**: Represents ~1% of Group revenue



1. As at 30 June 2016.
2. Australia based on chicken sales by value. Source: Management estimates based on information from Rabobank; ACMF; OECD; and Aztec. New Zealand based on chicken sales by value. Source: Management estimates based on information from Rabobank; PIANZ and Statistics NZ. See Appendix D for further details.
3. As at 1 September 2016. Includes 225 broiler farms, approximately 97% of whom are owned and operated by contracted third parties. Includes Turkey and four contracted New Zealand breeder farms. Does not account for breeder and hatchery expansion projects approved or underway. Excludes Leppington research and development facility, non-operational sites and offices.

Ingham's Poultry operation is a large scale vertically integrated business spanning the entire value chain, including one quarantine facility, 10 feedmills, 74 breeder farms, 11 hatcheries, 225 predominantly contracted broiler farms as well as seven primary processing plants, seven further processing plants, one protein conversion plant and nine distribution centres across Australia and New Zealand. Ingham's also operates a Stockfeed business, which holds strong market positions in the Australian stockfeed and New Zealand dairy feed industries.

From FY15 to FY16, Ingham's pro forma EBITDA grew by 46.3% to $167.5 million. Ingham's forecasts that pro forma EBITDA will increase by 13.5% to $190.1 million in FY17.

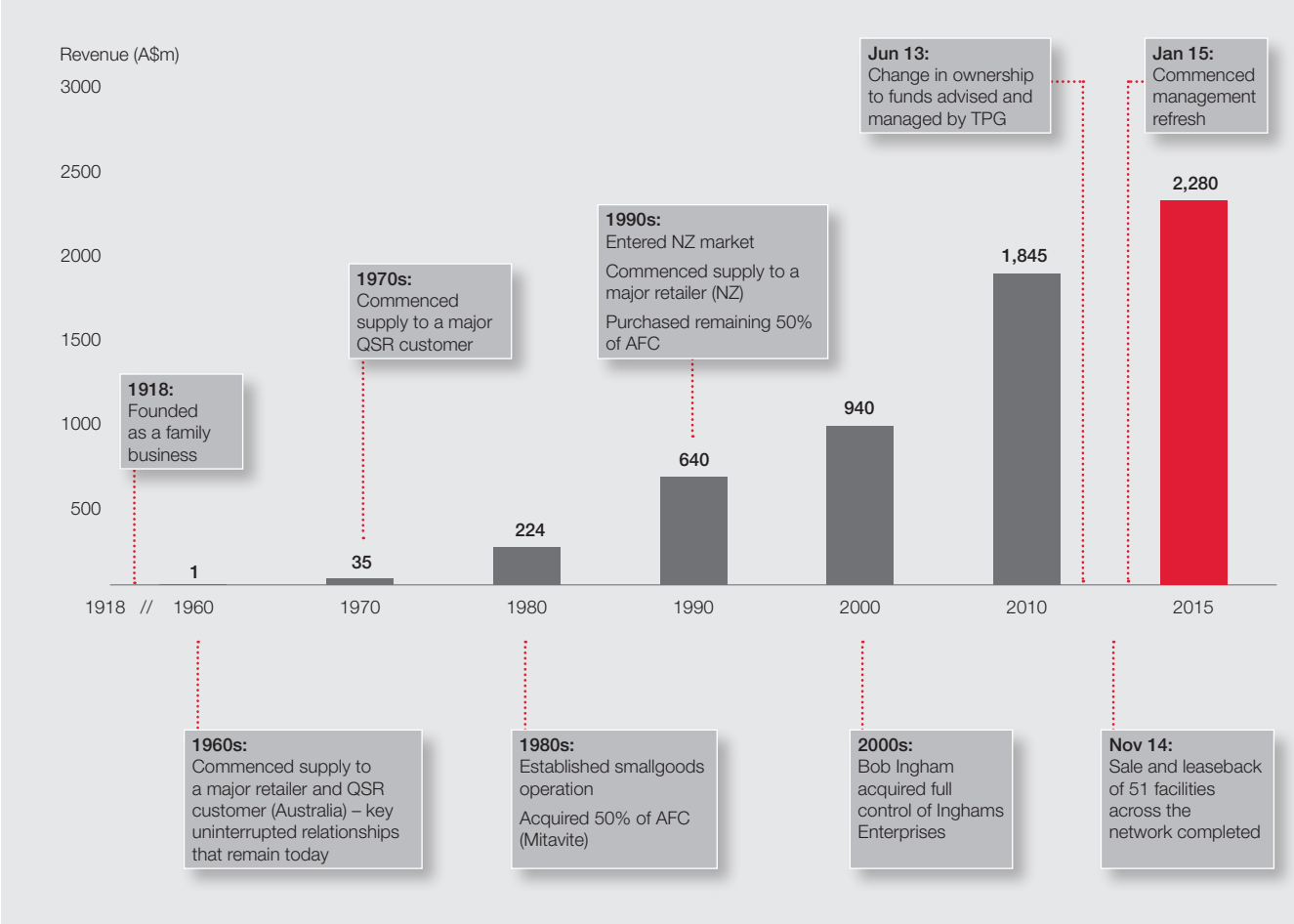
3.1.1 History

Ingham's was founded as a family business in 1918 by Walter Ingham in Liverpool, New South Wales. After their father's death in 1953, Walter's sons, Bob and Jack Ingham, expanded the business through a combination of organic growth and acquisitions, to become the largest integrated poultry producer in Australia and New Zealand.

The present-day operations date back to the 1960s when Ingham's entered into supply arrangements with major retail and QSR customers. In the late 1960s, Ingham's started to engage external farmers to rear broilers while still maintaining control of the poultry production process to meet increasing consumer demand and ensure efficient utilisation of capital. Ingham's subsequently entered into the production of turkey and stockfeed, and enhanced its further processing capabilities to cater to changing consumer preferences towards value-enhanced poultry products.

In June 2013, entities associated with TPG acquired the business from Bob Ingham for $869 million. Today, Ingham's operates a vertically integrated national network and continues to build on Ingham's proud history of quality and customer service.

Figure 16: Ingham's history



3.1.2 Brand and customer relationships

Ingham's has a long history of supplying Australia's and New Zealand's major retailers, QSR operators, food service distributors and wholesalers. During this time, Ingham's has developed a strong brand with a reputation for quality and service. Ingham's brand presence also includes "Waitoa", New Zealand's leading free range brand.[4]

Ingham's is a well recognised brand with a reputation for quality and service. Ingham's is currently implementing an "Ingham's" brand refresh focusing on enhancing Ingham's brand positioning. This includes improved packaging and a communications campaign concentrating on the new tagline 'Heart of the Table'. The refreshed branding reflects the importance that Ingham's core customers place on bringing the family together at meal time and the growing significance of poultry in consumers' diets. This is mirrored in Ingham's core purpose — 'To be at the Heart of Every Table'.

Figure 17: Brand and packaging refresh

Ingham's has many long term customer relationships, as evidenced by its experience servicing large customers for up to 55 years. Relationships with key customers are highly collaborative and span sales, marketing, technical services, NPD (described further in Section 3.2), planning and supply chain.

Figure 18: Ingham's long term customer relationships

4. Management estimate based on volumes produced by Ingham's (Waitoa and private label product for a large retailer) and estimates of competitor volumes. See Appendix D for further details.

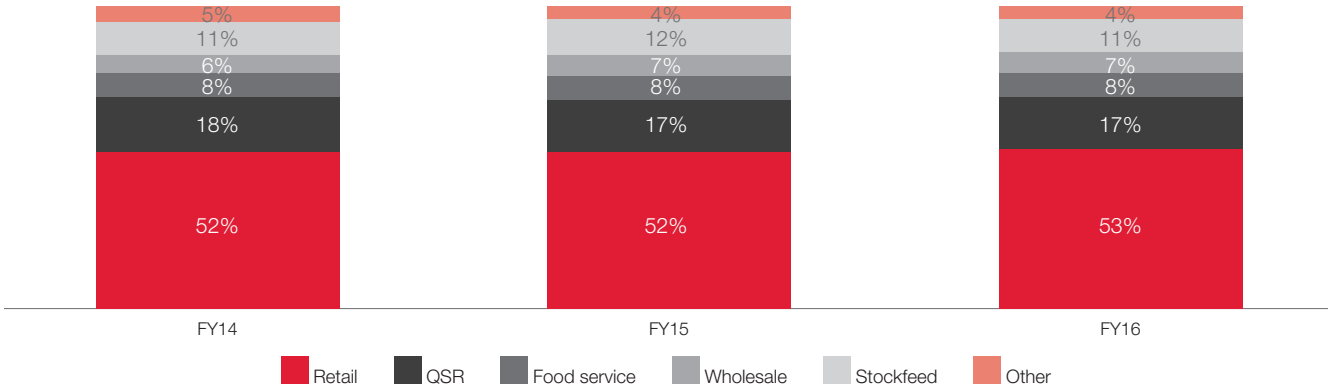
Poultry is a critical fresh category for major Australian supermarket chains, with chicken products representing two of the top five fresh products sold by the four largest Australian supermarket chains by sales.[5]

Ingham's sells its products to a number of large customers, including major retailers and QSR operators. During FY16, Ingham's top five customers accounted for 55%–60% of sales revenues. Ingham's has historically supplied poultry to its customers on an uncontracted basis on either Ingham's or the customer's standard terms and conditions of sale. Over the last 18 months, Ingham's management has focused on entering into contracts with Ingham's key customers. These contracts are typically for two to three years and in a number of cases a percentage of the customer's volumes is secured. The contracts contain various degrees of pass through provisions, including in relation to the cost of feed, and include mechanisms for cost review. Ingham's management is continuing to focus on entering into contracts with its customers. Where the arrangements are on standard terms and conditions of sale, these arrangements can be terminated or varied by the customer on short notice and without penalty. In many instances, customers are under no obligation to continue purchasing Ingham's products or to purchase a particular volume of products.

Of the top five customers, three are subject to written contracts and two are subject to arrangements whereby products are supplied pursuant to purchase orders on the customer's standard terms and conditions. Of the three customers with written contracts, two come up for renewal at the end of FY18 and one comes up for renewal at the end of FY19. The contracts may be terminated by either party for breach of a material term or for failure to meet quality specifications and one may be terminated on short notice and without penalty. The two customers supplied on standard terms provide orders on a rolling basis and these arrangements may be discontinued by either party at any time.

Ingham's channel mix has been relatively stable over time as illustrated in Figure 19.

Figure 19: Composition of Ingham's revenue by channel over time[6]



Ingham's is focused on providing best-in-class service. Customers have acknowledged Ingham's commitment to quality and service through numerous awards, a recent selection of which are summarised in Figure 20.

Figure 20: A selection of Ingham's recent customer awards

Retail	#1	Woolworths	• FoodCo New Product of the Year (2016) • Supplier of the Year Finalist (Meat and Deli) (2016)[7]
	#1	Countdown	• Supplier of the Year (Meat and Seafood) (2016)
QSR	#1	KFC	• Supplier of the Year (Australia – 2015, New Zealand – 2016) • Corporate Social Responsibility (2010, 2012 and 2016)
Food service	#1	NAFDA[8]	• Supplier of the Year (2012, 2014, 2015 and 2016)
		Countrywide	• Supplier of the Year (2010 – 2016)
Stockfeed	#1	AIRR[9]	• National supplier of the Year (2010, 2013 and 2015) • Supplier of the Year – Feed (2011 and 2014)

Within the Stockfeed business, Ingham's brands include Mitavite, a premium horse feed brand sold in over 20 countries, and Top Cow and Top Calf, leading dairy stockfeed brands in New Zealand.

5. Nielson Homescan, Top five ranked fresh items in basket based on value, 12 months moving annual total to 6 August 2016.
6. Stockfeed represents domestic stockfeed only and Other includes all exports.
7. One of three finalists.
8. NAFDA Limited
9. Australian Independent Rural Retailers.

3.1.3 Ingham's strategy

Ingham's vision is to become a world-class food company by delivering high quality products and service to its customers at the lowest cost. This vision is supported by a clear strategy based around six key strategic pillars.

Figure 21: Ingham's vision, mission and strategy

Vision	**Ingham's as a world class food company**
Mission Statement	**Delivering the highest quality products and service, at the lowest cost**

'To be at the Heart of Every Table'

QHSE > Quality in all that we do	**Customers** > Delivering for our Customers	**Operations** > World-class operations
People > High performance culture	**Financials** > Improve returns and invest for future growth	**Supporting priorities** > Build capability

A focused and committed team has been assembled to deliver Ingham's strategy. The team is led by CEO Mick McMahon and includes executives with experience in domestic and global markets. See Section 6.2 for more details on the senior management team.

In parallel with strategy development, Ingham's has clearly defined its values. These values articulate Ingham's core purpose ('To be at the Heart of Every Table') and behaviours and serve as the pathway to build on Ingham's long history and culture.

Figure 22: Ingham's values

Deliver quality in all that we do

- Follow quality policies, standards and procedures
- Lead and influence quality by example
- Plan work to achieve a quality outcome
- Recognise positive behaviour that leads to quality outcomes

Act safe, be safe, stay safe

- Lead and influence safety by example
- Plan work to achieve safe outcomes
- Follow safety policies, code of conduct, standards and procedures
- Recognise positive safety behaviour

Strive for world class operations

- Create sustainable solutions
- Encourage innovation and continuous improvement
- Deliver profitable growth
- Aim to be better than the day before

Exceed our customers' expectations

- Deliver quality products and services to grow and sustain customer value
- Respect our customers, consider them in all we do
- Be passionate about building long term relationships
- Listen to and work with our customers for mutual success

Conduct ourselves with the highest ethical standards

- Honour our commitments
- Behave honestly, build trust and invite feedback
- Be committed to animal welfare
- Play a positive role in the communities in which we operate

We aim to outperform

- Respect everyone and value diversity in a team
- Recognise performance and coach each other to succeed
- Grow people to be the best they can be
- Work as one team

3.1.4 Product overview

The Ingham's business has two operations: Poultry and Stockfeed. Poultry includes chicken (which is further broken down into four sub-categories), turkey and ingredient products.

Figure 23: Summary of Ingham's product categories

		Category	% FY16 revenue	Description	Sample products
Poultry	Chicken	Primary	30%	• Chilled chicken products sold as whole birds or primary cuts • Sold in the meat chiller and deli	
		Free range	10%	• Primary, value-enhanced or further processed products made with free range chicken	
		Value-enhanced	18%	• Chilled products with additional flavour added through marinating and coatings • Sold in the meat chiller and deli	
		Further processed	22%	• Products that are partially or fully cooked • Includes chicken smallgoods • Sold in the meat chiller and freezer	
	Turkey		4%	• Primary, value-enhanced and further processed turkey products • Includes turkey smallgoods • Sold in the meat chiller and freezer	
	Ingredients		3%	• Edible poultry products (e.g. feet and necks) • Palatants • Wet pet food ingredients • Protein conversion products (e.g. poultry meal) • Other poultry products	
	Total Poultry		87%		
Stockfeed			13%	• Chicken feed (broiler and layer) • Turkey feed • Duck and quail feed • Pig, horse and dairy feed	
		Total	100%		

Ingham's continues to innovate its product portfolio in response to the following key consumer trends that have driven recent growth in poultry consumption:

- consumers' desire for foods that improve their health and well-being;
- demand for convenience; and
- increasing interest in animal welfare and food provenance.

The growth of free range, value-enhanced and further processed products, whose share of Ingham's poultry revenue has increased from 50% in FY05 to 62% in FY16, provides a good example of how consumer trends have driven recent changes in consumption patterns.

Figure 24: Ingham's chicken revenue mix by category (FY05)

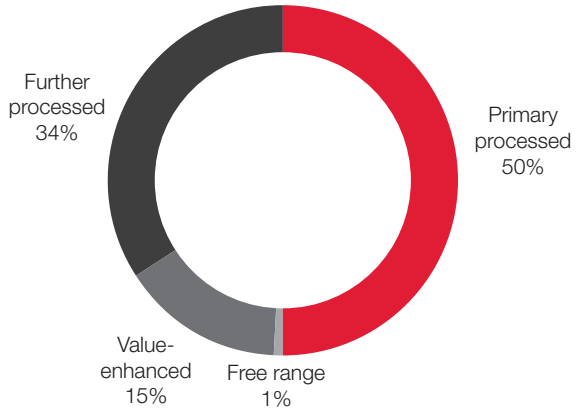
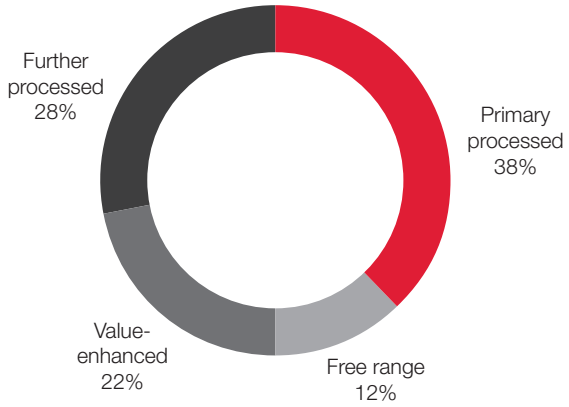


Figure 25: Ingham's chicken revenue mix by category (FY16)



Ingham's management believes that it is well positioned to benefit from these consumer trends through the following:

- a shift to higher animal welfare standards such as free-range and RSPCA-approved, barn-raised chickens;
- value-enhanced product production at its primary plants; and
- production of partially cooked and fully cooked products at its further processing plants.

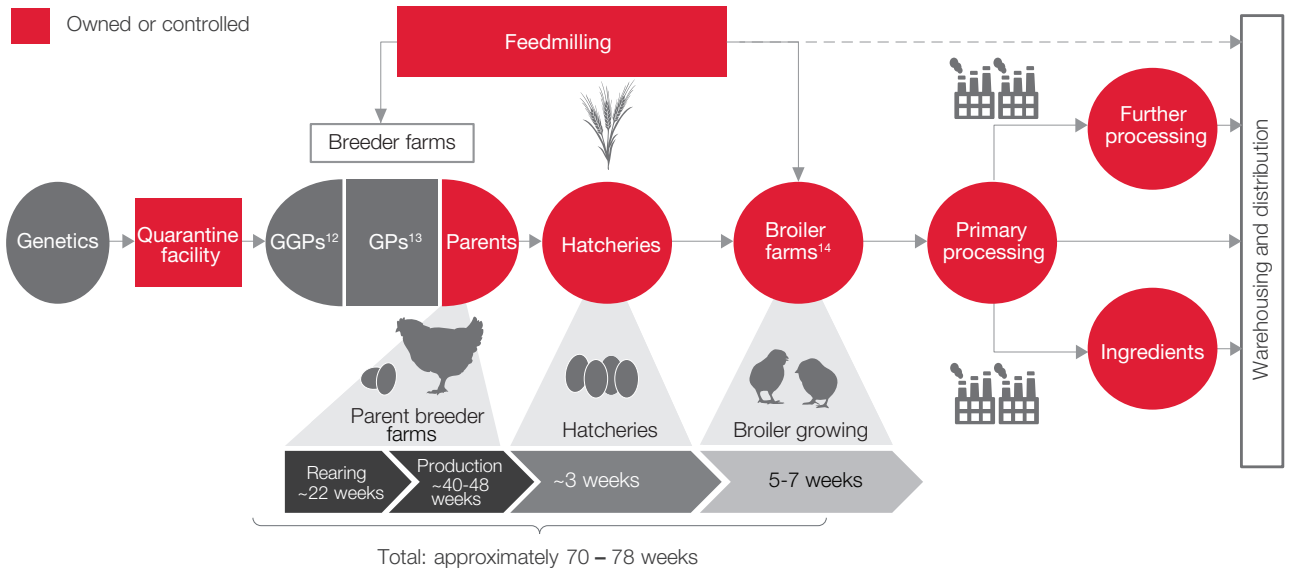
Ingham's has responded to changing consumer preferences by introducing a range of new products including free range, pre-packaged, further processed and celebrity chef-endorsed products.

Ingham's ability to respond to these changing consumer preferences, supported by its recent investment in the capacity and capability of its network and people, has supported Ingham's growth and position as a leading producer across the Australian and New Zealand poultry markets in recent years.

3.1.5 Ingham's production process

Ingham's is the largest vertically integrated poultry producer across Australia and New Zealand with large scale industrial operations spanning the entire value chain, including one quarantine facility, 10 feedmills, 74 breeder farms, 11 hatcheries, 225 predominantly contracted broiler farms as well as seven primary processing plants, seven further processing plants, one protein conversion plant and nine distribution centres.[10] Ingham's focuses on best practice standards for quality control, food safety and animal welfare throughout all facets of the production process. Ingham's integrated production process is demonstrated in Figure 26.

Figure 26: Ingham's production process[11]

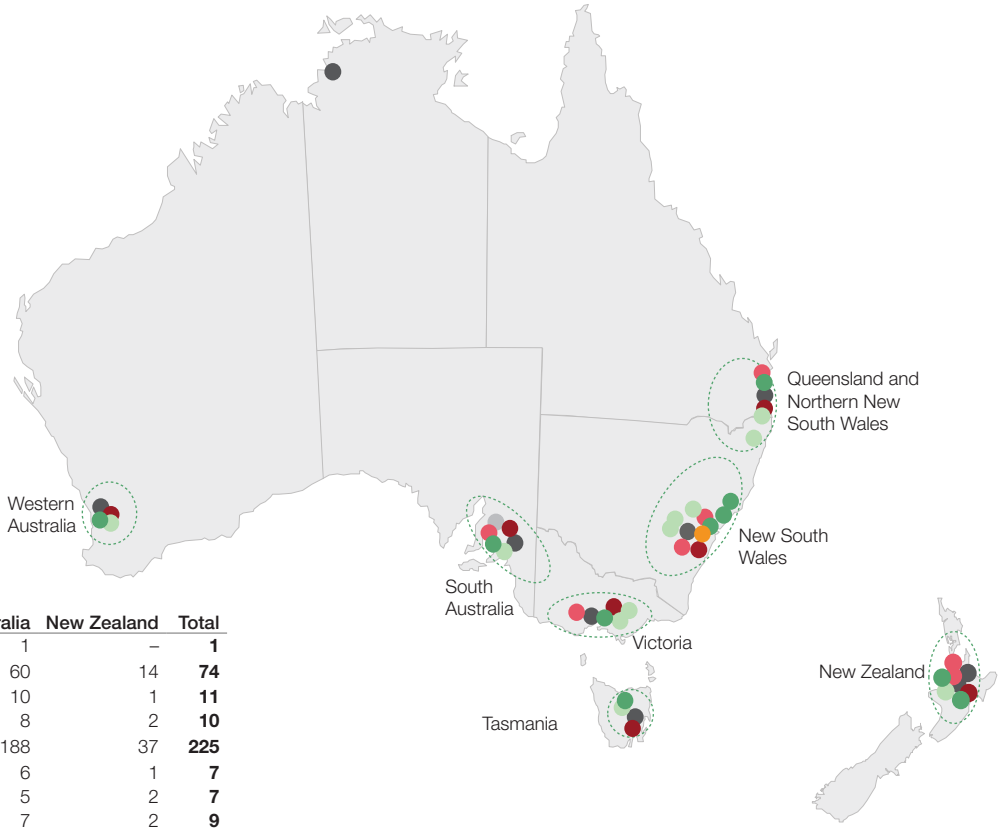


10. As at 1 September 2016.
11. Rearing, production, hatcheries and broiler growing timeframes are indicative and relate to chicken.
12. Great Grand Parents.
13. Grand Parents.
14. The majority of broiler farms are operated by contracted third party growers.

Ingham's national scale and vertically integrated operations provide a number of benefits, such as:

- flexibility and greater resilience to respond to external market pressures;
- ability to shift production between Australian states to meet changes in customer demands;
- maintenance of quality assurance, while optimising cost efficiencies across the entire value chain; and
- ability to reduce operating or agricultural risks through geographic diversification.

Figure 27: Ingham's network [15]



Facility Type	Australia	New Zealand	Total
Quarantine	1	–	**1**
Breeding farms	60	14	**74**
Hatcheries	10	1	**11**
Feedmills	8	2	**10**
Broiler farms[16]	188	37	**225**
Primary processing	6	1	**7**
Further processing	5	2	**7**
Distribution	7	2	**9**
Protein conversion plant	1	–	**1**
Total	**286**	**59**	**345**

Genetics

The poultry production process begins with the importation of Great Grand Parent eggs by two global leaders in poultry genetics, Aviagen and Cobb-Vantress. In May 2016, Ingham's entered into a long term Australian supply contract with Aviagen, its main genetics supplier, and is uncontracted with Cobb-Vantress, its secondary supplier. Poultry genetic suppliers develop birds capable of delivering best-in-class performance and undertake breeding programs that support ongoing improvement in the feed conversion ratio, robust breeder performance and other key characteristics. The long term cycle of research and development provides multi-year visibility of improvements.

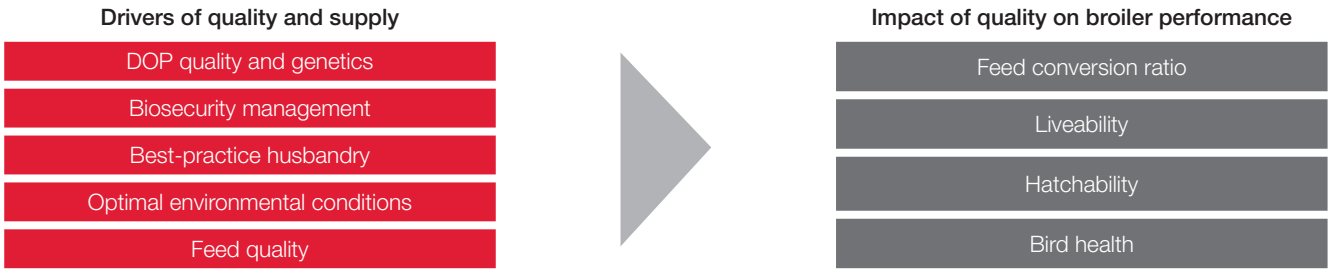
Ingham's Bungonia quarantine facility in New South Wales is owned by Ingham's and managed by Aviagen. This facility is one of currently only two privately owned poultry quarantine facilities in Australia.

Breeders

Day Old Parents (**DOP**) are transferred from Ingham's genetics suppliers to Ingham's parent breeder farms where they are reared and mated to produce eggs for the final generation of meat chickens known as broilers. Parent breeder farms utilise technology and automation to minimise performance variation spanning areas such as temperature, humidity, lighting, feeding, watering and egg collection. Control and effective management of the breeder network is critical to optimising business performance.

15. Illustrative as at 1 September 2016. Includes turkey and a small number of contracted New Zealand breeder farms. Does not account for breeder and hatchery expansion projects approved or underway. Excludes Leppington research and development facility, non-operational sites and offices. Farming areas shown for illustrative purposes only.
16. Includes contracted growers and company owned farms.

Figure 28: Breeder quality is critical to performance



Ingham's operates 74 chicken and turkey breeder farms across Australia and New Zealand.[17] Breeder operations are typically conducted in two stages: DOP are placed on a rearing farm for approximately 22 weeks before being transferred to a production farm where they lay eggs and remain for an additional 40-48 weeks. Production farms are equipped with nest boxes and other equipment required for egg collection and transfer.

Hatcheries

Eggs are transferred from breeder farms to hatcheries where they are incubated before hatching. Precise matching of egg supply and demand is met through interstate egg transfers that can be achieved at relatively low cost. Ingham's operates 11 hatcheries located throughout Australia and New Zealand, including two dedicated to turkey. Ingham's hatchery facilities are equipped with egg holding rooms which provide the flexibility for chick production to be matched to fluctuations in demand. Facilities are also equipped with automated setting systems that control the hatchery environment.

A summary of the hatcheries is shown in Table 3.

Table 3: Overview of hatcheries[17]

Region	Location	Production type
Queensland	Mt Alford	Chicken
New South Wales	McKees Hill[18]	Chicken
New South Wales	Maldon	Chicken
New South Wales	Tahmoor	Turkey
New South Wales	Bargo	Turkey
Victoria	Pakenham	Chicken
Victoria	Mornington	Chicken
South Australia	Murraylands	Chicken
Western Australia	Wanneroo	Chicken
Tasmania	Premaydena	Chicken
New Zealand	Matamata	Chicken

17. As at 1 September 2016. This includes a small number of New Zealand breeder farms that are operated by contracted third parties.
18. Supports Ingham's Queensland and Northern New South Wales operations.

Feedmilling

Ingham's owns and operates 10 feedmills throughout Australia and New Zealand. Ingham's prefers to control its own feed supply where possible, with approximately 85% of Ingham's FY16 demand produced internally by the Stockfeed business. Ingham's Stockfeed business also sells a range of poultry, pig, horse and dairy stockfeed to external customers. One Australian feedmill is dedicated to the production of horse feed and one New Zealand feedmill is dedicated to the production of dairy feed. Ingham's has approved the building a new feedmill in South Australia to replace the mill at Mile End and reduce Ingham's reliance on third party supply.

Table 4: Location and capability of feedmills[19]

Region	Location	Chicken breeder	Chicken broiler	Chicken layer	Turkey	Other poultry[20]	Pig	Dairy	Horse
Queensland	Hemmant		✓	✓		✓	✓		
New South Wales	Cardiff	✓	✓	✓	✓	✓	✓		
New South Wales	Berrima	✓	✓	✓	✓	✓	✓		
New South Wales	Somersby								✓
Victoria	Clyde	✓	✓	✓		✓	✓		
South Australia	Mile End[21]		✓	✓		✓	✓		
Western Australia	Wanneroo	✓	✓	✓		✓	✓		
Tasmania	Longford		✓	✓		✓	✓		
New Zealand	Mt Maunganui	✓	✓	✓		✓	✓		
New Zealand	Hamilton[22]	✓	✓	✓			✓	✓	

This integrated feedmilling network allows Ingham's to control the composition and quality of its feed, a key factor in minimising its feed conversion ratio. It also provides Ingham's with greater resilience and flexibility in managing raw material costs, which is further complemented by Ingham's forward commodity purchasing programs.

Ingham's Feed Procurement team works closely with schedulers who ensure raw materials are delivered to meet Ingham's weekly production requirements seven days in advance.

Broilers

Once hatched, Day Old Chicks are transferred from Ingham's hatcheries to broiler farms. Ingham's broiler farm network comprises 225 chicken and turkey broiler farms across Australia and New Zealand, of which 97% are operated by third party operators (contract growers). Contract growers operate under standardised contracts (tailored to each state and in New Zealand and negotiated by regionally based grower collectives) and receive a fixed price per live bird produced (subject to adjustment between growers based on performance). While grower contracts have broadly similar terms, contracts with growers in each state and New Zealand have tailored fee and incentive structures. Fees payable to a grower will vary depending on the density of birds within barns and whether birds are in tunnel ventilated sheds or free range conditions. Fees are generally reviewed annually either on the basis of a contractual formula or by negotiation. Ingham's has annual fee discussions with growers Australia and New Zealand. Grower contracts are generally for terms of up to 10 years, with options for renewal.

Although broiler farming is outsourced, Ingham's maintains ownership of the chickens and supplies their feed requirements. Ingham's is also heavily involved in monitoring the standards maintained by its network of contract growers. Ingham's supplies husbandry and veterinary services as required and regularly monitors contract growers to ensure compliance with Ingham's strict animal welfare, biosecurity and food safety standards.

By outsourcing broiler farming, Ingham's is able to reduce the capital commitment required for expansion while still generally retaining control of the integrated production process.

Primary processing

After reaching an appropriate weight, live birds are collected from broiler farms and transferred to primary processing plants for processing into end products. After arriving, birds are processed, chilled and prepared as whole birds or meat cuts. Additional flavour may also be added through marinades and coatings to produce value-enhanced products. Processed whole birds and meat cuts are then packaged and distributed to external customers or sent for further processing.

Ingham's operates seven primary processing plants across Australia and New Zealand.[23] All processing plants are equipped with automated processing systems and employ standardised procedures to manage yield and labour efficiency across the network.

19. Table summarises capability. Not all feedmills currently produce all feed types of which they are capable.
20. Includes duck and quail.
21. To be replaced with greenfield feedmill in 2018 (capable of breeder, broiler, other poultry and pig feed production).
22. Current production at Hamilton is dedicated to dairy feed. All feed produced at Hamilton contains no ruminant proteins.
23. As at 1 September 2016.

Table 5: Overview of primary processing plants[24]

Region	Location	Production type
Queensland	Murarrie	Chicken
New South Wales	Tahmoor	Turkey
Victoria	Somerville	Chicken
South Australia	Bolivar	Chicken
Western Australia	Osborne Park	Chicken
Tasmania	Sorrell	Chicken
New Zealand	Te Aroha	Chicken

Further processing

After primary processing, meat may be transferred from primary processing plants to further processing plants for the manufacturing of a range of flash-fried, fully cooked, ready-to-eat and smallgoods products. Ingham's currently produces approximately 240 further processed products in Australia and 80 in New Zealand, including products such as schnitzel and nuggets as well as specific QSR menu items. The Ingleburn facility produces all of Ingham's smallgoods, with turkey smallgoods accounting for approximately 60% of total production with the remainder being chicken smallgoods.

Ingham's further processing network comprises seven plants across Australia and New Zealand.

Table 6: Overview of further processing plants[24]

Region	Location	Production capability
Queensland	Cleveland	Fully cooked
New South Wales	Lisarow	Flash-fried
New South Wales	Ingleburn	Turkey and chicken smallgoods
Victoria	Thomastown	Flash-fried
South Australia	Edinburgh Parks	Fully cooked and ready-to-eat
New Zealand	Auckland	Flash-fried
New Zealand	Cambridge	Fully cooked

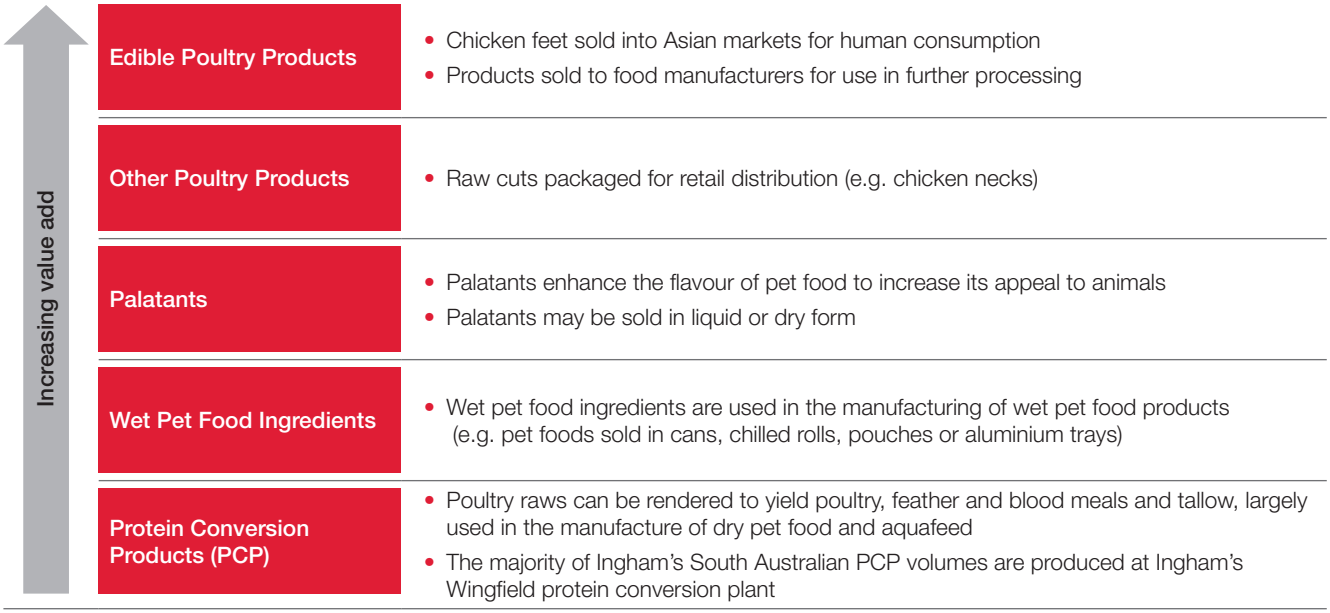
24. As at 1 September 2016.

Ingredients

During primary processing up to approximately 60% of the live bird weight is captured as 'poultry raws' (e.g. blood, feathers, livers and feet). Poultry raws can be utilised in a range of products for human or animal consumption. The Ingredients division is responsible for maximising the value of poultry raws, with the exception of products sold through the retail channel which are managed by Sales and Marketing. Currently, Ingham's converts over 200,000 tonnes of poultry raws per annum into ingredients.

Figure 29 outlines the range of end products derived from poultry raws.

Figure 29: Ingredients products



Ingham's also has a joint venture (**JV**) with Applied Food Biotechnology, Inc, a global palatant company. The entity owned by the JV, AFB International Pty Limited, manufactures and markets a leading range of wet and dry palatants used to enhance the palatability of pet food. Ingham's supplies the JV with poultry raw materials and manages the business in Australia and New Zealand. The JV also exports liquid and dry palatants to South East Asian markets.

3.1.6 Warehousing and distribution

Ingham's distribution capabilities enable it to shift production throughout Australia while maintaining an unbroken chilled or frozen supply chain. The logistics network is centrally controlled through distribution requirements planning, ensuring that stock is replenished to meet customer demand.

Ingham's operates nine distribution centres (**DCs**) across Australia and New Zealand.[25] Of these, eight DCs undertake weigh price labelling of tray packed products.

Table 7: Overview of Ingham's warehousing and distribution network[25]

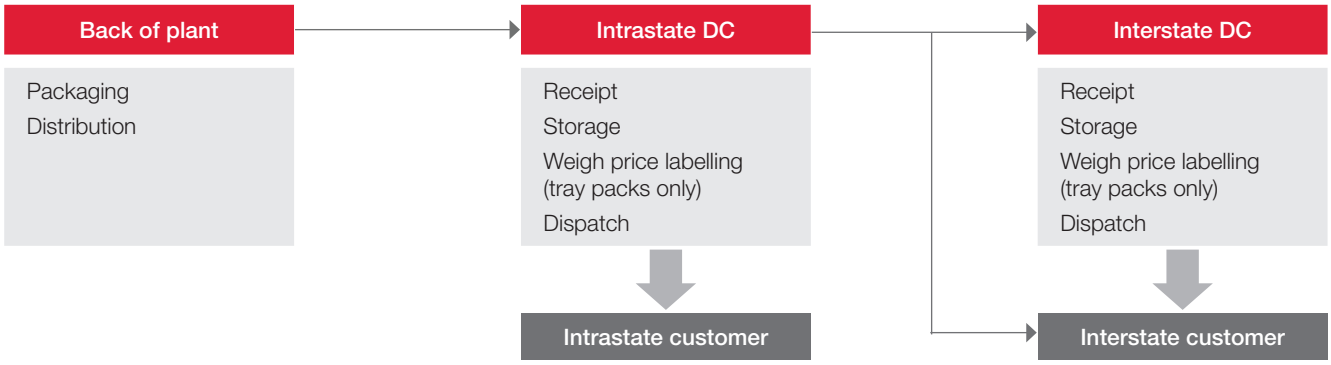
Region	Location	Capability
Queensland	Hemmant	Chilled and frozen
New South Wales	Prestons	Chilled and frozen
Victoria	Lyndhurst	Chilled and frozen
South Australia	Dry Creek	Chilled and frozen
Western Australia	Hazelmere	Chilled and frozen
Northern Territory	Darwin	Chilled only
Tasmania	Sorell	Chilled only
New Zealand	Waharoa	Chilled and frozen
New Zealand	Cambridge	Chilled and frozen

25. As at 1 September 2016.

Once a customer order is confirmed, tray packed products are weighed, priced and labelled accordingly and palletised with other components of the order. Outsourced freight providers are used to transport products to customers. Outsourced line haul carriers are used to deliver stock to interstate customers and to balance stock between interstate DCs.

An overview of the warehousing and distribution operations is shown in Figure 30.

Figure 30: Warehousing and distribution operations



3.2 Sales, marketing and NPD

In Australia, sales for Ingham's major poultry customers are managed at a national level, with some smaller state-based customers managed regionally. Large customers have at least one dedicated account manager and all New Zealand customers are managed locally.

In the past two years, Ingham's has further invested in marketing and consumer insight capability, category management skills and NPD resources.

The marketing and consumer insights function focuses on developing brand plans, communication plans and NPD execution to drive brand growth and optimise mix. The category management function establishes the long term strategic growth plan for each category, working with key customers to ensure pricing, promotion, ranging and in-store execution support category growth drivers.

NPD is generated from consumer insights, identified market gaps and customer concepts. This may include differentiation on the basis of animal welfare or farming practices, for example free range and organics. Once a product idea is identified, Ingham's food technologists work with its ingredients suppliers to develop a formula that will meet customer or consumer expectations, refining the key product characteristics such as taste, appearance, nutritional value, cost and packaging.

A stage gate process determines which products are launched and includes consideration of commercial viability, consumer and customer acceptance and broader market dynamics.

Table 8: Examples of Ingham's new product development

Product	Description	Consumer trend	
Created with Jamie range *(Launched May 2014)*[26]	• Value-enhanced products including a range of chicken fillers, skewers and roasts	• Health and well-being • Convenience • Premiumisation	
Waitoa Gluten Free Range *(Launched May 2015)*	• Identified opportunity to cater to coeliacs and others who prefer a reduced gluten diet • First to market in New Zealand	• Health and well-being • Premiumisation	
Diced Chicken Breast *(Launched July 2015)*	• Identified opportunity to provide a convenient, ready-to-use diced product	• Health and well-being • Convenience	

26. This date marks the launch of the Created with Jamie range, rather than a specific product.

3.3 External stockfeed sales

As well as supplying the majority of Ingham's internal requirements, the Stockfeed division sells products to external customers, which accounted for approximately 40% of mill production volumes and 13% of total pro forma revenue in FY16. Ingham's external stockfeed sales also allow Ingham's to reduce its costs of production by increasing utilisation across the feedmill network.

The Stockfeed division targets large commercial operators for its stockfeed products as well as supplying the horse and dairy industry via retail and wholesale channels. The mill at Hamilton in New Zealand produces dairy feed, while the mill at Somersby in New South Wales produces horse feed, including products sold under the Mitavite brand.

Ingham's Stockfeed division also serves certain export markets. This includes poultry feed into Pacific Island markets and Mitavite horse feed, which is sold in over 20 countries, with key markets including New Zealand, Singapore and Malaysia.

3.4 Quality platform

Quality is core to Ingham's values and features as one of its six strategic pillars. Ingham's focus on delivering "Quality in all that we do" is centred on the following key areas.

Table 9: Ingham's quality platform

Key focus	Description
Food safety	• Ingham's maintains a fully integrated Quality Management System through all stages of production. Incorporating all aspects of Good Manufacturing Practices, Food Safety and Hazard Analysis and Critical Control Point programs, the Quality Management System has been developed in accordance with Australian and international standards and is independently certified by third party accreditation organisations such as SGS Australia (auditing/verification), SAI Global and the British Standards Institute. • Ingham's runs Paddock-to-Plate Pathogen Control Programs designed to control or eliminate foodborne pathogens. Ingham's also participates in the Global Food Safety Initiative by conforming to the requirements of the Safe Quality Foods Food Safety Scheme.
Quality products	• Ingham's strives to deliver quality products to its customers and consumers by focusing on quality across all parts of the value chain from feed quality to bird husbandry and processing and the sourcing of high quality ingredients.
Workplace Health and Safety	• With a goal of Zero Harm, Ingham's management's focus is on ensuring all its employees get home safely at the end of a day's work. Ingham's operates a comprehensive Safety Management System and has implemented Golden Safety Rules, comprised of six key risk areas and six non-negotiable critical defences that constitute mandatory standards designed to manage safety risks across the business. • Ingham's holds self-insurance licences in all key jurisdictions in which Ingham's operates.[27]
Labour practices	• Ingham's management believes that it is a high integrity employer and it has long adopted ethical labour practices. Ingham's preference is to directly employ staff, with over 90% of staff directly employed. All wage employees and contract workers are covered by EAs, individual employment agreements, individual contracts or an award. • Ingham's has an audit and compliance regime in place to monitor contractor compliance to legislated employment practices and commissions independent audits and assessments. • Ingham's new People & Performance team is focused on building Ingham's profile as an employer of choice and is implementing systems to measure and recognise performance. Ingham's is an advocate of equal employment opportunities and fulfils all legislative requirements in this regard.
Animal welfare	• Ingham's has systems in place to manage and monitor the treatment of its birds to ensure their treatment is in accordance with applicable laws. All birds are barn-raised, cage-free and grown without the addition of hormones. Ingham's follows antibiotic judicious use guidelines. Ingham's also engages proactively with animal welfare organisations including the RSPCA and SPCA. • All of Ingham's Australian barn-raised farms are accredited by the RSPCA. Free range farms carry birds at lower densities than barn-raised farms and allow the birds to range across an outside area equivalent to the size of the barn. Ingham's Australian free range farms are accredited by FREPA. Ingham's New Zealand free range farms are accredited by the SPCA.[28]
Environmental stewardship	• Environmental, economic and social sustainability is a key priority for Ingham's. Environmental stewardship covers waste reduction, energy efficiency, environmental management, water stewardship and ethical sourcing. Ingham's has won awards from customers and industry bodies for its work in environmental sustainability. In November 2015, the Somerville primary processing plant received gold level certification from the Alliance for Water Stewardship, the first gold certification to be awarded globally.

27. Third party insurance policies are held in the Northern Territory and Australian Capital Territory.
28. The SPCA does not accredit barn-raised farms.

3.5 Support services

Ingham's has a number of operational support services that are important in producing its products in an efficient manner. These functions support both Ingham's Poultry and Stockfeed businesses.

3.5.1 Group Technical Services

Underpinning Ingham's Quality Platform is its Group Technical Services team. The team is highly experienced, with global expertise in animal health and welfare, food safety, livestock performance and disease control, which are significant contributors to Ingham's production efficiency and performance.

All Ingham's poultry production processes and procedures are developed in-house by the Group Technical Services team, with the goal of Ingham's being at the forefront of global standards. The Group Technical Services team also assists from a technical perspective in product development, labelling, packaging and marketing.

The Group Technical Services team conducts research and development around animal health and welfare, food safety and pathogen control and is integral to the continual improvement of Ingham's FCR performance.

3.5.2 Nutrition

Ingham's Nutrition team works closely with the Feed Procurement team and other stakeholders to develop cost effective feed formulations that meet bird dietary requirements, which vary by bird type and age. Nutrition research is conducted at Ingham's Leppington research and development facility and laboratory, where analysis is conducted on raw materials and finished feed to achieve formulation for optimal health and performance.

Feed consists of a mix of grains (e.g. wheat, sorghum, barley and maize), legumes, vegetable and animal protein meals, and nutritional additives including minerals and vitamins. The availability of raw materials is dependent on, among other things, weather conditions, alternate uses and exports, impacting both pricing and quality. This may result in Ingham's swapping between various grain and animal protein meal options to ensure the most cost effective formulations.

3.5.3 National Planning

Balancing supply and demand across Ingham's poultry operation is critical to profitability. Achieving this balance across a large vertically integrated poultry production operation is complex. A key challenge faced by the poultry industry is balancing supply and demand across small birds (generally sold whole) and large birds (predominantly sold as prime cuts), while maximising total return.

Ingham's has established national and centralised demand planning processes that combine experienced internal personnel with the appointment of integrated planning expertise from outside the business. National planning facilitates timely decision making across the network and supports operations on a short and medium-term basis. This assists Ingham's to meet weekly demand while providing for a sufficient pipeline of breeding stock, eggs and feed for medium-term production.

3.5.4 Asset Management

The Asset Management team manages capital works development and repairs and maintenance across Ingham's network of facilities in Australia and New Zealand. It provide strategic and operational engineering advice to Ingham's, conducts site audits and is involved in the medium and long term capacity planning processes.

Ingham's owns the majority of its operating plant and equipment, while its land and buildings are managed either through leasehold or freehold arrangements. Ingham's operates 79 leasehold properties, the majority of which are secured with 20 year terms (commencing in the second half of calendar year 2014) with options to extend (five further terms, with each term for 10 years). The three largest landlords hold 53% of all leases. Lease terms for the majority of Ingham's breeder farms, hatcheries and feedmills are subject to annual Consumer Price Index linked indexation (including on commencement of options), capped at 2.5% per annum. Processing plants are subject to annual CPI linked indexation, capped at 2.5-3.0% per annum for Australian processing plants, and are reviewed to market on commencement of each option (market reviews are subject to a cap and collar of 110% and 90%, respectively for Australian processing plants). Further details of these lease commitments are contained in Section 4.6.6. Ingham's also own 33 freehold properties, including the Bungonia quarantine station.

3.6 Building capability

Following the appointment of Mick McMahon in January 2015, the new operating model and organisational structure of Ingham's were developed. Ingham's is moving from a state-based operating model to a national operating model across its Australian business. The new operating model includes national farming and primary processing operations, national further processing operations, inclusion of local sales in a national sales structure and the establishment of an Operations Excellence team to standardise the "Ingham's Way" of doing business.

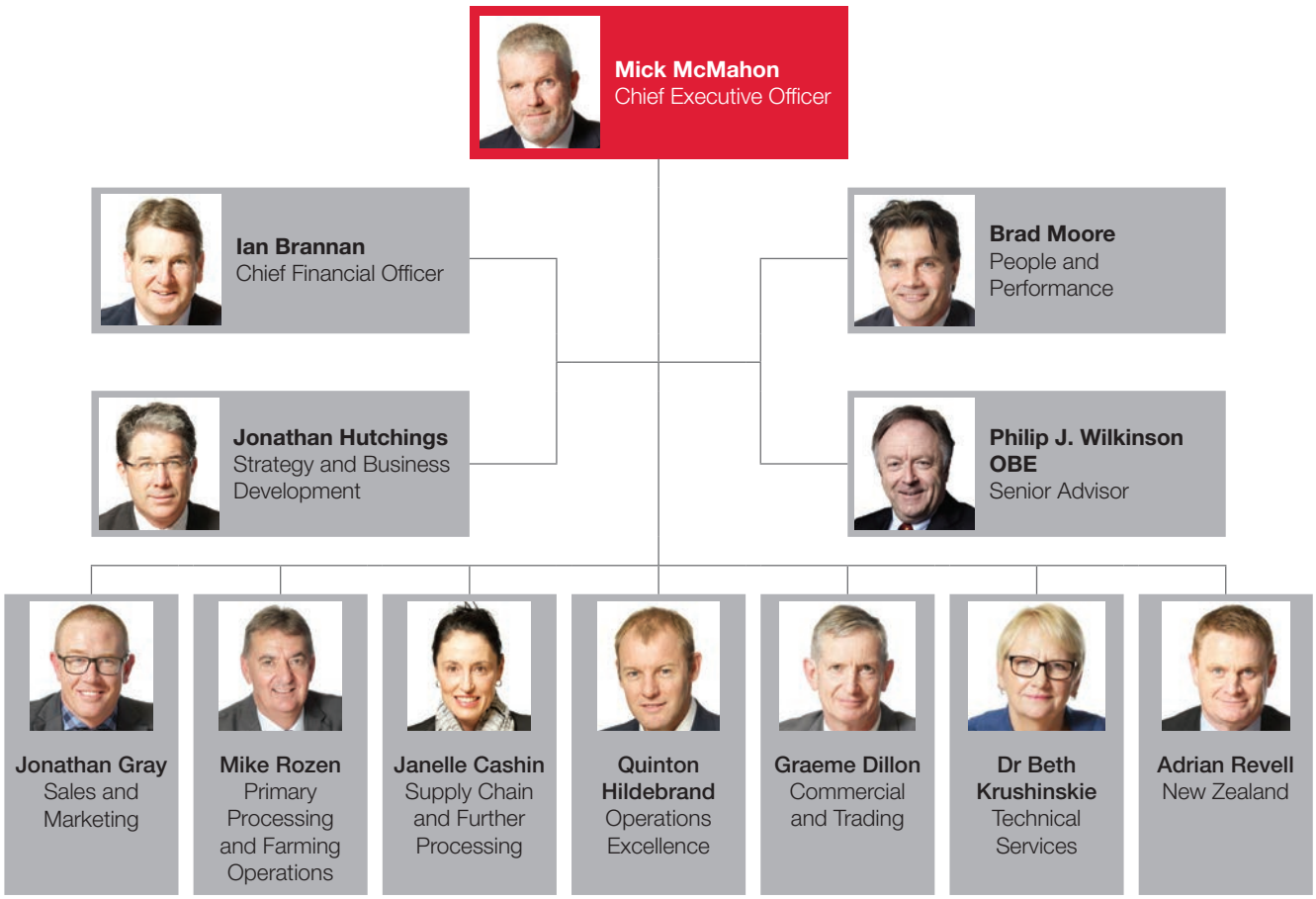
Ingham's has upgraded its capability across all levels of its business, including:

- senior management;
- centralised support functions; and
- workforce management.

3.6.1 Senior management

Ingham's has a proven and highly experienced senior management team with extensive domestic and international experience.

Figure 31: Senior management team



Ingham's is led by CEO Mick McMahon, who joined Ingham's in January 2015. Mick has over 30 years' operational experience, including as the former CEO of Skilled Group and COO of Coles Supermarkets Australia. Prior to joining Coles, Mick spent 19 years with Royal Dutch Shell.

To complement existing experience, Ingham's has added individuals with broad industry experience, internally promoted experienced managers and recruited industry expertise from the U.S. and Europe into senior roles. For example, Ingham's has added a People and Performance Director with experience across airlines, airports and construction, and an Operations Excellence Director with general management experience in other agricultural enterprises. Experienced managers from within the business have also been promoted to run farming and primary processing operations, lead sales and marketing and head up the further processing business.

Refer to section 6 for further information on the senior management team.

3.6.2 Centralised support functions

Ingham's people and systems have undergone significant development since January 2015.

Table 10: People and process capability

Capability	Description
Sales and Marketing	• A number of changes have been made to the Sales and Marketing function, including investment in category insights, marketing, category management and account management capabilities.
National Planning	• Ingham's has nationalised and centralised its planning processes around an experienced team combined with integrated planning expertise from outside the business. Integrated business planning runs on a weekly cycle and has facilitated better decision making across the business.
Operational Excellence	• An Operational Excellence team has been established to oversee standardisation and continuous improvement in primary processing, further processing and farming operations. Operational Excellence covers asset management, business sustainability, national planning, farming optimisation and workplace health and safety. The Operational Excellence team is key to transitioning the former regional structure in Australia to a national network.
Asset Management	• The role of the Asset Management team has been expanded to oversee repairs and maintenance, as well as capital works. Ingham's is standardising processes and systems across its business to proactively care for its assets.
People and Performance	• Ingham's has significantly upskilled its human resources capability. Investments have been made to improve capability in core human resources functions areas including recruitment, performance management, people development, remuneration, talent management and succession planning.
Procurement	• A centralised Procurement team is now in place, with dedicated category managers and analysts. This team is realising savings opportunities as well as implementing systems and processes to build a sustainable procurement function.
Strategy and Transformation	• Ingham's has established a Strategy and Transformation team to oversee Project Accelerate (refer to Section 3.7.3 for more detail), develop Ingham's network plan, and support the business in making strategic decisions.
Finance	• Ingham's has made progress towards improving the maturity of the finance function through: – commercial managers being appointed for commercial and trading, primary processing, farming, further processing, supply chain, and sales and marketing; – shared services (accounts payable, accounts receivable and payroll) being brought together under a single structure with a significant uplift in capability through a changeover of personnel; and – New Zealand now has its own dedicated structure and Chief Financial Officer.
Information Technology	• Ingham's is part way through a technical infrastructure refresh which is due for completion in FY17. Once completed this will provide a robust and modern data centre and network platforms. • The Ingham's business systems landscape leverages several major tailored and bespoke systems and various minor applications serving discreet operational and back office functional needs.

3.6.3 Workforce management

As at 30 June 2016, Ingham's had approximately 8,200 employees, employed on full-time, part-time and casual basis. The casual workforce is designed to support variations in operational volumes which are dependent on seasonality, product mix and operational flexibilities. The capacity to flex staffing levels with production variations has been central to Ingham's labour efficiency improvements.

Over 90% of Ingham's workforce is directly employed, with small sections of the operation contracted out (e.g. cleaning in the primary processing plants and collection of broilers from broiler farms for transfer to primary processing plants). All wage employees and contract workers are covered by EAs, individual employment agreements, individual contracts or an award. Ingham's has an audit and compliance regime in place to monitor contractor compliance to legislated employment practices and commissions independent audits and assessments.

Approximately 80% of Ingham's employees are covered by EAs and collective agreements which require periodic renegotiation and renewal. Ingham's is currently party to 56 EAs and collective agreements across Australia and New Zealand. The six largest agreements cover approximately 60% of employees covered by EAs and collective agreements. The EAs and collective agreements are generally for a two to four year term, and are negotiated in normal course.

In July 2016, Ingham's renegotiated the EA associated with the Bolivar facility, extending the term of the agreement through to December 2019. The new agreement provides greater flexibility and allows Ingham's to continue implementing its labour optimisation initiatives at the site. Ingham's expects that similar flexibility will be achieved at other sites.

Ingham's is improving the management of its workforce with the aim of increasing flexibility and better matching labour requirements to production levels through:

- developing workforce planning capabilities;
- rebalancing the number of full-time, part-time and casual employees; and
- introducing greater flexibility into EAs.

3.7 Growth opportunities

Ingham's management team believes there are revenue and profit growth opportunities in:

- capturing underlying market and category growth;
- driving innovation and premiumisation;
- realising margin expansion opportunities through Project Accelerate; and
- selectively targeting export growth.

3.7.1 Capturing underlying market and category growth

Chicken consumption in Australia and New Zealand has grown by approximately 4.1% and 5.1% per annum,[29] respectively, between 1990 and 2015. Underlying growth in Australia's and New Zealand's chicken consumption is expected to continue over the medium term, driven by population growth, the affordability of chicken relative to other animal proteins and several consumer trends (see Section 2.2.3 for further detail).

As the largest vertically integrated poultry producer across Australia and New Zealand with capability across fresh, value-enhanced and further processed production, Ingham's management believes that Ingham's is well positioned to capture underlying market and category growth in Australia and New Zealand.

Ingham's has a well-invested asset base and has Board approved projects to invest further to provide capacity for future growth.

Well-invested asset base

Over the last 10 years, Ingham's has invested more than $900 million to increase capacity and enhance capability across the network. This included increasing processing capacity and capability to enable production of value-enhanced, cooked and partially cooked products.

Major investments occurred in primary and further processing with the addition of two further processing plants (Edinburgh Parks, South Australia and Auckland, New Zealand) to Ingham's network and the rebuild of Ingham's primary processing plant at Somerville following a fire in 2010. Ingham's also expanded capacity in farming and distribution assets including two hatcheries, four breeder farms and one distribution centre.

Further investment for future growth

Ingham's has committed capital to increase capacity and improve efficiency in the feedmilling, breeder and hatchery networks. Investment has been allocated in the following areas:

- construction of a new feedmill in South Australia;
- expansion of the breeder network in Australia and New Zealand;
- expansion of the Murraylands hatchery in South Australia; and
- construction of a new hatchery in New Zealand.

Ingham's significant capital investment is supported by third parties, including lessors who generally purchase land and invest in buildings, while Ingham's invests in capital equipment. Table 11 summarises the key network capital projects and the total capital expenditure (including third party funding) in FY16 and FY17.

29. OECD-FAO, Agricultural Outlook Dataset (2016-2025).

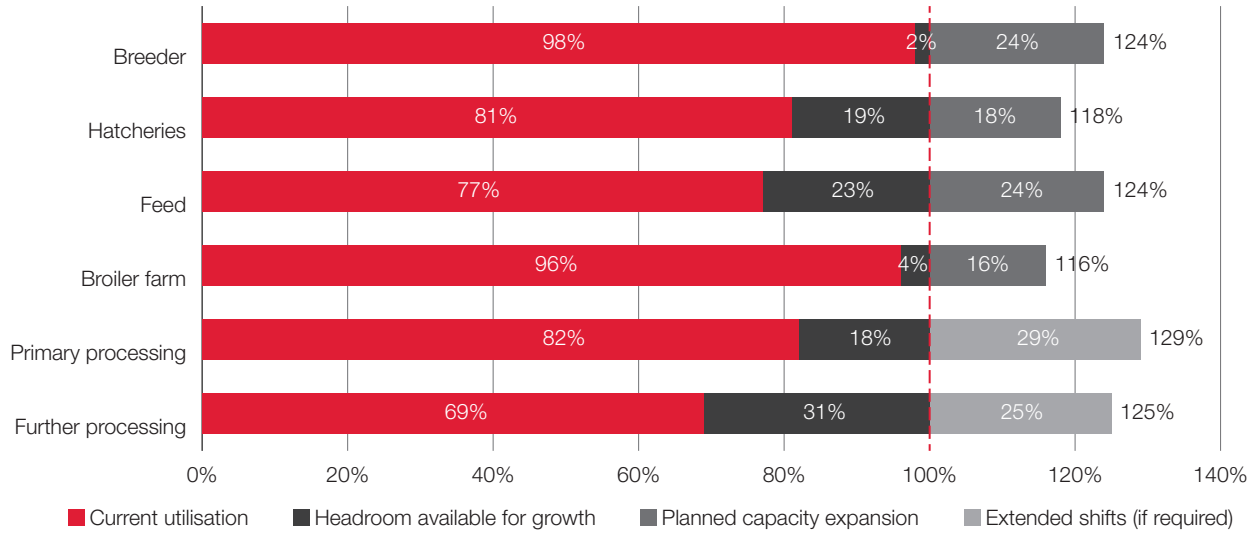
Table 11: Ingham's network capital projects[30]

Network	Region	Description	Estimated completion	Status	FY16	FY17
Breeder	South Australia	New sheds, shed extensions and equipment upgrades to increase capacity	FY17	Commenced		
Breeder	South Australia	Greenfield farms to increase capacity	FY17	Commenced		
Breeder	Queensland	Greenfield farms to increase capacity	FY18-19	Board approved		
Breeder	New Zealand	Greenfield farms to increase capacity	FY17-18	Board approved		
Hatchery	South Australia	Building and equipment to increase capacity	FY17	Commissioned		
Hatchery	New Zealand	Greenfield hatchery to increase capacity	FY17	Board approved		
Feedmill	South Australia	Greenfield mill to increase capacity and replace third party supply	FY18	Tender awarded		
Total					**$35m**	**$95m**

If required, Ingham's can increase production at its primary and further processing facilities through extending the length of shifts. As a result of this flexibility in primary and further processing and planned investment in the feedmilling, breeder and hatchery networks, Ingham's management believes the Company has sufficient capacity to cater for several years of measured growth. Over time, additional investments may be required to remove bottlenecks and increase efficiency of processing in some facilities.

Utilisation and available capacity vary by facility. Total utilisation and available capacity across the network are summarised in Figure 32.

Figure 32: Ingham's network utilisation and available capacity for growth[31]



3.7.2 Driving innovation and premiumisation

Throughout its primary and further processing facilities, Ingham's is focused on product and packaging innovation. Free range, value-enhanced and further processed products, whose share of Ingham's poultry revenue has increased from 50% in FY05 to 62% in FY16, provide good examples of how consumer trends drive changes in consumption patterns.

Consumer trends have driven growth in higher priced premium chicken products. For example:

- consumers' desire for foods that improve their health and well-being underpins the development of 'free-from' products such as gluten free;
- demand for convenience drives packaging innovation and development of ready-to-cook products; and
- increasing interest in animal welfare and food provenance underpins innovation in animal welfare standards as well as opportunities to develop premium products such as the Waitoa range of free range products.

Ingham's has invested in building capability across consumer insights, marketing, category management and account management to better position itself to continue to be a leader in product innovation and capture the benefits of premiumisation of chicken products.

30. Total capacity growth capital expenditure including third party funding.
31. Management estimates as at 30 June 2016. Australia and New Zealand, adjusted for the closure of the Cardiff primary processing plant. Approved capacity expansion projects in the breeder, hatchery and feedmilling networks are outlined in Table 11.

3.7.3 Realising margin expansion opportunities through Project Accelerate

Following a detailed review in early 2015, Ingham's management identified a number of opportunities to improve efficiency in the business, creating Project Accelerate.

Project Accelerate comprises a number of initiatives to improve production efficiency across the integrated operations, including investment in automation. Management is targeting total gross benefits from Project Accelerate of $160 million to $200 million over five years commencing in FY16.

Ingham's commenced execution of Project Accelerate initiatives in May 2015 with some benefits contributing to FY16 earnings. Approximately half the benefits are expected to be realised beyond the Forecast period. The benefits from this program are designed to allow Ingham's to remain competitive, mitigate inflation in costs and contribute to profit growth. Further information on the financial implications is detailed in Section 4.

Ingham's is currently focused on the following Project Accelerate initiatives:

- investment in automation;
- labour productivity improvements;
- procurement savings;
- network rationalisation;
- warehousing and logistics savings; and
- improvement in the turkey and smallgoods business.

Project Accelerate overview[32]

Focus area	Key initiatives	Implementation timeline	Targeted gross benefits	
			Phase 1	Other initiatives
Investment in automation	Labour savings and efficiency improvements through automation of manual processes	• First phase completed in FY16 • Implementation of further opportunities identified to commence in FY17	$50m	
Labour productivity improvements	Implementation of systems and processes to improve labour management	• Enabling capability, systems and processes established in FY16 • Initial benefits delivered in late FY16, with labour optimisation opportunities being progressed	$35m	
Procurement savings	Central procurement function targeting improvements in A$800m of annual spend spanning over 6,000 suppliers	• Centralised procurement function established • First phase procurement initiatives implemented in FY16 • Implementation of phase two initiatives underway	$30m	
Network rationalisation	Rationalisation of under-utilised facilities with consideration of strategic importance and efficiency	• Cardiff primary processing facility was closed in August 2016 • Ingham's will continue to assess the strategic importance and efficiency of all of its facilities in the value chain	$20m	
Warehouse and logistics savings	Line haul cost savings, transport efficiencies and warehouse labour management	• Initial benefits delivered in late FY16, with further benefits continuing to be delivered into FY17	$10m	
Improvement in the turkey and smallgoods business	Improving supply and demand planning, reducing capacity and improving operational efficiency	• Implementation largely completed in FY16 • Ingham's is focused on continual improvement across the turkey and smallgoods operations	$15m	
Other initiatives	Initiatives include innovation and differentiation, exports, farming efficiency, feed business strategy and further processing strategy	• FY18 and beyond		$40m
Total			**$160 - 200m**	

Total capital expenditure related to Project Accelerate in FY16 was approximately $12.1 million. In FY17, the total estimated capital expenditure related to Project Accelerate is approximately $19.1 million. For FY17 and beyond, this estimated capital expenditure is largely related to investment in automation. Refer to Sections 4.8.5.4 and 4.9.5.4 for a further discussion of FY16 and FY17 (respectively) profit improvement capital expenditure.

32. The gross benefits do not take account of general increases in cost or of cost savings that may be passed onto customers.

Investment in automation

Ingham's has identified automation opportunities with typical capital payback periods of less than two years. These opportunities primarily relate to the upgrade of technology used in primary and further processing and the purchase of specialised equipment to replace manual handling and processing, thereby increasing efficiency and reducing costs. Implementation of the first phase of automation commenced in October 2015 and was completed in FY16. Over $12 million of capital was invested in automation during this period, driven by investment in automated deboning equipment in primary processing plants.

Figure 33: Automation case studies

	Breast deboner	Cutlet deboner	Breast cap deboner	Leg deboner
Installed in FY16	3	4	2	1
Payback period	15 months	3 months	9 months	9 months

Further opportunities to upgrade technology have been identified, including further automation in areas such as deboning, manual handling and packaging.

Labour productivity improvements

Ingham's has carried out a detailed analysis of labour utilisation and identified opportunities to optimise labour productivity. The primary opportunity identified was to improve labour planning (i.e. matching labour supply and demand) by establishing a Workforce Planning team and implementing purpose-built labour management tools and processes.

These labour productivity initiatives have started to deliver benefits to Ingham's primary processing efficiency. Since March 2016, Ingham's two largest facilities, Murarrie and Bolivar, have delivered efficiency gains due to productivity initiatives. Management expects further efficiency gains to be delivered through FY17 and beyond.

The People and Performance and Workforce Planning teams supported site and operating leaders in renegotiating EAs. Ingham's leveraged the insights obtained in analysing labour management to inform its strategy for EA negotiations in support of Ingham's ongoing efficiency initiatives.

In July 2016, Ingham's renegotiated the EA associated with the Bolivar facility, extending the term of the agreement through to December 2019. The new agreement provides greater flexibility and allows Ingham's to continue implementing its labour optimisation initiatives at the site. Ingham's expects that similar flexibility will be achieved at other sites through FY17 and beyond.

Procurement savings

Historically, Ingham's operated without any centralised general (non-feed) procurement function and was reliant on individuals on site or at the head office to negotiate arrangements with over 6,000 suppliers across Australia and New Zealand, covering an addressable spend of approximately $800 million per annum. As part of Project Accelerate, Ingham's has implemented a centralised procurement function focused on a range of cost savings and efficiencies, developing structured competitive tendering processes, reducing supplier risk and optimising product specifications. Implementation of the first round of procurement initiatives was completed in FY16. A second round of initiatives is underway.

Figure 34: Procurement case studies

			From	To
Labels			23 suppliers	2 suppliers
Personal protective equipment			12 suppliers	2 suppliers

Network rationalisation

During 2015, an end-to-end network strategy was developed. This was informed by Ingham's decision to focus production at major plants in South Australia and Queensland in particular, to take advantage of the lower production costs and investments in automation.

The network strategy identified the need for further investment in capacity in the feedmill, breeder and hatchery networks and also identified rationalisation opportunities. In December 2015, a production line was closed at the Cleveland further processing plant in Queensland, resulting in improved utilisation across the further processing network. A decision was also made to close the Cardiff primary processing plant in New South Wales, which occurred in August 2016.

As a result of the closure of the Cardiff plant, processing volumes were increased through more automated and efficient facilities in South Australia and Queensland, targeting the following benefits:

- increased efficiencies in the broiler network;
- reduced processing costs;
- overhead cost savings; and
- reduction in overall maintenance costs.

Ingham's will continue to assess the strategic importance and efficiency of all its facilities in the value chain, with the aim of optimising its network to balance capital efficiency, quality and agricultural risk.

Warehousing and logistics savings

Efficient operation of warehousing and logistics is key to maximising the operational performance of Ingham's integrated business model. This function covers the storage and transport of all products after the primary processing stage of production.

Ingham's has identified supply chain savings in the following areas:

- line haul costs, including a renegotiation with key suppliers across the network;
- transport efficiencies, including increasing pallet heights and improving route scheduling; and
- warehouse labour management.

Improvement in turkey and smallgoods business

Ingham's turkey and smallgoods operations have had a number of challenges in recent years and recorded a loss in FY15. The key issue related to poor demand planning and excess capacity in farming and breeding operations, leading to oversupply of product that needed to be frozen and sold down at negative margin.

The turkey and smallgoods operations delivered a positive EBITDA result in FY16. This is expected to further increase in FY17. Major restructuring projects have involved:

- improving supply and demand planning;
- reducing capacity, excess production and resulting distressed sales; and
- improving operational efficiency.

These projects are now complete and Ingham's is focused on continual improvement across its turkey and smallgoods operations.

3.7.4 Selectively targeting export growth

Ingham's management believes Ingham's is well placed to add to its existing export base and capture targeted export opportunities should Asian markets prove attractive for Australian and New Zealand poultry producers, as it can:

- leverage its brands ("Ingham's" and "Waitoa") and reputation;
- export from the lowest cost country (either Australia or New Zealand);
- reduce any biosecurity risk by spreading supply of a full range of primary processed and further processed products across two geographies; and
- leverage Australia and New Zealand's global reputation for food safety and quality.

Further opportunities

As the transformation progresses, Ingham's management expects to identify further improvement opportunities and benefits in the areas outlined above and in other areas of the business which may include feed and farming operations.

four

FINANCIAL INFORMATION

4.1 Introduction

4.1.1 Overview of financial information

The financial information for Ingham's contained in this Section 4 includes:

- pro forma historical financial information for Ingham's, comprising the:
  - summarised pro forma historical consolidated income statements for FY14, FY15 and FY16 (**Pro Forma Historical Results**);
  - summarised pro forma historical consolidated cash flow information for FY14, FY15 and FY16 (**Pro Forma Historical Cash Flow Information**); and
  - pro forma historical consolidated statement of financial position as at 25 June 2016 (**Pro Forma Historical Statement of Financial Position**),

  (together, the **Pro Forma Historical Financial Information**);
- pro forma forecast financial information for Ingham's, comprising the:
  - summarised pro forma forecast consolidated income statement for FY17 (**Pro Forma Forecast Results**); and
  - summarised pro forma forecast consolidated cash flow information for FY17 (**Pro Forma Forecast Cash Flow Information**),

  (together, the **Pro Forma Forecast Financial Information**);
- statutory historical financial information for Ingham's, comprising the:
  - summarised statutory historical consolidated income statements for FY14, FY15 and FY16 (**Statutory Historical Results**); and
  - statutory historical consolidated statement of financial position as at 25 June 2016 (**Statutory Historical Statement of Financial Position**),

  (together, the **Statutory Historical Financial Information**);
- adjusted statutory historical financial information for Ingham's, comprising the:
  - summarised adjusted statutory historical consolidated income statements for FY14, FY15 and FY16 (**Adjusted Statutory Historical Results**); and
  - summarised adjusted statutory historical consolidated cash flow information for FY14, FY15 and FY16 (**Adjusted Statutory Historical Cash Flow Information**),

  (together, the **Adjusted Statutory Historical Financial Information**); and
- statutory forecast financial information for Ingham's, comprising the:
  - summarised statutory forecast consolidated income statement for FY17 (**Statutory Forecast Results**); and
  - summarised statutory forecast consolidated cash flow information for FY17 (**Statutory Forecast Cash Flow Information**),

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

The Statutory Historical Financial Information, the Adjusted Statutory Historical Financial Information and the Pro Forma Historical Financial Information together form the **Historical Financial Information**.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information together form the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**. Also summarised in this Section 4 are:

- the basis of preparation and presentation o f the Financial Information (see Section 4.2);
- explanation of certain non-IFRS financial measures (see Section 4.3);
- pro forma adjustments and reconciliations of the Adjusted Statutory Historical Financial Information to the Pro Forma Historical Financial Information (see Sections 4.4.3 and 4.7.3) and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (see Sections 4.4.3 and 4.7.4);
- segment information (see Section 4.5);
- details of Ingham's indebtedness (see Section 4.6.3) and a description of the New Banking Facilities (see Section 4.6.4);
- information regarding liquidity and capital resources (see Section 4.6.5) and Adjusted Working Capital position (see Section 4.6.6);
- information regarding Ingham's capital and contractual commitments (see Section 4.6.7) and contingent liabilities (see Section 4.6.8);
- management's discussion and analysis of the Historical Financial Information (see Section 4.8) and Forecast Financial Information (see Section 4.9);
- the general assumptions, the Directors' best estimate assumptions and the specific assumptions underlying the Forecast Financial Information (see Sections 4.9.1, 4.9.2 and 4.9.3);
- information regarding Project Accelerate initiatives (see Section 4.9.4.11);
- an analysis of the sensitivity of the Forecast Financial Information to changes in certain key assumptions (see Section 4.10);
- a discussion of Ingham's financial risk management framework (see Section 4.11);
- critical accounting estimates and judgements (see Section 4.12); and
- Ingham's proposed dividend policy (see Section 4.13).

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

Selected reconciliations are presented in Appendix B from:

- the Statutory Historical Results to the Adjusted Statutory Historical Results and also from the Adjusted Statutory Historical Results to the Pro Forma Historical Results on a line-by-line basis for FY14, FY15 and FY16;
- segment EBITDA derived from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited to the segment EBITDA presented in the Adjusted Statutory Historical Results for FY15 and FY16; and
- key cash flow measures from the general purpose statutory consolidated financial statements for Ingham Holdings I Pty Limited to the Adjusted Statutory Historical Cash Flow Information for FY14, FY15 and FY16.

All amounts disclosed in the tables in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest hundred thousand.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

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

The Financial Information is presented in an abbreviated form and 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. Ingham's significant accounting policies are set out in Appendix A.

A discussion of the segments Ingham's reports under AASB 8 Operating Segments is set out in Section 4.5.

The Financial Information in this Section 4 includes non-IFRS measures that Ingham's uses to manage and report on its business that are not recognised under AAS or IFRS, as described in Section 4.3.

4.2.2 Fiscal years

Ingham's operates on a 52 or 53 week fiscal year, with a 53 week period occurring every five to seven years. For FY14, an additional reporting week was included because the acquisition of Ingham's by the TPG Entities occurred in the last week of FY13 and as a result, the decision was made to extend the FY14 reporting period to include the last week of FY13.

Accordingly, in this Prospectus, references to "FY14" are to the 53 weeks ended 28 June 2014 (for Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information) and 52 weeks ended 28 June 2014 (for Pro Forma Historical Financial Information), references to "FY15" are to the 52 weeks ended 27 June 2015, references to "FY16" are to the 52 weeks ended 25 June 2016 and references to "FY17" are to the 53 weeks ending 1 July 2017 (for Statutory Forecast Financial Information) and to the 52 weeks ending 24 June 2017 (for Pro Forma Forecast Financial Information), unless otherwise stated.

4.2.3 Seasonality

Generally, there is a broadly even weighting with respect to the contribution of first and second-half earnings to the Company's earnings in a financial year. However the relative contribution of half-yearly earnings in any given year will depend on a number of factors including the number of weeks in each half-year period, the number of public holidays in each half-year period, the timing of first and second-half reporting period ends, the timing of promotional activity and the timing of implementation of strategic business initiatives (e.g. such as Project Accelerate).

In FY17, the weighting of EBITDA is expected to be 45%-48% in the first half, and 52%-55% in the second half.

4.2.4 Preparation of Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information

Until 7 October 2016, Ingham's, the issuer of the New Shares under the Offer, was a private company registered under the name Ingham Holdings I Pty Limited. Ingham Holdings I Pty Limited was converted into a public company on 7 October 2016 and changed its name to Inghams Group Limited on 10 October 2016.

The Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information for FY14 has been derived from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited for FY15 (including comparative information for FY14) and the Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information for FY15 and FY16 has been derived from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited for FY16 (including restated comparative information for FY15) (together, the **Statutory Historical Financial Statements**), as well as from the accounting records of Ingham's.

The Adjusted Statutory Historical Financial Information is adjusted insofar as it has been presented in a different format to that presented in Ingham's Statutory Historical Financial Statements (and the Statutory Historical Results). In the Statutory Historical Financial Statements, the relevant portions of depreciation and amortisation charges are included in cost of sales, distribution expense and sales, general and administration expense. In order to present EBITDA (as defined in Section 4.3.1) in the Financial Information, depreciation

and amortisation have been removed from those cost lines and included in a single line item. In FY14, interest income was reported in revenue in the Statutory Historical Financial Statements (for FY15 and FY16, it was reported in net finance costs). Interest income has therefore been reclassified to net finance costs in the Adjusted Statutory Historical Results for FY14. As a result, each of the cost items presented in the Adjusted Statutory Historical Results, from which depreciation and amortisation have been removed, are non-IFRS measures.

The general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited for FY15 (including comparative information for FY14) were audited by PwC in accordance with Australian Auditing Standards. These consolidated financial statements are Tier 2 general purpose financial statements, which have been prepared in accordance with AAS – Reduced Disclosure Requirements adopted by the AASB and the Corporations Act. PwC issued an unqualified opinion in respect of those periods.

The general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited for FY16 (including restated comparative information for FY15) were audited by KPMG in accordance with Australian Auditing Standards. KPMG issued an unqualified opinion in respect of those periods.

Selected reconciliations are presented in Appendix B from:

- the Statutory Historical Results to the Adjusted Statutory Historical Results and also from the Adjusted Statutory Historical Results to the Pro Forma Historical Results on a line-by-line basis for FY14, FY15 and FY16;
- segment EBITDA derived from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited to the segment EBITDA presented in the Adjusted Statutory Historical Results for FY15 and FY16; and
- key cash flow measures from the general purpose statutory consolidated financial statements for Ingham Holdings I Pty Limited to the Adjusted Statutory Historical Cash Flow Information for FY14, FY15 and FY16.

4.2.5 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared solely for the purpose of inclusion in this Prospectus.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information and the Adjusted Statutory Historical Financial Information, adjusted to reflect the:

- removal of revenue, costs, impairments and the loss on disposal of the discontinued piggery business which Ingham's exited in FY15;
- removal of the first week in FY14, to reflect 52 weeks of trading;
- removal of site closure costs;
- removal of transformation costs;
- removal of head office relocation costs;
- removal of advisory fees payable to the TPG Entities which will not be payable post Completion;
- removal of transaction costs associated with the acquisition of Ingham's by the TPG Entities in FY14;
- removal of the profit on the sale and leaseback of certain land and buildings in FY15;
- inclusion of a pro forma rental cost for the period prior to the sale and leaseback and removal of the depreciation associated with the buildings sold under the sale and leaseback;
- removal of transaction costs associated with the Offer, including advisor fees and Existing Banking Facilities break costs;
- inclusion of the estimated additional costs associated with Ingham's being a listed company, including estimated Board costs, and incremental audit, tax and compliance costs; and
- new capital and debt structure being implemented in connection with the Offer (see Section 4.6.1 for more information regarding the new capital structure).

A detailed description of the pro forma adjustments that have been made to the Statutory Historical Financial Information and the Adjusted Statutory Historical Financial Information is provided as follows:

- Section 4.4.3 provides a reconciliation of the Adjusted Statutory Historical Results to the Pro Forma Historical Results;
- Section 4.6.1 provides a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position;
- Section 4.7.3 provides a reconciliation of the Adjusted Statutory Historical Cash Flow Information to the Pro Forma Historical Cash Flow Information; and
- Appendix B provides a reconciliation of the Statutory Historical Results to the Adjusted Statutory Historical Results, and the Adjusted Statutory Historical Results to the Pro Forma Historical Results on a line-by-line basis for FY14, FY15 and FY16.

The Pro Forma Historical Financial Information presented in this Prospectus has been reviewed by KPMG Transaction Services, in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Limited Assurance Investigating Accountant's Report on the Pro Forma Historical Financial Information. Investors should note the scope and limitations of the Limited Assurance Investigating Accountant's Reports (see Section 8).

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

4.2.6 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Directors have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the general assumptions, the Directors' best estimate assumptions and the specific assumptions set out in Sections 4.9.1, 4.9.2 and 4.9.3. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Ingham's actual financial performance or financial position.

Investors are advised to review the general assumptions, the Directors' best estimate assumptions and the specific assumptions set out in Sections 4.9.1, 4.9.2 and 4.9.3, in conjunction with the significant accounting policies set out in Appendix A, the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and other information set out in this Prospectus.

The forecast income statement for FY17 has been presented on both a statutory and pro forma basis, as follows:

- the statutory forecast consolidated income statement for FY17 reflects the financial performance that the Directors expect to report in Ingham's financial statements for FY17, having regard to the actual trading performance of Ingham's for the first 14 weeks of FY17;
- the statutory forecast consolidated income statement for FY17 assumes Completion will occur on 11 November 2016; hence, it reflects only a part year effect of the capital structure that will be in place following Completion; and
- the pro forma forecast consolidated income statement for FY17 is derived from the statutory forecast consolidated income statement, adjusted to reflect the:
  - removal of the 53rd week of trading;
  - removal of site closure costs;
  - removal of transformation costs;
  - removal of advisory fees payable to TPG Entities recognised prior to Completion;
  - removal of one-off costs associated with the Offer and refinancing;
  - full year effect of the inclusion of incremental listed company costs;
  - removal of existing long term incentive (**LTI**) scheme;
  - removal of transaction bonuses paid to certain management employees in connection with the Offer;
  - inclusion of full year impact of new LTI scheme;
  - removal of write-off of capitalised debt costs associated with the Existing Banking Facilities;
  - removal of debt break costs associated with the Existing Banking Facilities; and
  - change in capital structure.

Table 15 in Section 4.4.3 provides a reconciliation between the Statutory Forecast Results and the Pro Forma Forecast Results. Similarly, Table 26 in Section 4.7.4 provides a reconciliation between the Statutory Forecast Cash Flow Information and the Pro Forma Forecast Cash Flow Information.

The basis of preparation and presentation of the Pro Forma Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Forecast Financial Information presented in this Prospectus has been reviewed by KPMG Transaction Services, in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information*, stated in its Limited Assurance Investigating Accountant's Report on the Forecast Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Forecast Financial Information (see Section 8). The Limited Assurance Investigating Accountant's Report on the Forecast Financial Information has been prepared solely in connection with the offer of Shares in Australia and New Zealand and has been omitted from the Institutional Offering Memorandum being distributed in the United States.

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

4.3 Explanation of certain non-IFRS financial measures

Ingham's uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are referred to as non-IFRS financial measures. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with AAS or IFRS and not be a substitute for those measures. Because non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that Ingham's calculates them may be different to the way that other companies calculate similarly-titled measures.

The principal non-IFRS financial measures used in this Prospectus are described below.

4.3.1 Income statement

EBITDA and EBITDA margin

EBITDA represents earnings before interest, taxation, depreciation and amortisation.

Given that it eliminates the non-cash charges for depreciation and amortisation, management believes that EBITDA is useful to help understand the cash generation potential of the business. However, it should not be considered as an alternative to cash flow from operations because it does not reflect actual cash movements or movements in Ingham's Adjusted Working Capital (as defined below).

EBITDA margin is calculated as EBITDA divided by revenue and expressed as a percentage.

Management uses EBITDA and EBITDA margin to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are affected by the capital structure and historical tax position of Ingham's, respectively.

EBIT and EBIT margin

EBIT represents earnings before interest and taxation. EBIT margin is calculated as EBIT divided by revenue and expressed as a percentage.

Some of the limitations of EBITDA, EBITDA margin, EBIT and EBIT margin are that these measures do not reflect the following:

- Ingham's available cash or capital expenditure;
- changes in Ingham's working capital needs;
- the cash requirements necessary to service interest payments or principal repayments in respect of any borrowings;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will have to be replaced in the future and there will likely be cash requirements for such replacements; and
- other companies in Ingham's industry may calculate these measures differently from how Ingham's does, thus limiting its usefulness as a comparative measure.

4.3.2 Statement of financial position

Adjusted Working Capital

Adjusted Working Capital is defined as the total of trade and other receivables, inventories and biological assets, less trade and other payables. Management believes this allows the Company to measure its short term liquidity.

Some of the limitations of Adjusted Working Capital are that:

- it does not reflect Ingham's future requirements for working capital, capital expenditure, or contractual commitments; and
- other companies in Ingham's industry may calculate this measure differently from how Ingham's does, thus limiting its usefulness as a comparative measure.

Net Debt

Net Debt represents total borrowings less cash and cash equivalents. Management believes this is a useful measure as it displays Ingham's credit position.

One of the limitations of this measure is that cash and cash equivalents may be required for purposes other than debt reduction.

4.3.3 Cash flow information

Capital Expenditure

Capital Expenditure is described as payments for property, plant and equipment in the Statutory Historical Financial Statements.

Capital Expenditure relates to new equipment, technology and maintenance to keep all facilities and equipment at the required standard and to maintain the existing operations and earnings of Ingham's. Capital Expenditure is also spent to increase revenues and earnings through the expansion of operating activities and capacity and to drive improvements in production efficiencies.

One of the limitations of this measure is that other companies in Ingham's industry may calculate this measure differently from how Ingham's does, thus limiting its usefulness as a comparative measure.

Adjusted Operating Cash Flow

Adjusted Operating Cash Flow represents net cash from operating activities before Interest received, Interest and finance charges paid and Tax paid. As a result, it is a measure of the operating cash flow generated by the business before Capital Expenditure and other investing activities. It is important to note that Adjusted Operating Cash Flow does not take into account the requirements of the business for cash to fund financing costs (such as interest expenses and bank fees), debt repayments and tax payments.

Adjusted Free Cash Flow

Adjusted Free Cash Flow represents net cash from operating and investing activities before Interest received, Interest and finance charges paid and Tax paid. As a result, it is a measure of the operating cash flow generated by the business after Capital Expenditure and other investing activities but before net interest paid and tax paid.

Management views Adjusted Operating Cash Flow and Adjusted Free Cash Flow as important measures as they allow for measurement of Ingham's ability to generate cash and reduce its debt.

Some of the limitations of these measures are:

- cash flow under these measures is not available exclusively for discretionary expenditures as cash is required for non-discretionary expenditures, such as interest payments and principal repayments on outstanding debt, and dividend payments or operating expenses; and
- other companies in Ingham's industry may calculate these measures differently from how Ingham's does, thus limiting its usefulness as a comparative measure.

4.4 Historical and forecast results

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

Table 12 sets out the Pro Forma Historical Results for FY14, FY15 and FY16 and the Pro Forma Forecast Results and Statutory Forecast Results for FY17. The Pro Forma Historical Results and Pro Forma Forecast Results are reconciled to the Adjusted Statutory Historical Results and Statutory Forecast Results in Table 15. The Pro Forma Forecast Results and Statutory Forecast Results are subject to the general assumptions, the Directors' best estimate assumptions and the specific assumptions underlying the Forecast Financial Information (see Sections 4.9.1, 4.9.2 and 4.9.3).

Table 12: Summary of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
$ millions	Notes	FY14 52 weeks	FY15 52 weeks	FY16 52 weeks	FY17 52 weeks	FY17 53 weeks
Revenue		**2,230.5**	**2,271.9**	**2,308.7**	**2,375.0**	**2,419.3**
Cost of sales	1	(1,851.2)	(1,920.8)	(1,886.3)	(1,916.6)	(1,951.4)
Gross profit		**379.3**	**351.1**	**422.4**	**458.4**	**467.9**
Other income	2	0.3	7.0	3.7	–	–
Distribution expense	3	(139.9)	(139.9)	(135.7)	(144.2)	(147.0)
Sales, general and administration expense	4	(98.0)	(104.1)	(123.4)	(124.6)	(177.3)
Share of net profit of JV	5	0.4	0.4	0.5	0.5	0.5
EBITDA		**142.1**	**114.5**	**167.5**	**190.1**	**144.1**
Depreciation and amortisation	6	(40.2)	(33.3)	(34.4)	(42.2)	(43.1)
EBIT		**101.9**	**81.2**	**133.1**	**147.9**	**101.0**
Net finance costs	7	(19.9)	(19.2)	(18.0)	(15.4)	(43.2)
Profit before tax		**82.0**	**62.0**	**115.1**	**132.5**	**57.8**
Income tax expense	8	(25.0)	(10.3)	(32.0)	(33.7)	(12.5)
NPAT		**57.0**	**51.7**	**83.1**	**98.8**	**45.3**

Notes:
1. Cost of sales includes feed costs, direct labour costs, husbandry fees, facilities costs and product inputs and consumables.
2. Other income includes profit on disposal of property, plant and equipment and other sundry income.
3. Distribution expense includes freight costs, labour costs and facilities costs.
4. Sales, general and administration expense includes salaries and wages, insurance, marketing, IT and telecommunications costs. In the Statutory Forecast Results, this also includes costs of the Offer.
5. Share of net profit of JV comprises Ingham's 50% share of AFB International Pty Limited.
6. In Ingham's Statutory Historical Results, the relevant portions of depreciation and amortisation charges are included in cost of sales, distribution expense and sales, general and administration expense. In order to present EBITDA, depreciation and amortisation have been removed from those cost lines and included in a single line-item. As a result, each of the cost lines presented in Table 12, from which depreciation and amortisation have been removed, are non-IFRS measures. A detailed reconciliation of the Statutory Historical Results to the Adjusted Statutory Historical Results (including the reallocation of depreciation and amortisation) and of the Adjusted Statutory Historical Results to the Pro Forma Historical Results is included in Appendix B.
7. Pro forma net finance costs in FY14 to FY16 have been adjusted to reflect the terms of the New Banking Facilities. For more information, see Section 4.6.4.
8. Pro forma income tax expense has been calculated based on the statutory income tax expense, adjusted for the tax effect of each of the pro forma adjustments set out in Section 4.4.3. The pro forma forecast income tax expense is forecast based on the current Australian and New Zealand corporate tax rates of 30% and 28%, respectively. The pro forma effective tax rate is forecast to be approximately 25% in FY17, primarily due to an effective tax rate in Australia which is lower than the corporate tax rate due to certain items being not assessable for Australian income tax purposes.

Table 13 provides a summary of Ingham's pro forma historical key operating and financial metrics for FY14, FY15 and FY16 and the pro forma forecast key operating and financials metrics for FY17.

Table 13: Pro forma historical and forecast key operating and financial metrics for FY14 to FY17

		Pro Forma Historical			Pro Forma Forecast
	Notes	FY14 52 weeks	FY15 52 weeks	FY16 52 weeks	FY17 52 weeks
Key operating metrics					
Poultry volume (kt)		432.7	425.2	444.2	478.3
Poultry volume growth (% increase year over year)			(1.7)%	4.5%	7.7%
Stockfeed volume (kt)	1	545.6	580.4	561.9	577.6
Stockfeed volume growth (% increase year over year)			6.4%	(3.2)%	2.8%
Key financial metrics	2				
Revenue growth (% increase year over year)			1.9%	1.6%	2.9%
Gross profit growth (% increase year over year)			(7.4)%	20.3%	8.5%
Gross profit margin	3	17.0%	15.5%	18.3%	19.3%
EBITDA growth (% increase year over year)			(19.4)%	46.3%	13.5%
EBITDA margin		6.4%	5.0%	7.3%	8.0%
EBIT growth (% increase year over year)			(20.3)%	63.9%	11.1%
EBIT margin		4.6%	3.6%	5.8%	6.2%

Notes:
1. Reflects external sales of stockfeed only. Excludes stockfeed used by Ingham's and its contract growers for the production of poultry.
2. Statutory key financial metrics are included in Sections 4.8.2 and 4.8.4.
3. Gross profit margin is calculated as gross profit divided by revenue and expressed as a percentage.

4.4.2 Statutory Historical Results and Adjusted Statutory Historical Results

Table 14 sets out the Statutory Historical Results and Adjusted Statutory Historical Results for FY14, FY15 and FY16. To show EBITDA and EBIT in the below Adjusted Statutory Historical Results presentation, depreciation and amortisation have been removed from certain line items and are shown as a separate line item (additionally, for FY14, interest income has been reclassified from revenue to net finance costs) (refer to Appendix B for a line-by-line reconciliation). Consequently, the Adjusted Statutory Historical Results below are not the same presentation as reflected in the Statutory Historical Results.

Table 14: Summary of Statutory Historical Results and Adjusted Statutory Historical Results

		Statutory Historical			Adjusted Statutory Historical		
$ millions	Notes	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks
Revenue		**2,278.9**	**2,273.8**	**2,308.7**	**2,277.4**	**2,273.8**	**2,308.7**
Cost of sales	1	(1,891.9)	(1,940.0)	(1,919.1)	(1,850.7)	(1,909.7)	(1,886.3)
Gross profit					**426.7**	**364.1**	**422.4**
Other income	2	0.3	195.9	3.7	0.3	195.9	3.7
Distribution expense	3	(143.1)	(140.4)	(136.1)	(142.5)	(139.9)	(135.7)
Sales, general and administration expense	4	(161.8)	(121.3)	(185.5)	(158.2)	(118.8)	(184.3)
Share of net profit of JV	5	0.4	0.4	0.5	0.4	0.4	0.5
EBITDA					**126.7**	**301.7**	**106.6**
Depreciation and amortisation	6				(45.4)	(33.3)	(34.4)
EBIT		**82.8**	**268.4**	**72.2**	**81.3**	**268.4**	**72.2**
Net finance costs		(60.7)	(70.5)	(39.7)	(59.2)	(70.5)	(39.7)
Profit before tax		**22.1**	**197.9**	**32.5**	**22.1**	**197.9**	**32.5**
Income tax expense		(22.0)	(51.0)	(7.3)	(22.0)	(51.0)	(7.3)
NPAT		**0.1**	**146.9**	**25.2**	**0.1**	**146.9**	**25.2**

Notes:

1. Cost of sales includes feed costs, direct labour costs, husbandry fees, facilities costs and product inputs and consumables.
2. Other income includes profit on disposal of property, plant and equipment, profit on disposal of a portfolio of land and buildings as part of the sale and leaseback in FY15 and other sundry income.
3. Distribution expense includes freight costs, labour costs and facilities costs.
4. Sales, general and administration expense includes salaries and wages, insurance, marketing, IT, telecommunications costs and TPG Entities acquisition costs.
5. Share of net profit of JV includes Ingham's 50% share of AFB International Pty Limited.
6. In Ingham's Statutory Historical Results, the relevant portions of depreciation and amortisation charges are included in cost of sales, distribution expense and sales, general and administration expense. In order to present EBITDA in the Adjusted Statutory Historical Results, depreciation and amortisation have been removed from those cost lines and included in a single line item. As a result, each of the cost lines presented in Table 14, from which depreciation and amortisation have been removed, are non-IFRS measures. A detailed reconciliation of the Statutory Historical Results to the Adjusted Statutory Historical Results (including the reallocation of depreciation and amortisation) and of the Adjusted Statutory Historical Results to the Pro Forma Historical Results is included in Appendix B.

4.4.3 Pro forma adjustments to the Adjusted Statutory Historical Results and Statutory Forecast Results

Table 15 sets out the reconciliation of revenue, EBITDA and NPAT from the Adjusted Statutory Historical Results and the Statutory Forecast Results to the Pro Forma Historical Results and the Pro Forma Forecast Results, respectively.

The Pro Forma Historical Results are reconciled to the Adjusted Statutory Historical Results on a line-by-line basis in Appendix B. The Pro Forma Forecast Results and Statutory Forecast Results are subject to general assumptions, the Directors' best estimate assumptions and the specific assumptions underlying the Forecast Financial Information (see Sections 4.9.1, 4.9.2 and 4.9.3).

Table 15: Pro forma adjustments to the Adjusted Statutory Historical Results and Statutory Forecast Results

		Historical			Forecast
$ millions	Notes	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks	FY17 53 weeks
Adjusted statutory revenue		**2,277.4**	**2,273.8**	**2,308.7**	**2,419.3**
Discontinued piggery business	1	(5.7)	(1.9)	–	–
Removal of 53rd week	2	(41.2)	–	–	(44.3)
Pro forma revenue		**2,230.5**	**2,271.9**	**2,308.7**	**2,375.0**
Adjusted statutory EBITDA		**126.7**	**301.7**	**106.6**	**144.1**
Discontinued piggery business	1	2.8	0.6	–	–
Removal of 53rd week	2	(2.4)	–	–	(4.3)
Removal of site closure costs	3	–	1.7	14.9	3.1
Removal of transformation costs	4	–	13.1	19.3	3.3
Removal of head office relocation costs	5	–	–	25.4	–
Removal of advisory fees	6	3.0	3.1	3.1	1.0
Removal of TPG Entities acquisition costs	7	58.3	–	–	–
Removal of profit on sale and leaseback	8	–	(188.9)	–	–
Inclusion of rental costs on sale and leaseback	9	(44.1)	(14.6)	–	–
Removal of costs of the Offer	10	–	–	0.4	30.7
Inclusion of listed company costs	11	(2.2)	(2.2)	(2.2)	(0.6)
Removal of existing LTI scheme	12	–	–	–	4.5
Removal of transaction bonuses	13	–	–	–	8.6
Inclusion of new LTI scheme	14	–	–	–	(0.3)
Pro forma EBITDA		**142.1**	**114.5**	**167.5**	**190.1**

		Historical			Forecast
$ millions	Notes	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks	FY17 53 weeks
Adjusted statutory NPAT		**0.1**	**146.9**	**25.2**	**45.3**
Discontinued piggery business	1	2.0	0.4	–	–
Removal of 53rd week	2	(0.8)	–	–	(2.3)
Removal of site closure costs	3	–	1.2	10.5	2.2
Removal of transformation costs	4	–	9.2	13.5	2.3
Removal of head office relocation costs	5	–	–	17.8	–
Removal of advisory fees	6	2.2	2.2	2.2	0.7
Removal of TPG Entities acquisition costs	7	55.7	–	–	–
Removal of profit on sale and leaseback	8	–	(132.3)	–	–
Inclusion of rental costs on sale and leaseback	9	(27.9)	(10.2)	–	–
Removal of costs of the Offer	10	–	–	0.3	21.6
Inclusion of listed company costs	11	(1.6)	(1.6)	(1.6)	(0.5)
Removal of existing LTI scheme	12	–	–	–	4.5
Removal of transaction bonuses	13	–	–	–	6.0
Inclusion of new LTI scheme	14	–	–	–	(0.3)
Removal of write-off of capitalised debt costs	15	–	–	–	5.0
Removal of debt break costs	16	–	–	–	10.3
Change in capital structure	17	27.3	35.9	15.2	4.0
Pro forma NPAT		**57.0**	**51.7**	**83.1**	**98.8**

Notes:

1. **Discontinued piggery business.** Ingham's exited its piggery business in FY15. This adjustment removes the revenue and costs associated with the piggery business in FY14 and FY15, including the impairment of piggery stock in FY14, and the loss on disposal of the business in FY15.
2. **Removal of 53rd week.** In FY14, a 53rd week was included in the results because the acquisition of Ingham's by the TPG Entities occurred in the last week of FY13 and as a result, the decision was made to extend the FY14 reporting period to include the last week of FY13. This adjustment removes the first week of the FY14 adjusted statutory historical results. In FY17, due to the timing of the fiscal year end, the statutory period will be a 53 week period. This adjustment removes the 53rd week of the statutory forecast results in FY17.
3. **Removal of site closure costs.** Relates to costs incurred as part of a business restructure. FY15 costs relate to redundancies associated with the closure of the Hoxton Park, New South Wales and Foggo Road, South Australia processing facilities. FY16 costs relate to the closure of the Cardiff, New South Wales primary processing facility which was announced in June 2016, resulting in Ingham's providing for redundancy costs, writing down assets that could not be transferred to other facilities, impairing obsolete stock and recognising onerous contracts with suppliers. The Cardiff facility ceased operations on 17 August 2016.
4. **Removal of transformation costs.** Relates predominantly to consultant costs incurred as part of the transformation program that commenced in FY15.
5. **Removal of head office relocation costs.** Relates to the costs of relocating the head office from Liverpool, New South Wales to North Ryde, New South Wales including redundancy costs and salary costs from the time employees were made redundant, and recognition of an onerous lease in relation to the Liverpool office.
6. **Removal of advisory fees.** Relates to fees for services charged by the TPG Entities in respect of the period prior to Completion which will not be incurred following Completion. This adjustment removes the fees attributable to the period prior to Completion.
7. **Removal of TPG Entities acquisition costs.** Relates to the removal of costs (including employee incentives) associated with the acquisition of Ingham's by the TPG Entities in FY14.
8. **Removal of profit on sale and leaseback.** Removal of the profit on disposal of a portfolio of land and buildings as part of the sale and leaseback in FY15.
9. **Inclusion of rental costs on sale and leaseback.** Reflects the estimated incremental rental expense that would have been incurred in FY14 and FY15 had the properties that were subject to the sale and leaseback transaction in FY15, been leased from the start of FY14, based on the FY16 rental cost and escalation clauses for each property. The NPAT impact of this adjustment also includes the removal of depreciation associated with the properties that were sold.
10. **Removal of costs of the Offer.** Adjustment to remove the costs incurred in connection with the Offer.
11. **Inclusion of listed company costs.** Ingham's current estimate of the incremental annual costs that it will incur as a listed public company with a part year adjustment in FY17 for costs not incurred prior to Completion, as costs for the period following Completion are included in the statutory forecast results for FY17.
12. **Removal of existing LTI scheme.** Removal of the remaining share-based payments expense to be recognised in FY17 in relation to the existing LTI scheme.
13. **Removal of transaction bonuses.** Removal of bonuses to be paid to certain management employees in connection with the Offer.
14. **Inclusion of new LTI scheme.** Adjustment to reflect a full year effect of the new LTI scheme to be put in place following the Offer.
15. **Removal of write-off of capitalised debt costs.** Removal of the write-off of capitalised establishment costs associated with the Existing Banking Facilities.
16. **Removal of debt break costs.** Removal of the costs associated with breaking the swaps associated with the Existing Banking Facilities.
17. **Change in capital structure.** Removal of the finance costs associated with the Existing Banking Facilities and inclusion of the estimated finance costs that would have been incurred in each period, had the post-Completion capital structure been in place from the start of FY14.

4.5 Segment information

In accordance with Australian Accounting Standard AASB 8, Ingham's has determined that its reporting segments comprise Australia and New Zealand. These segments represent the manner in which Ingham's expects to report in future periods. Ingham's was not required to disclose segment information in its general purpose statutory consolidated financial statements for FY15 (from which the FY14 Pro Forma Historical Results and Adjusted Statutory Historical Results were derived), as these were prepared in accordance with AAS – Reduced Disclosure Requirements adopted by the AASB and the Corporations Act. Accordingly, such financial statements do not contain segment information. Ingham's has, however, disclosed certain segment information in respect of FY14 in Tables 16 and 17 for the purposes of a discussion of Ingham's results.

The segment Adjusted Statutory Historical Financial Information for FY15 and FY16 has been derived from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited for FY16 (including restated comparative information for FY15) and from the accounting records of Ingham's. The segment Adjusted Statutory Historical Financial Information for FY14 has been derived from the accounting records of Ingham's.

Table 16 sets out the segment pro forma historical revenue, EBITDA, EBITDA margin, EBIT and EBIT margin for FY14, FY15 and FY16, and segment pro forma forecast revenue, EBITDA, EBITDA margin, EBIT and EBIT margin for FY17.

Table 16: Segment Pro Forma Historical Results and Pro Forma Forecast Results

	Pro Forma Historical			Pro Forma Forecast	Growth rates		
$ millions	FY14 52 weeks	FY15 52 weeks	FY16 52 weeks	FY17 52 weeks	FY14-FY15	FY15-FY16	FY16-FY17
Revenue							
Australia	1,892.3	1,914.9	1,955.2	2,003.3	1.2%	2.1%	2.5%
New Zealand	338.2	357.0	353.5	371.7	5.6%	(1.0)%	5.1%
Total revenue	**2,230.5**	**2,271.9**	**2,308.7**	**2,375.0**	**1.9%**	**1.6%**	**2.9%**
EBITDA							
Australia	112.4	80.6	132.2	153.1	(28.3)%	64.0%	15.8%
New Zealand	29.7	33.9	35.3	37.0	14.1%	4.1%	4.8%
Total EBITDA	**142.1**	**114.5**	**167.5**	**190.1**	**(19.4)%**	**46.3%**	**13.5%**
EBITDA margin							
Australia	5.9%	4.2%	6.8%	7.6%	n/a	n/a	n/a
New Zealand	8.8%	9.5%	10.0%	10.0%	n/a	n/a	n/a
Total EBITDA margin	**6.4%**	**5.0%**	**7.3%**	**8.0%**	**n/a**	**n/a**	**n/a**
EBIT							
Australia	81.8	52.8	103.5	117.6	(35.5)%	96.0%	13.6%
New Zealand	20.1	28.4	29.6	30.3	41.3%	4.2%	2.4%
Total EBIT	**101.9**	**81.2**	**133.1**	**147.9**	**(20.3)%**	**63.9%**	**11.1%**
EBIT margin							
Australia	4.3%	2.8%	5.3%	5.9%	n/a	n/a	n/a
New Zealand	5.9%	8.0%	8.4%	8.2%	n/a	n/a	n/a
Total EBIT margin	**4.6%**	**3.6%**	**5.8%**	**6.2%**	**n/a**	**n/a**	**n/a**

Table 17 sets out the segment adjusted statutory historical revenue, EBITDA, EBITDA margin, EBIT and EBIT margin for FY14, FY15 and FY16.

Table 17: Segment Adjusted Statutory Historical Results

	Adjusted Statutory Historical			Growth rates	
$ millions	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks	FY14-FY15	FY15-FY16
Revenue					
Australia	1,933.2	1,916.8	1,955.2	(0.8)%	2.0%
New Zealand	344.2	357.0	353.5	3.7%	(1.0)%
Total revenue	**2,277.4**	**2,273.8**	**2,308.7**	**(0.2)%**	**1.5%**
EBITDA[1]					
Australia	90.5	266.4	70.1	194.4%	(73.7)%
New Zealand	36.2	35.3	36.5	(2.5)%	3.4%
Total EBITDA	**126.7**	**301.7**	**106.6**	**138.1%**	**(64.7)%**
EBITDA margin					
Australia	4.7%	13.9%	3.6%	n/a	n/a
New Zealand	10.5%	9.9%	10.3%	n/a	n/a
Total EBITDA margin	**5.6%**	**13.3%**	**4.6%**	**n/a**	**n/a**
EBIT					
Australia	55.8	238.7	41.1	327.8%	(82.8)%
New Zealand	25.5	29.7	31.1	16.5%	4.7%
Total EBIT	**81.3**	**268.4**	**72.2**	**230.1%**	**(73.1)%**
EBIT margin					
Australia	2.9%	12.5%	2.1%	n/a	n/a
New Zealand	7.4%	8.3%	8.8%	n/a	n/a
Total EBIT margin	**3.6%**	**11.8%**	**3.1%**	**n/a**	**n/a**

Note:
1. A reconciliation of the segment adjusted statutory EBITDA to the segment statutory EBITDA derived from Ingham's general purpose statutory consolidated financial statements is presented in Appendix B.

Table 18 provides a summary of Ingham's pro forma historical and pro forma forecast revenue breakdown by product group. Poultry comprises sales of chicken (including primary, free range, further processed and value-enhanced), turkey and ingredients. Stockfeed comprises external sales of poultry, pig, dairy and horse feed.

Table 18: Summary of pro forma historical and pro forma forecast revenue breakdown by product group

		Pro Forma Historical			Pro Forma Forecast	Growth rates		
$ millions	Notes	FY14 52 weeks	FY15 52 weeks	FY16 52 weeks	FY17 52 weeks	FY14-FY15	FY15-FY16	FY16-FY17
Revenue								
Poultry		1,939.8	1,957.6	2,013.7	2,081.2	0.9%	2.9%	3.4%
Stockfeed	1	288.4	312.3	293.1	293.5	8.3%	(6.1)%	0.1%
Sales revenue		**2,228.2**	**2,269.9**	**2,306.8**	**2,374.7**	**1.9%**	**1.6%**	**2.9%**
Other revenue	2	2.3	2.0	1.9	0.3	(13.0)%	(5.0)%	(84.2)%
Total revenue		**2,230.5**	**2,271.9**	**2,308.7**	**2,375.0**	**1.9%**	**1.6%**	**2.9%**

Notes:
1. Reflects external sales of stockfeed only. Excludes stockfeed used by Ingham's and its contract growers for the production of poultry.
2. Other revenue includes rental income and sundry revenue.

Table 19 provides a summary of Ingham's adjusted statutory historical and statutory forecast revenue breakdown by product group.

Table 19: Summary of adjusted statutory historical and statutory forecast revenue breakdown by product group

		Adjusted Statutory Historical			Statutory Forecast	Growth rates		
$ millions	Notes	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks	FY17 53 weeks	FY14-FY15	FY15-FY16	FY16-FY17
Revenue								
Poultry		1,981.9	1,959.5	2,013.7	2,120.3	(1.1)%	2.8%	5.3%
Stockfeed	1	293.2	312.3	293.1	298.7	6.5%	(6.1)%	1.9%
Sales revenue		**2,275.1**	**2,271.8**	**2,306.8**	**2,419.0**	**(0.1)%**	**1.5%**	**4.9%**
Other revenue	2	2.3	2.0	1.9	0.3	(13.0)%	(5.0)%	(84.2)%
Total revenue		**2,277.4**	**2,273.8**	**2,308.7**	**2,419.3**	**(0.2)%**	**1.5%**	**4.8%**

Notes:
1. Reflects external sales of stockfeed only. Excludes stockfeed used by Ingham's and its contract growers for the production of poultry.
2. Other revenue includes rental income and sundry revenue.

4.6 Statement of financial position

4.6.1 Pro Forma Historical Statement of Financial Position and Statutory Historical Statement of Financial Position

Table 20 sets out the adjustments that have been made to the Statutory Historical Statement of Financial Position of Ingham's as at 25 June 2016 to present a Pro Forma Historical Statement of Financial Position for Ingham's as though the Offer had been completed on 25 June 2016. These adjustments reflect the events and assumptions discussed in the notes to Table 20, including the proceeds of the Offer and the impact of the operating and capital structure that will be in place following Completion as if they had occurred or were in place as at 25 June 2016.

The adjustments also include assumptions relating to the Offer which include matters not known at the Prospectus Date, including for example, the Final Price, the extent of sell down by Selling Shareholders and the number of New Shares to be issued by Ingham's. The Pro Forma Historical Statement of Financial Position is therefore provided for illustrative purposes only and is not necessarily indicative of Ingham's view of its future financial position.

In particular, cash and cash equivalents in the Pro Forma Historical Statement of Financial Position have been adjusted to reflect the impact of the Offer and the refinancing arrangements as if they took place as at 25 June 2016, and as such are not adjusted for various anticipated cash requirements of the business between 25 June 2016 and Completion. The resulting cash and cash equivalents balance is not reflective of management's estimated cash position immediately following Completion, which is $30 million. Refer to Table 21 for estimated financial indebtedness as at Completion.

On Completion, Ingham's will issue new equity and draw down on its New Banking Facilities (see Section 4.6.4), with proceeds from the sale of New Shares used to pay:

- amounts owed by Ingham's under its Existing Banking Facilities (including debt break fees and associated derivatives) in place prior to Completion;
- repayment of a promissory note which crystallises as a result of the Offer;
- establishment costs in respect of the New Banking Facilities applicable immediately upon Completion; and
- other transaction advisory fees, costs and expenses arising in connection with the Offer.

Further information on the sources and uses of funds of the Offer is contained in Section 7.1.2 (Table 35) and further information on the New Banking Facilities is contained in Section 4.6.4.

Pro forma adjustments made to remove items from the Statutory Historical Statement of Financial Position reflect the balances that existed as at 25 June 2016, and therefore will not correspond to similar pro forma adjustments to the Statutory Forecast Results or the Statutory Forecast Cash Flow Information, which reflect the amounts at the time they are expected to be incurred or paid.

Table 20: Pro Forma Historical Statement of Financial Position and Statutory Historical Statement of Financial Position as at 25 June 2016

$ millions	Notes	Statutory 25 June 2016	Impact of the Offer and refinancing	Pro Forma 25 June 2016
Current assets				
Cash and cash equivalents	1	75.3	(24.0)	51.3
Trade and other receivables		221.3	–	221.3
Biological assets		115.3	–	115.3
Inventories		159.6	–	159.6
Current tax assets	2	–	3.4	3.4
Assets classified as held for sale		1.2	–	1.2
Total current assets		**572.7**	**(20.6)**	**552.1**
Non-current assets				
Investments accounted for using the equity method		1.6	–	1.6
Property, plant and equipment		372.0	–	372.0
Deferred tax assets	3	–	0.7	0.7
Total non-current assets		**373.6**	**0.7**	**374.3**
Total assets		**946.3**	**(19.9)**	**926.4**
Current liabilities				
Trade and other payables	4	(239.7)	4.5	(235.2)
Borrowings	5	(21.2)	21.2	–
Current tax liabilities	2	(5.0)	5.0	–
Provisions		(93.3)	–	(93.3)
Derivative financial instruments	6	(7.9)	5.7	(2.2)
Total current liabilities		**(367.1)**	**36.4**	**(330.7)**
Non-current liabilities				
Trade and other payables		(2.7)	–	(2.7)
Borrowings	7	(520.3)	102.1	(418.2)
Provisions		(44.1)	–	(44.1)
Derivative financial instruments	6	(6.5)	6.5	–
Deferred tax liabilities	3	(6.8)	6.8	–
Total non-current liabilities		**(580.4)**	**115.4**	**(465.0)**
Total liabilities		**(947.5)**	**151.8**	**(795.7)**
Net (liabilities)/assets		**(1.2)**	**131.9**	**130.7**
Equity				
Contributed equity	8	107.8	164.5	272.3
Reserves	9	33.4	13.0	46.4
(Accumulated losses)/Retained earnings	10	(142.4)	(45.6)	(188.0)
(Deficiency of equity)/Total equity		**(1.2)**	**131.9**	**130.7**

Notes:

1. **Cash and cash equivalents**. Adjustment reflects the repayment of a promissory note which crystallises as a result of the Offer for cash of $40.0 million, repayment of the Existing Banking Facilities of $509.6 million (including payment of accrued interest), payment of costs of the Offer of $37.4 million (assumes the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities sell 60% of their Existing Shares) and break costs associated with the interest rate swaps of $12.2 million, payment of employee bonuses of $8.6 million, receipt of repayments of management loans of $2.1 million, payment of dividends under the existing LTI scheme of $3.2 million, receipt of the proceeds from the issue of New Shares under the Offer of $166.7 million (assumes the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities sell 60% of their Existing Shares), drawdown of the New Banking Facilities of $420.0 million and payment of establishment costs associated with the New Banking Facilities of $1.8 million.
2. **Current tax assets and liabilities.** Adjustments reflect the tax deductibility of the break costs associated with the interest rate swaps ($3.6 million), the write-off of capitalised debt establishment costs associated with the Existing Banking Facilities ($2.2 million) and employee bonuses ($2.6 million).
3. **Deferred tax assets and liabilities.** Adjustment reflects the tax deductibility of costs of the Offer of $37.4 million over five years, resulting in recognition of a deferred tax asset of $11.1 million and reversal of deferred tax assets associated with the swaps of $3.6 million.

4. **Trade and other payables.** Adjustment reflects the payment of accrued interest in respect of the Existing Banking Facilities and the associated interest rate swaps of $0.9 million, payment of accrued costs of the Offer of $0.4 million and payment of dividends under the existing LTI scheme of $3.2 million.
5. **Current borrowings.** Adjustments reflect the repayment of the Existing Banking Facilities ($25.4 million) and the write-off of capitalised debt establishment costs associated with the Existing Banking Facilities ($4.2 million).
6. **Derivative financial instruments.** Adjustment reflects the settlement of interest rate swaps associated with the Existing Banking Facilities ($5.7 million current, $6.5 million non-current).
7. **Non-current borrowings.** Adjustment reflects the repayment of a promissory note which crystallises as a result of the Offer ($40.0 million), repayment of the Existing Banking Facilities ($483.3 million), write-off of capitalised debt establishment costs associated with the Existing Banking Facilities ($3.0 million) and the drawdown of the New Banking Facilities ($420.0 million) offset by the capitalisation of debt establishment costs associated with the New Banking Facilities of $1.8 million, to be amortised over the term of the facilities.
8. **Contributed equity.** Adjustment reflects the receipt of repayments of management loans of $2.1 million, the issue of $166.7 million of New Shares under the Offer (assumes the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities sell 60% of their Existing Shares), and costs of the Offer of $6.3 million offset in equity ($4.3 million after tax).
9. **Reserves.** Adjustment reflects the recognition of $4.5 million of share-based payments expense associated with the existing LTI scheme, and the reversal of $12.1 million ($8.5 million after tax) previously taken to the cash flow hedging reserve in respect of derivatives hedging the Existing Banking Facilities.
10. **Retained earnings.** Adjustment reflects the costs of the Offer to be expensed of $30.7 million ($21.6 million after tax), break costs associated with the interest rate swaps of $12.1 million relating to the Existing Banking Facilities ($8.5 million after tax), the write-off of capitalised debt establishment costs associated with the Existing Banking Facilities of $7.2 million ($5.0 million after tax), employee bonuses of $8.6 million ($6.0 million after tax) and the recognition of the share-based payments expense associated with the existing LTI scheme of $4.5 million.

4.6.2 Sale and leaseback

During FY15 Ingham's sold 51 facilities (with long term leases in place) under a sale and leaseback arrangement, resulting in cash proceeds of $540.0 million being recognised in the statutory cash flow for FY15 and a profit on sale of $188.9 million (before tax) in the statutory income statement for FY15. Refer to Section 3.5.4 for further details of Ingham's owned and leased real property.

Together with the cash generated from operating activities during the period, the proceeds of the sale were used to refinance debt (borrowings of $597.5 million were repaid and borrowings of $517.3 million were drawn down), and to pay dividends of $314.6 million and a capital distribution of $200.5 million to the Existing Shareholders.

4.6.3 Indebtedness

The Pro Forma Historical Statement of Financial Position as at 25 June 2016 has been adjusted to reflect the impact of the Offer and New Banking Facilities as if they took place at that date, in accordance with ASIC Regulatory Guide 228 paragraph 92. As such, pro forma Net Debt as at 25 June 2016 of $366.9 million does not reflect the various anticipated cash requirements of the business between 25 June 2016 and Completion. Forecast pro forma Net Debt as at Completion, assuming Completion, is $418.2 million. The increase in pro forma Net Debt from 25 June 2016 to 29 October 2016, assuming Completion, is driven by a 1H FY17 forecast net cash outflow (see note 4 to Table 21).

Table 21 sets out the indebtedness of Ingham's as at 25 June 2016 (pre and post Completion) and the forecast indebtedness as at 29 October and 11 November 2016 (immediately prior to and following Completion).

Table 21: Pro forma consolidated indebtedness as at 25 June 2016, 29 October 2016 and as at Completion

$ millions	Notes	Statutory (pre Completion) 25 June 2016	Pro Forma (post Completion) 25 June 2016	Estimated net indebtedness as at 29 October 2016	Estimated net indebtedness as at Completion following Completion of the Offer 11 November 2016
Current borrowings					
Bank loan	1	21.2	–	41.7	30.0
Current borrowings		**21.2**	**–**	**41.7**	**30.0**
Non–current borrowings					
Bank loan	2	480.3	418.2	480.3	418.2
Promissory note	3	40.0	–	41.3	–
Non–current borrowings		**520.3**	**418.2**	**521.6**	**418.2**
Total borrowings		**541.5**	**418.2**	**563.3**	**448.2**
Cash and cash equivalents	4	(75.3)	(51.3)	(50.3)	(30.0)
Net Debt		**466.2**	**366.9**	**513.0**	**418.2**
Net Debt/FY16 pro forma EBITDA			2.2x		2.5x
Net Debt/FY17 pro forma EBITDA			1.9x		2.2x
Pro forma FY16 EBITDA/ FY16 net finance costs			9.3x		9.3x
Pro forma FY17 EBITDA/ FY17 net finance costs			12.3x		12.3x

Notes:

1. The $30.0 million current borrowings represent the drawdown of the revolving working capital facility immediately following Completion of the Offer for working capital and general corporate purposes.
2. Reflects the drawdown of $420.0 million under the New Banking Facilities, net of capitalised establishment costs of $1.8 million.
3. The promissory note is owned by the former owners of the Ingham's business who sold it to the TPG Entities in FY14.
4. The difference between the statutory pre-Completion cash and cash equivalents at 25 June 2016 and the estimated cash and cash equivalents immediately prior to Completion of the Offer relates to the anticipated cash flows of the business between 25 June 2016 and Completion of the Offer, as a result of payments in relation to the Cardiff site closure in August 2016, payments associated with redundancies in relation to the head office relocation and payment of short term incentives to management employees, offset by net operating cash flows.

4.6.4 Description of the New Banking Facilities

4.6.4.1 Background

Ingham's has entered into a syndicated facility agreement for the provision of term loan facilities and a revolving multi option working capital facility to Inghams Enterprises Pty Limited and other members of the Ingham's group as follows:

- a $250 million three year term loan facility A (**Facility A**);
- a $170 million four year term loan facility B (**Facility B**); and
- a $125 million three year multi-option revolving working capital facility C (**Facility C**),

(together, the **New Banking Facilities**).

The availability of funding under the New Banking Facilities is conditional upon confirmation that the Shares have been quoted on the ASX and the Shares have been issued as contemplated by the Offer and other conditions precedent which are customary for facilities of the nature of the New Banking Facilities, including, without limitation, provision of a copy of the final Prospectus lodged with ASIC and a funds flow statement each in form and substance satisfactory to the lenders under the syndicated facility agreement.

On Completion, funding provided under the New Banking Facilities (together with proceeds from the issue of New Shares by Ingham's under the Offer) will be utilised to repay Ingham's existing senior syndicated debt facilities (**Existing Banking Facilities**) and associated derivatives, as well as certain other obligations of the Ingham's group.

Upon repayment of the Existing Banking Facilities and associated derivatives, the associated guarantees and security granted by the Ingham's group will be discharged.

The New Banking Facilities will be available as follows:

- Facility A and Facility B are available to be used to refinance the Existing Banking Facilities (and any associated derivative transactions) and to pay costs, expenses and financing and transaction advisory fees in connection with the Offer and Listing and the financing. It is expected that Facility A and Facility B will be fully drawn at Completion of the Offer (and any undrawn amounts will not be available after that time); and
- Facility C is available to be used for the working capital and general corporate purposes of the Ingham's group (including to issue guarantees, letters of credit or performance bonds to existing issuers of such instruments that have been issued on behalf of the Ingham's group and which are required to remain outstanding on financial close under the New Banking Facilities and to fund capital expenditure, permitted acquisitions, payments of permitted distributions and repayment of any other financial indebtedness). Facility C will be utilised at Completion to refinance existing bank guarantees and letters of credit. Facility C is available to be drawn throughout its three year term.

Facility A and Facility B are available in Australian dollars and Facility C is also available in US dollars, euros, New Zealand dollars and other freely available and transferable currency as agreed with the lenders under Facility C.

Currency equalisation provisions apply to Facility C requiring cash cover or debt repayment if exposure is more than 110% of Australian dollar commitments, with equalisation tested on each drawdown (other than rollovers under Facility C), semi-annually.

4.6.4.2 Security

The New Banking Facilities are provided on an unsecured basis.

4.6.4.3 Guarantors

The New Banking Facilities are required to be guaranteed by Ingham's, Ingham Holdings II Pty. Limited, Inghams Enterprises Pty Limited and other wholly-owned subsidiaries of Ingham's (**Obligors**) which, together, comprise at least 90% of total assets and 90% of EBITDA of the Ingham's group (excluding non-wholly owned subsidiaries, AFB International Pty Limited (to the extent it is a member of the Ingham's group) and any member of the Ingham's group which is a provider of insurance to the Group).

4.6.4.4 Interest rates and payments

Each of the New Banking Facilities bears interest at a variable rate per annum (**Base Rate**) plus the applicable margin. The Base Rate is BBSY (the average rate displayed on Reuters screen BBSY in Sydney at 10.30am on the relevant day for a term equivalent to that period) for loans denominated in Australian dollars, BBKM for loans denominated in New Zealand dollars, EURIBOR for loans denominated in euros and otherwise LIBOR.

Interest is payable on the last day of each interest period (which shall be for one, two, three or six months or otherwise as agreed between the Company and the agent).

The pro forma forecast consolidated interest expense for Facility A, Facility B and Facility C is $16.3 million in FY17, on the assumption that Facility A and Facility B are drawn to $420.0 million collectively during the entire FY17 period and Facility C is drawn to $30.0 million at the start of FY17, with any cash and cash equivalents on the balance sheet above $40.0 million applied to reduce Facility C over the course of FY17.

Interest income on cash and cash equivalents will be combined with the above New Banking Facilities interest costs to arrive at the pro forma net finance costs as shown in Table 12.

The pro forma forecast consolidated net finance costs include the full year effect of the amortisation of upfront fees for raising the New Banking Facilities, that are expected to be capitalised and will be amortised over the terms of the loans.

4.6.4.5 Events of default

The New Banking Facilities contain certain events of default which are customary for facilities and a business of the nature of the Ingham's group and include where:

- an Obligor defaults in payment of amounts when due and payable unless remedied within 3 business days;
- there is a failure to comply with financial covenants (subject to an equity cure regime);
- a representation or warranty made or deemed made by an Obligor proves to have been false or misleading in any material respect when made, unless remedied within 20 business days;
- there is a failure by any Obligor to observe or perform any undertaking unless remedied within 20 business days;
- there is a default under any other indebtedness of the Ingham's group in excess of $25 million;
- an insolvency event occurs in respect of an Obligor;
- the Ingham's group ceases to carry on all, or substantially all, of its business; and
- an event occurs which has a material adverse effect.

In a number of instances, the events of default are subject to materiality thresholds and cure periods.

At any time after and during the continuance of an event of default, the lenders will be entitled to, among other things, terminate the commitments and declare the loans then outstanding to be due and payable in whole or part.

4.6.4.6 Review events

The New Banking Facilities contain review events, which are customary for facilities and a business of the nature of the Group, being where:

- any person other than TPG acquires, either directly or indirectly, more than 50% of the ordinary voting power of the outstanding voting shares in Ingham's; or
- Ingham's is removed from the official list of the ASX; or
- any classes of securities in Ingham's are suspended from trading on the ASX for a continuous period of 15 ASX business days or longer (for reasons other than there being an imminent announcement of a major acquisition or merger transaction).

Following the occurrence of a review event, the lenders and Ingham's will consult for 60 days as to the continuation of the New Banking Facilities. If agreement cannot be reached by the expiry of that period and the review event is subsisting at that time, the lenders may require the borrowers to repay the New Banking Facilities in full by the date falling 90 days from the date of that notice.

4.6.4.7 Representations and warranties

The New Banking Facilities contain customary representations and warranties including that:

- each Obligor party is duly incorporated and has duly executed the facility documents;
- there is no litigation pending or threatened (subject to a material adverse effect qualification);
- there is no event of default; and
- the necessary authorisations required for each of the facility documents have been obtained.

In a number of instances, the representations and warranties are subject to materiality thresholds.

4.6.4.8 Financial covenants

The following financial covenants apply and are tested semi-annually, with the first test date to be 24 December 2016:

- interest cover ratio: the ratio of EBITDA to net interest expense (excluding capitalised or suspended interest) for the Ingham's group must not fall below 3.00×; and
- gearing ratio: the ratio of the amounts drawn under the New Banking Facilities and other third party indebtedness of the Ingham's group (excluding contingent debt, exposure under hedging arrangements and indebtedness under subordinated financing or transactional facilities) less cash or cash equivalents of the Ingham's group to EBITDA must not exceed 3.50×.

The calculations under the covenants in the New Banking Facilities for debt, EBITDA and net interest expense include a number of specific adjustments. These adjustments are not reflected in Net Debt, EBITDA and net interest expense shown in this Prospectus and therefore these measures will be different to the values used for covenant calculations under the New Banking Facilities.

For the purpose of calculating the financial covenants under the New Banking Facilities, certain adjustments are entitled to be made to EBITDA. These adjustments include, but are not limited to, the following:

- any deduction or contribution in respect of any individually significant (and non-recurring) or extraordinary or unusual losses or gains (but cash items will not be adjusted for to the extent that the relevant event has a permanent impact on EBITDA in subsequent quarters);
- any loss or gain against book value incurred on the disposal of any asset (not being disposals made in the ordinary course of trading) and any loss or gain relating to any revaluation of any asset or liability (except earnings in the ordinary course of business);
- any non-cash IFRS related adjustments and changes and non-cash mark to market and other financial derivative adjustments and non-cash unrealised gains and losses on hedging and financial derivatives; and
- pro forma EBITDA adjustments, including adjustments for:
  - entities acquired by the Group during the previous 12 months (other than in the case of certain limited exceptions) on a full year run rate basis; and
  - cost savings made for entities acquired by the Group during the previous 12 months on a full year run rate basis.

In addition, if any lease constituting an operating lease under accounting standards that, as a result of any change in accounting standards, is required to be accounted for as finance debt in the financial reports of any Ingham's group member and which was not prior to that change taking effect accounted for as finance debt, the lease will not be considered finance debt, and the associated impacts on EBITDA, net interest expense and the gearing ratio will be adjusted, notwithstanding any change in accounting standards.

The Company expects to remain in compliance with these financial covenants and other undertakings during FY17 based on the FY17 Forecast Financial Information.

4.6.4.9 Dividends

Usual market provisions restrict payment of dividends under the New Banking Facilities. Dividends will be permitted to be paid by Ingham's where there is no event of default, potential event of default or review event subsisting or will immediately occur as a result of the dividend being paid (determined as if the financial covenants were tested immediately before and after the dividend is paid).

4.6.4.10 Undertakings

The Obligors are subject to customary negative undertakings under the New Banking Facilities, including as follows:

- financial indebtedness: there is no restriction on incurring financial indebtedness provided that the Obligors would not be in breach of the financial covenants as a result of the incurrence of such financial indebtedness;

- disposals: disposals on arm's length terms are permitted, provided EBITDA attributable to assets subject to such a disposal does not in aggregate exceed 10% of EBITDA of the Ingham's group in any financial year (in addition to other permissions customary for a facility of this nature);
- acquisitions: acquisitions are permitted where the acquisition is of a business, undertaking, shares or other ownership interest in another company which is compatible with the business of the Ingham's group, the Obligors will be in compliance with the financial covenants immediately after the proposed acquisition is completed and no event of default or potential event of default is continuing or would arise as a result of the acquisition; and
- a negative pledge subject to certain exceptions.

4.6.4.11 Other undertakings

In addition to the undertakings described above, the Obligors are subject to usual positive undertakings under the New Banking Facilities including an undertaking to provide:

- annual and semi-annual accounts to the lenders; and
- the lenders with written notice of an event of default or review event, specifying the nature and extent thereof.

4.6.4.12 Prepayment

Market standard provisions exist under the New Banking Facilities in relation to prepayments, including:

- the right to prepay any loan in whole or in part, subject to the payment of break costs; and
- a requirement to prepay the New Banking Facilities in full if all or substantially all of the assets or business of the Group are disposed of.

4.6.4.13 Fees

Fees are market for facilities of this nature and include:

- an upfront fee to each arranger of the New Banking Facilities;
- a commitment fee to each lender with a commitment under Facility C;
- a letter of credit fee to each lender that issues a letter of credit or bank guarantee under Facility C; and
- agency fees to the agent under the facilities.

4.6.4.14 Conditions precedent

The availability of the New Banking Facilities is subject to a number of conditions precedent, including:

- evidence that Shares have been quoted on the ASX and the Company has issued the Shares the subject of the Offer;
- provision of a copy of the final Prospectus lodged with ASIC and a funds flow statement each in form and substance satisfactory to the lenders under the syndicated facility agreement; and
- making of appropriate provisions such that the Existing Banking Facilities be repaid and all related securities released.

It is expected that these conditions will be satisfied by Completion. If all of the conditions precedent are satisfied and the funding has been provided, then the lenders must provide the funds for their portion of their applicable commitment under the New Banking Facilities. As at the Prospectus Date, Ingham's is not aware of any reason why any of the conditions precedent in the financing documents will not be satisfied in time for Completion.

4.6.5 Liquidity and capital resources

Following Completion, Ingham's principal sources of funds will be cash flow from operations and borrowings under the New Banking Facilities. At Completion and after payment of Offer related costs and expenses, Ingham's will have undrawn funds of approximately $43.0 million in the revolving facilities to fund working capital, to fund capital expenditure and for other general corporate purposes.

Ingham's expects that it will have sufficient operating cash flow to fund its operational requirements and business needs during FY17 and that its operating cash flows, together with borrowings under the New Banking Facilities, will position Ingham's to grow its business in accordance with the Forecast Financial Information.

Ingham's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions and other risks described in Section 5. Over time, Ingham's may seek additional funding from a range of sources to diversify its funding base to reduce reliance on the bank finance market and to manage its exposure to interest rate risk on long term borrowings. For additional information on Ingham's financial risk management framework, see Section 4.11.

4.6.6 Adjusted Working Capital position

The Adjusted Working Capital position as at 25 June 2016 for Ingham's reflected a net current asset position of $258.3 million on a pro forma basis and $253.8 million on a statutory basis. Ingham's has consistently reflected a net current asset position in prior periods.

The contributing factors to this net current asset position are:

- credit terms extended to all customers and the timing of the date of year end or half year end;
- inventory levels maintained at the various levels of production; and
- credit terms available from trade and other suppliers.

Management continually monitors the Adjusted Working Capital position including forecast Adjusted Working Capital requirements in light of the existing debt facilities and available cash reserves, to ensure debts are paid as and when they fall due.

4.6.7 Capital and contractual commitments

Table 22 summarises Ingham's capital and contractual commitments as at 25 June 2016.

Table 22: Pro forma capital and contractual commitments

$ millions	Notes	Less than 1 year	1-5 years	More than 5 years	Total
Capital expenditure commitments	1	53.2	–	–	53.2
Non–cancellable operating leases	2	72.4	251.3	734.0	1,057.7
Service agreements	3	138.7	232.3	77.5	448.5
Borrowings	4	14.5	463.4	–	477.9
Provisions	5	93.3	44.1	–	137.4
Total		**372.1**	**991.1**	**811.5**	**2,174.7**

Notes:

1. Capital expenditure commitments represent contracted capital projects that are not recognised in the statement of financial position.
2. Non-cancellable operating leases primarily represent leases for buildings which are contracted but not capitalised.
3. Service agreements represent commitments for the payment of husbandry fees for Ingham's livestock at third party locations.
4. Borrowings and interest repayments in relation to the New Banking Facilities (see Section 4.6.4).
5. Provisions relate to make good of leasehold property, employee benefits, self-insured workers compensation, onerous leases and restructuring provisions.

Accounting for leases

AASB 16 *Leases* removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements.

There are also changes in accounting over the life of the lease. In particular, companies will recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals.

Following the sale and leaseback that occurred in FY15, Ingham's leases the majority of its premises. The adoption of AASB 16 is expected to result in a material increase in right of use assets and lease liabilities to be recognised in Ingham's statement of financial position. The impact on the income statement is expected to result in a reduction to rental costs and an increase to both depreciation (of right of use assets) and finance costs (associated with the lease liabilities).

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15 *Revenue from Contracts with Customers*. Ingham's anticipates that AASB 16 will be adopted in respect of the FY20 reporting period.

4.6.8 Contingent liabilities

Ingham's provides bank guarantees to third parties for supply of services to support normal business activities. As at 25 June 2016, these guarantees totalled $51.2 million on both a statutory and pro forma basis.

4.7 Historical and forecast cash flow information

4.7.1 Pro Forma Historical Cash Flow Information, Pro Forma Forecast Cash Flow Information and Statutory Forecast Cash Flow Information

Table 23 sets out the Pro Forma Historical Cash Flow Information, the Pro Forma Forecast Cash Flow Information and the Statutory Forecast Cash Flow Information. The Pro Forma Forecast Cash Flow Information and Statutory Forecast Cash Flow Information are subject to the general assumptions, the Directors' best estimate assumptions and the specific assumptions underlying the Forecast Financial Information (see Sections 4.9.1, 4.9.2 and 4.9.3).

Table 23: Summary Pro Forma Historical Cash Flow Information and Pro Forma and Statutory Forecast Cash Flow Information

		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
$ millions	Notes	FY14 52 weeks	FY15 52 weeks	FY16 52 weeks	FY17 52 weeks	FY17 53 weeks
EBITDA		**142.1**	**114.5**	**167.5**	**190.1**	**144.1**
Non-cash items	1	0.4	(6.0)	(0.3)	1.0	5.2
Changes in Adjusted Working Capital	2	(3.9)	26.8	(11.0)	2.9	(14.2)
Changes in provisions	3	1.0	4.1	–	(2.0)	(23.2)
Adjusted Operating Cash Flow		**139.6**	**139.4**	**156.2**	**192.0**	**111.9**
Capital Expenditure	4	(37.2)	(44.4)	(76.8)	(85.0)	(85.0)
Proceeds from disposal of property, plant and equipment		2.2	2.0	0.1	–	–
Proceeds from sale of assets classified as held for sale	5	–	16.9	6.5	–	–
Adjusted Free Cash Flow		**104.6**	**113.9**	**86.0**	**107.0**	**26.9**
Interest and finance charges paid	6				(15.4)	(31.9)
Tax paid	7				(7.5)	(7.5)
Capitalised costs of the Offer					–	(6.3)
Debt establishment costs	8				–	(1.8)
Proceeds from borrowings	9				–	420.0
Repayment of borrowings	10				–	(573.5)
Proceeds from issue of new shares	11				–	166.7
Proceeds from repayment of management loans	12				–	2.1
Net cash flow (before dividends)					**84.1**	**(5.3)**

Notes:
1. Non-cash items include share-based payments expense and profit on disposal of property, plant and equipment classified as held for sale.
2. Refer to Section 4.8.1.5.
3. Includes employee benefits, make good, workers compensation and restructuring provisions.
4. Capital Expenditure includes stay in business capital expenditure, capacity growth capital expenditure and profit improvement capital expenditure, as described in Section 4.8.1.6.
5. Proceeds from sale of assets classified as held for sale reflects the sale of two properties classified as held for sale in FY16.
6. Pro forma interest and finance charges paid in FY17 are based on the New Banking Facilities, as if the arrangements were in place from 25 June 2016.
7. The FY17 pro forma and statutory forecast cash flow information includes income tax paid of $7.5 million based on the instalment rates for Australia and New Zealand that are expected during FY17.
8. Estimated fees incurred in relation to the establishment of the New Banking Facilities to be capitalised and amortised on a straight-line basis over the term of the loan.
9. Represents drawdown of the New Banking Facilities.
10. Represents repayment of the Existing Banking Facilities and a promissory note.
11. Issue of New Shares, assuming the Final Price is at the mid-point of the Indicative Price Range.
12. Represents management loans to be repaid on the sale of Loan Shares under the existing LTI scheme.

4.7.2 Adjusted Statutory Historical Cash Flow Information

Table 24 sets out the Adjusted Statutory Historical Cash Flow Information.

A reconciliation is provided in Appendix B from net cash provided by operating activities from the general purpose statutory consolidated financial statements for Ingham Holdings I Pty Limited to Adjusted Operating Cash Flow and Adjusted Free Cash Flow from the Adjusted Statutory Historical Cash Flow Information for FY14, FY15 and FY16.

Table 24: Summary Adjusted Statutory Historical Cash Flow Information

		Adjusted Statutory Historical		
$ millions	Notes	FY14 53 weeks	FY15 52 weeks	FY16 52 weeks
EBITDA		**126.7**	**301.7**	**106.6**
Non-cash items	1	0.4	(194.5)	2.7
Changes in Adjusted Working Capital	2	(18.6)	34.3	(14.9)
Changes in provisions	3	0.7	4.1	23.5
Adjusted Operating Cash Flow	4	**109.2**	**145.6**	**117.9**
Capital Expenditure	5	(37.6)	(44.4)	(76.8)
Proceeds from disposal of property, plant and equipment		2.2	2.0	0.1
Payment for acquisition of subsidiary, net of cash acquired	6	(367.6)	–	–
Proceeds from sale of assets classified as held for sale	7	–	556.9	6.5
Adjusted Free Cash Flow	8	**(293.8)**	**660.1**	**47.7**
Interest received		–	2.5	2.2
Interest and finance charges paid	9	(51.4)	(40.4)	(36.7)
Tax paid	10	(11.1)	(9.9)	(25.3)
Cash flows from operating and investing activities		**(356.3)**	**612.3**	**(12.1)**
Finance lease payments	11	(6.5)	(21.1)	–
Proceeds from borrowings	12	615.3	517.3	–
Repayment of borrowings	13	(461.0)	(597.5)	(14.6)
Proceeds from issue of Shares	14	305.5	1.6	1.3
Repayment of capital	15	–	(200.5)	–
Dividends paid	16	–	(314.6)	–
Net cash flow		**97.0**	**(2.5)**	**(25.4)**

Notes:

1. Non-cash items include share-based payments expense and profit on disposal of property, plant and equipment classified as held for sale.
2. Refer to Section 4.8.1.5.
3. Includes employee benefits, make good, workers compensation and restructuring provisions.
4. Adjusted Operating Cash Flow is a non-IFRS measure (as defined in Section 4.3.3) and is reconciled to statutory net cash provided by operating activities in Appendix B.
5. Capital Expenditure includes stay in business capital expenditure, capacity growth capital expenditure and profit improvement capital expenditure, as described in Section 4.8.1.6.
6. Payment for acquisition of subsidiary, net of cash acquired, refers to the TPG Entities acquisition of Ingham Enterprises Pty Limited in FY14.
7. Proceeds from sale of assets classified as held for sale reflects the sale and leaseback of a portfolio of land and buildings in FY15 and the sale of two properties classified as held for resale in FY16.
8. Adjusted Free Cash Flow is a non-IFRS measure (as defined in Section 4.3.3) and is reconciled to statutory net cash provided by operating activities in Appendix B.
9. Adjusted statutory historical interest and finances charges paid relate to the Existing Banking Facilities.
10. Adjusted statutory historical income tax paid.
11. Finance lease payments in FY14 and FY15 relate to certain properties that were sold as part of the sale and leaseback in FY15. Ingham's does not currently have any finance leases in place.
12. Represents drawdown of the Existing Banking Facilities.
13. Represents repayment of the Existing Banking Facilities.
14. Represents proceeds from the issue of Shares in FY14 and FY15 to existing Shareholders.
15. Represents repayment of capital to existing Shareholders.
16. Dividends paid to existing Shareholders.

4.7.3 Pro forma adjustments to the Adjusted Statutory Historical Cash Flow Information

Table 25 sets out the reconciliation from the Adjusted Statutory Historical Cash Flow Information to the Pro Forma Historical Cash Flow Information.

A reconciliation is provided in Appendix B between net cash provided by operating activities from the general purpose statutory consolidated financial statements for Ingham Holdings I Pty Limited to Adjusted Free Cash Flow from the Adjusted Statutory Historical Cash Flow Information for FY14, FY15 and FY16.

Table 25: Pro forma adjustments to the Adjusted Statutory Historical Cash Flow Information

		Historical		
$ millions	Notes	FY14	FY15	FY16
Adjusted statutory - Adjusted Free Cash Flow		**(293.8)**	**660.1**	**47.7**
Discontinued piggery business	1	1.1	0.1	–
Removal of 53rd week	2	14.7	–	–
Removal of site closure costs	3	–	1.7	0.1
Removal of transformation costs	4	–	5.7	25.1
Removal of head office relocation costs	5	–	–	12.2
Removal of advisory fees	6	3.0	3.1	3.1
Removal of TPG Entities acquisition	7	425.9	–	–
Removal of proceeds from sale and leaseback	8	–	(540.0)	–
Inclusion of rental costs	9	(44.1)	(14.6)	–
Inclusion of listed company costs	10	(2.2)	(2.2)	(2.2)
Pro forma - Adjusted Free Cash Flow		**104.6**	**113.9**	**86.0**

Notes:

1. **Discontinued piggery business.** Ingham's exited its piggery business in FY15. This adjustment removes the margin associated with the piggery business in FY14 and FY15, but excludes the non-cash impairment of piggery stock in FY14 and the loss on disposal of the business in FY15 (which are reflected in the income statement adjustment).
2. **Removal of 53rd week.** In FY14, a 53rd week was included in the results because the TPG Entities acquisition of Ingham's occurred in the last week of FY13 and as a result, the decision was made not to report for FY13, but to start FY14 one week earlier. This adjustment removes the working capital and provision movements associated with the first week of FY14.
3. **Removal of site closure costs.** Relates to costs incurred as part of a business restructure. FY15 costs relate to redundancies associated with the closure of the Hoxton Park, New South Wales and Foggo Road, South Australia processing facilities. FY16 costs relate to closure of the Cardiff, New South Wales primary processing facility which was announced in June 2016, resulting in Ingham's providing for redundancy costs, writing down assets that cannot be transferred to other facilities, impairing obsolete stock and recognising onerous contracts with suppliers. The Cardiff facility ceased operations on 17 August 2016. The difference between the income statement and cash flow information amount in FY16 relates to costs that had been accrued but remained unpaid at the end of FY16 and non-cash impairments.
4. **Removal of transformation costs.** Relates predominantly to consultant costs incurred as part of the transformation program that commenced in FY15. The difference between the income statement and cash flow information amounts relates to costs that had been accrued but remained unpaid at the end of the fiscal year.
5. **Removal of head office relocation costs.** Relates to the costs of relocating the head office from Liverpool, New South Wales to North Ryde, New South Wales including redundancy costs and salary costs from the time employees were made redundant, and the recognition of an onerous lease in relation to the Liverpool office. The difference between the income statement and cash flow information amount in FY16 relates to costs that had been accrued but remained unpaid at the end of FY16 and non-cash impairments.
6. **Removal of advisory fees.** Fees for services charged by TPG Entities in respect of the period prior to Completion will not be incurred following Completion. This adjustment removes the fees attributable to the period prior to Completion.
7. **Removal of TPG Entities acquisition.** This adjustment removes costs associated with the acquisition of Ingham Enterprises Pty Limited by TPG Entities (including employee incentives) in FY14 and the payment for acquisition of the business.
8. **Removal of proceeds from sale and leaseback.** This adjustment removes the proceeds on disposal of a portfolio of land and buildings as part of the sale and leaseback in FY15.
9. **Inclusion of rental costs.** Reflects the estimated incremental rental expense that would have been incurred in FY14 and FY15 had the properties that were subject to the sale and leaseback transaction in FY15, been leased from the start of FY14.
10. **Inclusion of listed company costs.** An adjustment has been made to include Ingham's current estimate of the incremental annual costs that it will incur as a listed public company.

4.7.4 Pro forma adjustments to the Statutory Forecast Cash Flow Information

Table 26 sets out the reconciliation from the Statutory Forecast Cash Flow Information to the Pro Forma Forecast Cash Flow Information. The Pro Forma Forecast Cash Flow Information is subject to the general assumptions, the Directors' best estimate assumptions and the specific assumptions underlying the Forecast Financial Information (see Sections 4.9.1, 4.9.2 and 4.9.3).

Table 26: Pro forma adjustments to the Statutory Forecast Cash Flow Information

		Forecast
$ millions	Notes	FY17
Statutory net cash flow (before dividends)		**(5.3)**
Removal of 53rd week	1	6.7
Removal of site closure costs	2	15.0
Removal of transformation costs	3	4.9
Removal of head office relocation costs	4	10.5
Removal of advisory fees	5	1.0
Inclusion of listed company costs	6	(0.6)
Removal of transaction bonuses	7	8.6
Change in capital structure	8	1.6
Removal of debt break costs	9	14.6
Removal of repayment of borrowings	10	573.5
Removal of debt establishment costs	11	1.8
Removal of proceeds of the New Banking Facilities	12	(420.0)
Removal of proceeds of the Offer	13	(166.7)
Removal of costs of the Offer	14	37.4
Removal of management loans repaid	15	(2.1)
Removal of dividend paid	16	3.2
Pro forma net cash flow (before dividends)		**84.1**

Notes:

1. **Removal of 53rd week.** In FY17, due to the timing of the fiscal year end the statutory period will be a 53 week period. This adjustment removes the 53rd week of the Statutory Forecast Cash Flow Information.
2. **Removal of site closure costs.** FY17 payments relate to the announcement in June 2016 of the closure of the Cardiff primary processing facility during August 2016.
3. **Removal of transformation costs.** Relates predominantly to consultant costs incurred as part of the transformation program that commenced in FY15.
4. **Removal of head office relocation costs.** Relates to the costs accrued in FY16, but expected to be paid in FY17 in relation to relocating the head office from Liverpool, New South Wales to North Ryde, New South Wales including redundancy costs and salary costs from the time employees were made redundant, and recognition of an onerous lease in relation to the Liverpool office.
5. **Removal of advisory fees.** Fees for services charged by TPG Entities in respect of the period prior to Completion will not be incurred following Completion. This adjustment removes the fees attributable to the period prior to Completion.
6. **Inclusion of listed company costs.** An adjustment has been made to include Ingham's current estimate of the incremental annual costs that it will incur as a listed public company. A part-year adjustment in FY17 relates to the costs not incurred prior to Completion, as costs for the period following Completion are included in the Statutory Forecast Cash Flow Information for FY17.
7. **Removal of transaction bonuses.** Cash bonuses to be paid to certain management employees in connection with the Offer have been included in the Statutory Forecast Cash Flow Information for FY17.
8. **Change in capital structure.** This adjustment removes the finance costs associated with the Existing Banking Facilities and includes the estimated finance costs that would have been paid in each period, had the post-Completion capital structure been in place from the start of FY17.
9. **Removal of debt break costs.** On repayment of the Existing Banking Facilities, the associated swaps will be settled, resulting in a cash outflow that will be included in the Statutory Forecast Cash Flow Information for FY17.
10. **Removal of repayment of borrowings.** Repayment of the Existing Banking Facilities and a promissory note will be included in the Statutory Forecast Cash Flow Information for FY17.
11. **Removal of debt establishment costs.** Upfront establishment costs associated with the New Banking Facilities will be included in the Statutory Forecast Cash Flow Information for FY17.
12. **Removal of proceeds of the New Banking Facilities.** The cash inflow associated with the drawdown of the New Banking Facilities will be included in the Statutory Forecast Cash Flow Information for FY17.
13. **Removal of proceeds of the Offer.** The proceeds from the issue of New Shares under the Offer will be included in the Statutory Forecast Cash Flow Information for FY17.
14. **Removal of costs of the Offer.** Costs of the Offer will be included in the Statutory Forecast Cash Flow Information for FY17.
15. **Removal of management loan repaid.** Proceeds from the repayment of management loans on the sale of Shares under the existing LTI scheme will be included in the Statutory Forecast Cashflow Information.
16. **Removal of dividends paid.** Accrued dividend payable to existing LTI scheme shareholders will be paid on completion of the Offer and will be included in the Statutory Forecast Cash Flow Information for FY17.

4.8 Management discussion and analysis of the Historical Financial Information

4.8.1 General factors affecting the operating and financial performance of Ingham's, including key measures and their drivers

A discussion of the general factors that have affected Ingham's operations and relative financial performance in FY14, FY15 and FY16 is set out below. Ingham's management expects that these general factors may continue to affect Ingham's operating and financial performance in FY17.

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

4.8.1.1 Revenue

Ingham's operates in two geographic segments: Australia and New Zealand. Revenue in these segments is impacted by three key drivers, namely:

- consumer demand;
- key customer agreements and relationships; and
- global grain commodity prices.

Consumer demand

Consumer demand for Ingham's poultry products depends on a variety of factors, including population growth, relative affordability of poultry compared to other forms of animal protein and consumer trends including health and well-being, convenience, and provenance and animal welfare. The demand for stockfeed is largely driven by demand for livestock, in particular the demand for poultry (including meat and eggs), beef, dairy and pork. The demand for stockfeed from poultry and pork producers has historically been relatively stable, as these producers have fewer alternative forms of feed. Demand for stockfeed from dairy cattle producers has historically fluctuated depending on a number of factors, including weather conditions and market pricing, as producers may have more options available to them.

Consumer preferences and dietary habits have shown a shift towards healthier and more affordable forms of protein. Over the period from 1990 to 2015, consumption of poultry products per capita increased by 4.1% per annum in Australia and 5.1% per annum in New Zealand. Chicken retail pricing per kilogram in both Australia and New Zealand is considerably less than alternative forms of protein (i.e. pork, beef and lamb). Further details on relative affordability are outlined in Section 2.2.2.

Chicken has benefited from increasing consumer health consciousness, resulting in an increase in the range of chicken products offered. There has been growing demand for more convenient meals and a broader range of premium (i.e. value-enhanced and further processed) products.

Consumers are also becoming increasingly interested in the welfare of animals, resulting in strong demand for products which meet animal welfare standards, such as those provided by the RSPCA and free range accreditation bodies.

Further details of the key drivers of consumer trends in the poultry industry are outlined in Section 2.2.3.

Key customer agreements and relationships

Ingham's has long standing relationships with major retailers, QSR operators and food service distributors in both Australia and New Zealand. Many key customers have maintained uninterrupted supply with Ingham's since either the customer entered the Australian market or since Ingham's entered the New Zealand market. These relationships typically exceed 25 years and are summarised in Section 3.1.2.

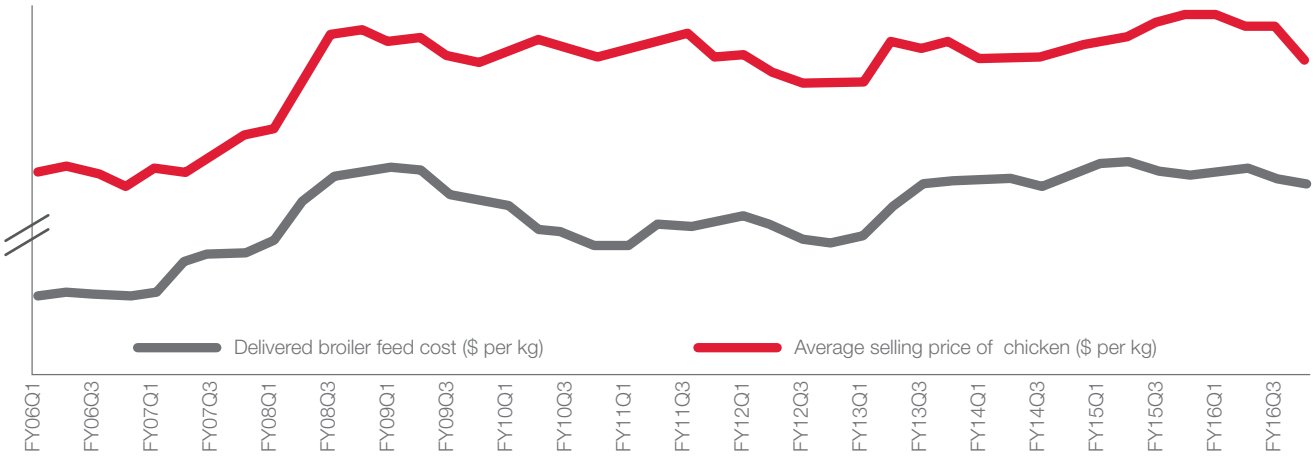
Global grain commodity prices

Feed costs represent a significant component of production costs, and ultimately the final price for both poultry products and stockfeed. Feed costs include the cost of grains used to produce stockfeed and have averaged 23-25% of Ingham's total poultry revenues over the period from FY14 to FY16. These commodity prices can be affected by global events outside the Australian and New Zealand markets.

Figure 35 presents the long term historical trend for:

- Ingham's delivered broiler feed cost; and
- Ingham's average selling price of chicken.

Figure 35: Ingham's long term trend in feed costs and average selling prices



Ingham's purchases some of its raw materials for producing stockfeed using forward contracts (of up to nine months) to hedge some of its exposure to short term price movements. This enables stability of pricing for a period. Further details of Ingham's financial risk management framework are outlined in Section 4.11.

The majority (approximately 60%) of Ingham's feed production volumes are used to produce stockfeed which is consumed internally at parent breeder farms and broiler farms. Historically, changes in feed prices, both increases and decreases, have been passed on to Ingham's customers as price changes for both poultry sales and external feed sales. A number of Ingham's major customer contracts have provisions which allow for this.

In addition to supplying the majority of Ingham's internal requirements, stockfeed is also sold to external customers via retail and wholesale channels. Revenue achieved for these products is linked to grain commodity prices.

4.8.1.2 Operating expenses

Ingham's key categories of operating expenses include:

- cost of sales;
- distribution expense;
- selling, general and administration expense; and
- depreciation and amortisation.

Cost of sales

Cost of sales can be broken down into the following major categories.

Feed costs: feed costs represent the largest component of cost of sales. These costs are variable in nature, based on volumes produced and sold. The feed conversion ratio is a measure of feed efficiency representing the quantity of feed used to generate a kilogram of chicken liveweight. This ratio has shown steady improvement over time due to ongoing improvements in bird genetics, technical improvements in feed nutrition and the sophistication and industrialisation of chicken farming. Feed costs are also subject to global grain commodity market pricing fluctuations (as discussed in Section 4.8.1.1). Feed costs, including cost of stockfeed sold externally, represented approximately 34% of pro forma cost of sales in FY16.

Labour costs: labour costs are predominantly incurred during primary and further processing. Labour costs per kilogram of product produced have reduced over the period from FY14 to FY16 as a result of automation and improved focus on workforce planning under Project Accelerate. Labour costs represented approximately 19% of cost of sales in FY16.

Husbandry fees: husbandry fees are paid to contract growers of live broilers. The key driver of changes to these costs over the period is modifications to a number of aspects of the farming process required to meet accreditation standards (e.g. RSPCA), including the number of pick-ups, the density of birds in each shed and litter control. These costs are variable in nature based on the number of live birds produced.

Facilities costs: as at 1 September 2016, Ingham's network is comprised of 286 facilities in Australia and 59 facilities in New Zealand. 225 of these facilities are broiler farms, of which approximately 97% are owned and operated by third party contract growers on which no facilities costs are incurred by Ingham's (instead husbandry fees are paid). Facilities costs include rent on premises, utilities, repairs and maintenance and cleaning and waste management costs. During FY15, a number of previously owned facilities were subject to a sale and leaseback arrangement which caused an increase in lease payments (refer Section 3.5.4 for further details on Ingham's leasehold arrangements). Ingham's developed an end-to-end network strategy during 2015 which identified the need for further investment in capacity in the feedmill, breeder and hatchery networks and also identified rationalisation opportunities, including the Cardiff primary processing plant in New South Wales which ceased production in August 2016. Rent and utilities costs are predominantly fixed in nature, while the cleaning and waste management costs are more variable in nature.

Product inputs and consumables: these costs include packaging and labelling costs, other ingredients and production consumables such as cooking oils, carbon dioxide and nitrogen. These costs are variable in nature, driven by production volumes. Ingham's has recently established a centralised procurement function as part of Project Accelerate. The key role of this function is to manage supplier relationships for these and other types of costs, with a view to identifying efficiencies and cost reduction opportunities. A number of cost reduction initiatives have been realised in FY16.

Distribution expense

Distribution expense captures the costs of moving products from processing facilities to distribution centres and ultimately to the end customer. Distribution expense includes warehousing and distribution costs and can be broken down into the following major categories.

Freight costs: Ingham's outsources freight operations to a number of external state-based freight providers. Freight costs are variable depending on the volumes of product shipped. Pricing includes a fuel levy component which is linked to terminal gate pricing. As a result of the reduction in global oil pricing, Ingham's has benefited from some reduction in freight costs, particularly line haul freight. A review of agreements with line haul freight providers and renegotiation have been completed. Ingham's is currently in the process of implementing route optimisation software and renegotiating route distribution contracts in a number of states.

Labour costs: costs associated with warehouse operations are predominantly fixed in nature.

Facilities costs: facilities costs comprise a combination of both company operated sites and third party logistics providers. Third party facilities are used for storage of frozen product. In addition, facilities previously operated by third parties have been brought into company operations to reduce the costs and reliance on third parties. Company operated facilities costs are predominantly fixed in nature, with third party costs being variable based on product movements through those facilities.

Sales, general and administration expense

Sales, general and administration (**SGA**) expense represents the corporate overhead costs of the Ingham's business. From FY14 to FY16, these costs increased, primarily due to investments in capability and IT infrastructure.

The main components of SGA expense are salaries and wages, insurance, marketing, IT and telecommunications costs. These costs are predominantly fixed in nature.

Depreciation and amortisation

Depreciation expenses comprise depreciation charges on a straight-line basis, for all assets over their estimated useful lives. These range between five and 50 years for buildings and leasehold buildings, between one and 20 years for plant and equipment and between five and 15 years for leased plant and equipment. Depreciation charges will increase with capital investment in upgrading and expanding facilities. Further details of capital investments are outlined in Section 4.8.1.6.

Amortisation expenses primarily relate to the amortisation of make good provisions.

4.8.1.3 Other income

Other income represents profit on disposal of property, plant and equipment and other sundry income.

During FY15, a number of previously owned facilities were subject to a sale and leaseback arrangement. The sale and leaseback consisted of a portfolio of 51 properties which were sold for total proceeds of $540.0 million included in the Adjusted Statutory Historical Cash Flow Information, providing a net profit before tax of $188.9 million on disposal in the Adjusted Statutory Historical Results.

4.8.1.4 Share of net profit of JV

As outlined in Section 3.1.5, Ingham's is part owner of a JV called AFB International Pty Limited. The share of net profit of JV represents Ingham's 50% share of net profit from the JV.

4.8.1.5 Adjusted Working Capital

Ingham's business is relatively working capital intensive due to the duration of the production process, resulting in a significant level of both farming and finished product inventories. As volumes increase, there is generally a requirement to increase working capital as inventories and trade receivables grow, offset in part by increases in trade payables.

Historically, Adjusted Working Capital has demonstrated minor seasonality with peak inventory periods at the end of fiscal quarter one (for the three months ended September) due to build-up of inventories of turkey for the Christmas trading period.

Over the FY14 to FY16 period, average Adjusted Working Capital balances declined due to negotiation of extended trading terms with suppliers and reductions in both chicken and turkey inventories. Trade receivables remain relatively constant in terms of days sales outstanding in line with major customers' contracted payment terms.

4.8.1.6 Capital Expenditure

Ingham's divides its capital expenditure into three categories:

- stay in business;
- capacity growth; and
- profit improvement.

Stay in business

Stay in business capital expenditure relates to expenditure undertaken to maintain and keep all facilities and equipment at the required standard to maintain the existing operations and earnings of Ingham's.

Stay in business capital expenditure typically includes expenditure on primary and further processing equipment, occupational health and safety improvements, quality requirements and other equipment replacements.

Capacity growth

Capacity growth capital expenditure is expenditure that is undertaken to increase revenues and profits through expansion of operational activities and capacity.

Capacity growth capital expenditure over the FY14 to FY16 period mainly related to the expansion of breeder farms and hatcheries. As part of the long term network plan, significant capital expenditure has been spent or committed to increase capacity in the feedmilling, breeder and hatchery networks. Additional capacity growth capital expenditure is planned in FY17, with further investment in farming capacity, feedmill and hatchery upgrades. Further details of these planned investments are outlined in Section 3.7.

Profit improvement

Profit improvement capital expenditure is expenditure undertaken primarily to drive improvements in production efficiencies.

Profit improvement capital expenditure over the FY14 to FY16 period was largely driven by Project Accelerate initiatives, with automation equipment being deployed in Queensland, South Australian and Victorian plants. As part of the long term network plan, capital expenditure has been spent or is committed to improve efficiency in the feedmilling, breeder and hatchery networks.

Further profit improvement capital expenditure is planned in FY17, particularly further investment in automation. Further details of these planned investments are outlined in Section 3.7.

4.8.2 Historical results for FY14 and FY15

Table 27 sets out the Pro Forma Historical Results, Adjusted Statutory Historical Results and Statutory Historical Results for FY14 and FY15.

Table 27: Pro Forma Historical Results, Adjusted Statutory Historical Results and Statutory Historical Results for FY14 and FY15

	Pro Forma Historical				Adjusted Statutory Historical[1]			
$ millions	FY14 52 weeks	FY15 52 weeks	Change	%	FY14 53 weeks	FY15 52 weeks	Change	%
Revenue	**2,230.5**	**2,271.9**	**41.4**	**1.9%**	**2,277.4**	**2,273.8**	**(3.6)**	**(0.2)%**
Cost of sales	(1,851.2)	(1,920.8)	(69.6)	3.8%	(1,850.7)	(1,909.7)	(59.0)	3.2%
Gross profit	**379.3**	**351.1**	**(28.2)**	**(7.4)%**	**426.7**	**364.1**	**(62.6)**	**(14.7)%**
Other income	0.3	7.0	6.7	nm	0.3	195.9	195.6	nm
Distribution expense	(139.9)	(139.9)	–	–	(142.5)	(139.9)	2.6	(1.8)%
Sales, general and administration expense	(98.0)	(104.1)	(6.1)	6.2%	(158.2)	(118.8)	39.4	(24.9)%
Share of net profit of JV	0.4	0.4	–	–	0.4	0.4	–	–
EBITDA	**142.1**	**114.5**	**(27.6)**	**(19.4)%**	**126.7**	**301.7**	**175.0**	**138.1%**
Depreciation and amortisation	(40.2)	(33.3)	6.9	(17.2)%	(45.4)	(33.3)	12.1	(26.7)%
EBIT	**101.9**	**81.2**	**(20.7)**	**(20.3)%**	**81.3**	**268.4**	**187.1**	**230.1%**

	Pro Forma Historical				Adjusted Statutory Historical[1]			
	FY14 52 weeks	FY15 52 weeks	Change	%	FY14 53 weeks	FY15 52 weeks	Change	%
Key operating metrics								
Poultry volume (kt)	432.7	425.2	(7.5)	(1.7)%	441.0	425.2	(15.8)	(3.6)%
Stockfeed volume (kt)	545.6	580.4	34.8	6.4%	554.9	580.4	25.5	4.6%
Key financial metrics								
Gross profit margin	17.0%	15.5%	(1.5)%	n/a	18.7%	16.0%	(2.7)%	n/a
EBITDA margin	6.4%	5.0%	(1.4)%	n/a	5.6%	13.3%	7.7%	n/a
EBIT margin	4.6%	3.6%	(1.0)%	n/a	3.6%	11.8%	8.2%	n/a

	Statutory Historical[1]			
$ millions	FY14 53 weeks	FY15 52 weeks	Change	%
Revenue	**2,278.9**	**2,273.8**	**(5.1)**	**(0.2)%**
Cost of sales	(1,891.9)	(1,940.0)	(48.1)	2.5%
Other income	0.3	195.9	195.6	nm
Distribution expense	(143.1)	(140.4)	2.7	(1.9)%
Sales, general and administration expense	(161.8)	(121.3)	40.5	(25.0)%
Share of net profit of JV	0.4	0.4	–	–
EBIT	**82.8**	**268.4**	**185.6**	**224.2%**

Note:

1. In Ingham's Statutory Historical Results shown in Table 27, the relevant portions of depreciation and amortisation charges are included in cost of sales, distribution expense and sales, general and administration expense. In order to present EBITDA in the Adjusted Statutory Historical Results shown in Table 27, depreciation and amortisation have been removed from those cost lines and included in a single line-item. A detailed reconciliation of the Statutory Historical Results to the Adjusted Statutory Historical Results (including the reallocation of depreciation and amortisation) and of the Adjusted Statutory Historical Results to the Pro Forma Historical Results is included in Appendix B.

4.8.2.1 Revenue

Ingham's pro forma revenue increased by $41.4 million, or 1.9%, from $2,230.5 million in FY14 to $2,271.9 million in FY15. The key factors impacting this movement included:

- a decline in poultry volume of 7.5 kt, or 1.7%, as a result of:
  - a decrease in sales of chicken of 5.9kt, or 1.4%, due to genetics supply and planning issues affecting the size and supply of birds, primarily in Australia, during FY15 (refer to Section 4.8.2.2 for further details); and
  - a decrease in sales of turkey of 1.6 kt, or 11.3%, due to a number of issues that adversely affected revenues in FY15, including operational planning and the loss of a customer (refer to Section 4.8.2.2 for further details);
- an increase in average poultry pricing, as a result of:
  - a change in product mix towards higher value (i.e. value-enhanced and further processed) products;
  - the adoption of RSPCA welfare standards by a major retail customer which led to that customer purchasing higher value products; and
  - higher feed costs, which were passed on, in part, to Ingham's customers; and
- a 8.3% increase in external stockfeed revenues impacted by an increase in both volume and feed prices, with external stockfeed volume increasing by 34.8 kt, or 6.4%, as a result of:
  - an increase in sales volume in Australia of 19.1 kt, largely driven by growth in pig stockfeed sales, predominantly in Western Australia; and
  - an increase in sales volume in New Zealand of 15.7 kt, largely driven by growth in poultry and dairy stockfeed sales.

Ingham's adjusted statutory revenue decreased by $3.6 million, or 0.2%, from $2,277.4 million in FY14 to $2,273.8 million in FY15. In addition to the factors noted above, the differences to pro forma revenue are the effect of the 53rd week which is included in adjusted statutory revenue in FY14 and the revenue from the discontinued piggery business which is included in adjusted statutory revenue in FY14 and FY15. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. In FY14, interest income was reported in revenue in the Statutory Historical Financial Statements (for FY15 and FY16, it was reported in net finance costs). Interest income has therefore been reclassified to net finance costs in the Adjusted Statutory Historical Results for FY14.

4.8.2.2 Cost of sales

Ingham's pro forma cost of sales increased by $69.6 million, or 3.8%, from $1,851.2 million in FY14 to $1,920.8 million in FY15. The key drivers of this movement included:

- a 1.7% decline in poultry volume, partially offset by a 6.4% increase in external stockfeed volume;
- genetics supply issues: during FY15, genetics quality and logistical issues led to short supply of breeder stock resulting in Ingham's purchasing eggs from third parties, setting lower quality eggs and extending the life of breeder flocks beyond the normal age of egg production. The resulting reduction in hatchability rates caused an increase in mortality rates at broiler farms and a resultant increase in costs per bird. In May 2016, to reduce the likelihood of a recurrence of similar issues, Ingham's Australia entered into a new genetics supply arrangement which includes a framework for testing and quality programs. Ingham's also diversified its genetic supply. Ingham's New Zealand was less affected by the genetics supply issues than Australia, with New Zealand genetics having a separate supply chain and different genetic strains;
- planning issues: in the second quarter of FY15, there were issues relating to operational planning whereby a commitment was made to supply material incremental volumes to a customer which required birds to be taken from the broiler farms early in order to meet the committed volumes. This adversely affected both the availability and size of birds in subsequent months, impacting supply volumes and processing costs. Ingham's has since transitioned from a state-based operating model to a national operating model across its Australian business. A schedule of weekly integrated business planning has been implemented to provide better insight into forward production requirements and to alleviate these types of planning issues (refer to Sections 3.5.3 and 3.6.2 for further details of Ingham's national planning processes);
- a net $3.3 million decrease in the cost of sales associated with the turkey business, comprising a $13.1 million reduction in cost of sales due to a loss of customer volumes, partially offset by a $9.8 million increase in cost of sales due to demand planning issues which caused excess capacity in farming and breeding operations, leading to oversupply of product that needed to be frozen and sold down at negative margin;
- a $23.5 million increase in husbandry costs, largely driven by the costs associated with a major customer adopting RSPCA welfare standards in FY15; and
- a $13.8 million increase in the cost of feed, which was also largely passed onto Ingham's customers in the form of price increases.

Ingham's adjusted statutory cost of sales increased by $59.0 million, or 3.2%, from $1,850.7 million in FY14 to $1,909.7 million in FY15. In addition to the factors noted above, the key differences to pro forma cost of sales in FY14 and FY15 are:

- the cost of sales from the discontinued piggery business which is included in the adjusted statutory cost of sales in FY14 and FY15;
- the effect of the 53rd week which is included in adjusted statutory cost of sales in FY14; and
- the additional rental costs which are included in pro forma cost of sales due to the sale and leaseback properties; a full year adjustment is made in FY14 and a partial year adjustment is made in FY15 to add the additional rental costs not included in the adjusted statutory cost of sales.

Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. Further details of the reclassification of interest income, depreciation and amortisation between the Statutory Historical Results and the Adjusted Statutory Historical Results are outlined in Section 4.2.4 and Appendix B.

4.8.2.3 Other income

Ingham's pro forma other income increased from $0.3 million in FY14 to $7.0 million in FY15, due to profit on disposal of property, plant and equipment and changes in sundry income.

Ingham's adjusted statutory other income increased from $0.3 million in FY14 to $195.9 million in FY15. In addition to the factors noted above, the difference to pro forma other income in FY15 is due to a profit of $188.9 million on disposal of a portfolio of land and buildings as part of the sale and leaseback. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. Further details of the reclassification of interest income, depreciation and amortisation between the Statutory Historical Results and the Adjusted Statutory Historical Results are outlined in Section 4.2.4 and Appendix B.

4.8.2.4 Distribution expense

Ingham's pro forma distribution expense remained stable at $139.9 million in both FY14 and FY15. Fixed cost increases for labour and new facilities were offset by savings in external storage (as more volume was brought into the distribution network) and equipment costs (as a result of a national supply agreement and fleet optimisation initiatives).

Ingham's adjusted statutory distribution expense decreased by $2.6 million, or 1.8%, from $142.5 million in FY14 to $139.9 million in FY15. In addition to the factors noted above, the difference to pro forma distribution expense is the effect of the 53rd week which is included in adjusted statutory distribution expense in FY14. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.2.5 Sales, general and administration expense

Ingham's pro forma SGA expense increased by $6.1 million, or 6.2%, from $98.0 million in FY14 to $104.1 million in FY15, driven by investment in capability of corporate functions including human resources, planning and logistics and IT. Further details of the upgrade in Ingham's capability are outlined in Section 3.6.

Ingham's adjusted statutory SGA expense decreased by $39.4 million, or 24.9%, from $158.2 million FY14 to $118.8 million in FY15. In addition to the factors noted above, the key differences to pro forma SGA expense are:

- costs related to the discontinued piggery business which are included in adjusted statutory SGA expense in FY14 and FY15;
- the effect of the 53rd week which is included within adjusted statutory SGA expense in FY14;
- site closure costs, which are included in adjusted statutory SGA expense in FY15;
- transformation costs, which are included in adjusted statutory SGA expense in FY15;
- advisory fees, which are included in adjusted statutory SGA expense in FY14 and FY15;
- costs associated with the TPG Entities acquisition which are included within adjusted statutory SGA expense in FY14;
- the additional rental costs included in pro forma SGA expense in FY14 and FY15 due to the sale and leaseback properties; and
- listed company costs, which are included in pro forma SGA expense in FY14 and FY15.

Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. Further details of the reclassification of interest income, depreciation and amortisation between the Statutory Historical Results and the Adjusted Statutory Historical Results are outlined in Section 4.2.4 and Appendix B.

4.8.2.6 Rent expense

Ingham's rent expense is included within cost of sales, distribution expense and SGA expense. Pro forma rent expense increased by $2.5 million, or 4.1%, from $58.8 million in FY14 to $61.3 million in FY15 due to contracted rent increases and lease costs associated with new distribution facilities.

Adjusted statutory rent expense increased by $32.0 million, or 217.2%, from $14.7 million in FY14 to $46.7 million in FY15, as a result of the additional rent expense associated with the sale and leaseback that occurred in FY15. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.2.7 EBITDA

Ingham's pro forma EBITDA decreased by $27.6 million, or 19.4%, from $142.1 million in FY14 to $114.5 million in FY15, with pro forma EBITDA margin reducing by 1.4%, from 6.4% to 5.0% over the same period. The key driver of the decrease in EBITDA was a decline in gross profit, which decreased by $28.2 million, or 7.4%, from $379.3 million in FY14 to $351.1 million in FY15. The other drivers impacting EBITDA are outlined in Sections 4.8.2.3 to 4.8.2.6.

Ingham's adjusted statutory EBITDA increased by $175.0 million, or 138.1%, from $126.7 million in FY14 to $301.7 million in FY15. In addition to the factors noted above, the key differences to the change in pro forma EBITDA are the profit from the sale and leaseback in FY15, the pro forma adjustments for rental expense and the removal of costs associated with the TPG Entities acquisition in FY14. Other differences between pro forma and adjusted statutory EBITDA are outlined in Sections 4.8.2.1 to 4.8.2.6. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.2.8 Depreciation and amortisation

Ingham's pro forma depreciation and amortisation decreased by $6.9 million, or 17.2%, from $40.2 million in FY14 to $33.3 million in FY15, due to production assets being fully depreciated in FY14, the disposal of the Byron Bay plant and closure of the Hoxton Park plant in FY14 and impairments to assets being booked in FY14 in relation to a number of processing plants.

Ingham's adjusted statutory depreciation and amortisation decreased by $12.1 million, or 26.7%, from $45.4 million in FY14 to $33.3 million in FY15. In addition to the factors noted above, the key differences to the change in pro forma depreciation and amortisation are:

- removal of depreciation of the discontinued piggery business which is included in adjusted statutory depreciation and amortisation in FY14;
- the impact of the 53rd week in FY14 which is included in adjusted statutory depreciation and amortisation; and
- inclusion of depreciation on assets that were sold as part of the sale and leaseback within adjusted statutory depreciation and amortisation in FY14 (no depreciation is included in adjusted statutory depreciation and amortisation in FY15 in respect of these assets, as they were classified as held for sale).

Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. Further details of the reclassification of interest income, depreciation and amortisation between the Statutory Historical Results and the Adjusted Statutory Historical Results are outlined in Section 4.2.4 and Appendix B.

4.8.2.9 EBIT

Ingham's pro forma EBIT decreased by $20.7 million, or 20.3%, from $101.9 million in FY14 to $81.2 million in FY15. Pro forma EBIT margin decreased by 1.0%, from 4.6% in FY14 to 3.6% in FY15, with the reduction in EBITDA margin partially offset by a decrease in depreciation and amortisation. The drivers of EBIT are outlined in Sections 4.8.2.7 and 4.8.2.8.

Ingham's adjusted statutory EBIT increased by $187.1 million, or 230.1%, from $81.3 million in FY14 to $268.4 million in FY15. In addition to the factors noted above, the key differences to the change in pro forma EBIT are the profit from the sale and leaseback in FY15, the pro forma adjustments for rental expense and the removal of costs associated with the TPG Entities acquisition in FY14. Other differences between pro forma and adjusted statutory EBIT are outlined in Sections 4.8.2.1 to 4.8.2.8. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.3 Historical cash flow information for FY14 and FY15

Table 28 sets out the Pro Forma Historical Cash Flow Information and Adjusted Statutory Historical Cash Flow Information for FY14 and FY15.

Table 28: Pro Forma and Adjusted Statutory Historical Cash Flow Information for FY14 and FY15

	Pro Forma Historical				Adjusted Statutory Historical			
$ millions	FY14 52 weeks	FY15 52 weeks	Change	%	FY14 53 weeks	FY15 52 weeks	Change	%
EBITDA	**142.1**	**114.5**	**(27.6)**	**(19.4)%**	**126.7**	**301.7**	**175.0**	**138.1%**
Non-cash items	0.4	(6.0)	(6.4)	nm	0.4	(194.5)	(194.9)	nm
Changes in Adjusted Working Capital	(3.9)	26.8	30.7	nm	(18.6)	34.3	52.9	nm
Changes in provisions	1.0	4.1	3.1	310.0%	0.7	4.1	3.4	485.7%
Adjusted Operating Cash Flow	**139.6**	**139.4**	**(0.2)**	**(0.1)%**	**109.2**	**145.6**	**36.4**	**33.3%**
Capital Expenditure	(37.2)	(44.4)	(7.2)	19.4%	(37.6)	(44.4)	(6.8)	18.1%
Proceeds from disposal of property, plant and equipment	2.2	2.0	(0.2)	(9.1)%	2.2	2.0	(0.2)	(9.1)%
Payment for acquisition of subsidiary, net of cash acquired	–	–	–	–	(367.6)	–	367.6	(100.0)%
Proceeds from sale of assets classified as held for sale	–	16.9	16.9	nm	–	556.9	556.9	nm
Adjusted Free Cash Flow	**104.6**	**113.9**	**9.3**	**8.9%**	**(293.8)**	**660.1**	**953.9**	**nm**

4.8.3.1 Non-cash items

Ingham's recorded a pro forma net cash outflow from non-cash items of $6.0 million in FY15, compared to a pro forma net cash inflow of $0.4 million in FY14, due to the removal of profit on disposal of property, plant and equipment in FY15.

Ingham's recorded an adjusted statutory net cash outflow from non-cash items of $194.5 million in FY15, compared to an adjusted statutory net cash inflow of $0.4 million in FY14, due to the removal of profit on disposal of a portfolio of land and buildings as part of the sale and leaseback and the removal of the loss on disposal of the discontinued piggery business in FY15. Further details of the sale and leaseback transaction are provided in Section 4.8.1.3.

4.8.3.2 Changes in Adjusted Working Capital

Ingham's pro forma Adjusted Working Capital decreased by $26.8 million in FY15, compared to an increase in pro forma Adjusted Working Capital of $3.9 million in FY14, as a result of:

- a decrease in trade and other receivables due to the timing of payments from major retail customers;
- a decrease in inventories of turkey due to a reduction in overall turkey volumes; and
- an increase in trade and other payables due to the renegotiation of terms with key suppliers, including extended payment terms.

Ingham's adjusted statutory Adjusted Working Capital decreased by $34.3 million in FY15, compared to an increase in adjusted statutory Adjusted Working Capital of $18.6 million in FY14. In addition to the factors noted above, the key difference between the pro forma and adjusted statutory changes in Adjusted Working Capital in FY14 is the impact of the additional week at the beginning of the FY14 Adjusted Statutory Historical Results and the associated working capital movement. In addition to the factors noted above, the key difference between the pro forma and adjusted statutory changes in Adjusted Working Capital in FY15 is the adjusted statutory cash outflow from transformation costs.

4.8.3.3 Changes in provisions

Ingham's recorded a pro forma and adjusted statutory net cash inflow from changes in provisions of $4.1 million in FY15, compared to a pro forma net cash inflow of $1.0 million in FY14 and an adjusted statutory net cash inflow of $0.7 million in FY14. The key driver of the pro forma and adjusted statutory net cash inflow in FY15 was an increase in the workers compensation self-insurance provision, due to the introduction of self-insurance in Queensland. This was partially offset by improved claims history in other states.

4.8.3.4 Capital Expenditure

Ingham's pro forma Capital Expenditure increased by $7.2 million, or 19.4%, from $37.2 million in FY14 to $44.4 million in FY15, affected by:

- stay in business capital expenditure, which decreased by $1.5 million, from $22.1 million in FY14 to $20.6 million in FY15, due to the timing of scheduled maintenance activities;
- capacity growth capital expenditure, which increased from $6.1 million in FY14 to $15.3 million in FY15. In FY15, this capital expenditure consisted primarily of hatchery expansion, primary processing equipment and new distribution centre fitout; and
- profit improvement capital expenditure, which decreased from $9.0 million in FY14 to $8.5 million in FY15. In FY15, this capital expenditure consisted primarily of investment in automation equipment.

Adjusted statutory Capital Expenditure increased by $6.8 million, or 18.1%, from $37.6 million in FY14 to $44.4 million in FY15, driven by the same factors as those for pro forma Capital Expenditure, and the inclusion of the 53rd week in adjusted statutory FY14. Further details of the pro forma adjustments are outlined in Section 4.7.3.

4.8.3.5 Proceeds from disposal of property, plant and equipment

Ingham's pro forma and adjusted statutory proceeds from disposal of property, plant and equipment was $2.2 million in FY14 and $2.0 million in FY15.

4.8.3.6 Payment for acquisition of subsidiary, net of cash acquired

Ingham's recorded an adjusted statutory net cash outflow of $367.6 million in FY14 due to the payment for acquisition of subsidiary, net of cash acquired. This payment related to the acquisition of Ingham's Enterprises Pty Limited by TPG Entities.

4.8.3.7 Proceeds from sale of assets classified as held for sale

Ingham's recorded a pro forma net cash inflow of $16.9 million in FY15 due to proceeds from the sale of assets classified as held for sale.

Ingham's recorded an adjusted statutory net cash inflow of $556.9 million in FY15 due to proceeds from the sale of assets classified as held for sale. The difference to the pro forma proceeds relate to the sale and leaseback of a portfolio of land and buildings that was completed in FY15.

4.8.4 Historical results for FY15 and FY16

Table 29 sets out the Pro Forma Historical Results, Adjusted Statutory Historical Results and Statutory Historical Results for FY15 and FY16.

Table 29: Pro Forma Historical Results and Adjusted Statutory Historical Results and Statutory Historical Results for FY15 and FY16

	Pro Forma Historical				Adjusted Statutory Historical[1]			
$ millions	FY15 52 weeks	FY16 52 weeks	Change	%	FY15 52 weeks	FY16 52 weeks	Change	%
Revenue	**2,271.9**	**2,308.7**	**36.8**	**1.6%**	**2,273.8**	**2,308.7**	**34.9**	**1.5%**
Cost of sales	(1,920.8)	(1,886.3)	34.5	(1.8)%	(1,909.7)	(1,886.3)	23.4	(1.2)%
Gross profit	**351.1**	**422.4**	**71.3**	**20.3%**	**364.1**	**422.4**	**58.3**	**16.0%**
Other income	7.0	3.7	(3.3)	(47.1)%	195.9	3.7	(192.2)	(98.1)%
Distribution expense	(139.9)	(135.7)	4.2	(3.0)%	(139.9)	(135.7)	4.2	(3.0)%
Sales, general and administration expense	(104.1)	(123.4)	(19.3)	18.5%	(118.8)	(184.3)	(65.5)	55.1%
Share of net profit of JV	0.4	0.5	0.1	25.0%	0.4	0.5	0.1	25.0%
EBITDA	**114.5**	**167.5**	**53.0**	**46.3%**	**301.7**	**106.6**	**(195.1)**	**(64.7)%**
Depreciation and amortisation	(33.3)	(34.4)	(1.1)	3.3%	(33.3)	(34.4)	(1.1)	3.3%
EBIT	**81.2**	**133.1**	**51.9**	**63.9%**	**268.4**	**72.2**	**(196.2)**	**(73.1)%**

	Pro Forma Historical				Adjusted Statutory Historical[1]			
	FY15 52 weeks	FY16 52 weeks	Change	%	FY15 52 weeks	FY16 52 weeks	Change	%
Key operating metrics								
Poultry volume (kt)	425.2	444.2	19.0	4.5%	425.2	444.2	19.0	4.5%
Stockfeed volume (kt)	580.4	561.9	(18.5)	(3.2)%	580.4	561.9	(18.5)	(3.2)%
Key financial metrics								
Gross profit margin	15.5%	18.3%	2.8%	n/a	16.0%	18.3%	2.3%	n/a
EBITDA margin	5.0%	7.3%	2.3%	n/a	13.3%	4.6%	(8.7)%	n/a
EBIT margin	3.6%	5.8%	2.2%	n/a	11.8%	3.1%	(8.7)%	n/a

	Statutory Historical[1]			
$ millions	FY15 52 weeks	FY16 52 weeks	Change	%
Revenue	**2,273.8**	**2,308.7**	**34.9**	**1.5%**
Cost of sales	(1,940.0)	(1,919.1)	20.9	(1.1)%
Other income	195.9	3.7	(192.2)	(98.1)%
Distribution expense	(140.4)	(136.1)	4.3	(3.1)%
Sales, general and administration expense	(121.3)	(185.5)	(64.2)	52.9%
Share of net profit of JV	0.4	0.5	0.1	25.0%
EBIT	**268.4**	**72.2**	**(196.2)**	**(73.1)%**

Note:

1. In Ingham's Statutory Historical Results shown in Table 29, the relevant portions of depreciation and amortisation charges are included in cost of sales, distribution expense and sales, general and administration expense. In order to present EBITDA in the Adjusted Statutory Historical Results shown in Table 29, depreciation and amortisation have been removed from those cost lines and included in a single line-item. A detailed reconciliation of the Statutory Historical Results to the Adjusted Statutory Historical Results (including the reallocation of depreciation and amortisation) and of the Adjusted Statutory Historical Results to the Pro Forma Historical Results is included in Appendix B.

4.8.4.1 Revenue

Ingham's pro forma revenue increased by $36.8 million, or 1.6%, from $2,271.9 million in FY15 to $2,308.7 million in FY16. The key factors affecting this movement included:

- an increase in poultry volume of 19.0 kt, or 4.5%, as a result of:
  - an increase in sales of chicken of 21.0 kt, or 5.1%, due to market changes in the retail pricing for chicken products in Australia, including barbecue birds and chicken breast, driving increased demand predominantly in the second half of FY16 and the resolution of the genetics supply and planning issues experienced in FY15 which improved the availability of product; and
  - a decrease in sales of turkey of 2.0 kt, or 15.7%, due to a rationalisation of the product range and a rebalancing of production to meet domestic demand;
- a reduction in the average poultry pricing, as a result of:
  - a decrease in the average contracted price in the retail channel;
  - an increase in sales of lower value barbecue birds;
  - wholesale market price pressure in the fourth quarter of FY16, as a result of a short term surplus of birds in the market. This surplus was caused by the planned increase in the supply of barbecue birds to the retail channel. Barbecue birds need to be of a specified weight range and in order to produce the desired increase in the number birds within this weight range, a proportionately larger number of birds needs to be produced to allow for both overweight and underweight birds. The overweight and underweight birds outside the target weight range are then subsequently sold into the wholesale channel, which has contributed to this surplus. Prices in the wholesale channel are expected to improve by the end of FY17; and
  - clearance of excess inventories in the first half of FY16; and
- a 6.1% reduction in external stockfeed revenues impacted by a reduction in both volume and feed prices, with external stockfeed volume reducing by 18.5 kt, or 3.2%, as a result of:
  - a decrease in stockfeed sales to New Zealand, due to falling international dairy prices which affected demand for stockfeed from New Zealand dairy producers; and
  - a decrease in export sales partially offset by growth in stockfeed sales in Australia to poultry and pig markets.

Ingham's adjusted statutory revenue increased by $34.9 million, or 1.5%, from $2,273.8 million in FY15 to $2,308.7 million in FY16. In addition to the factors noted above, the difference to pro forma revenue is the impact of the revenue generated by the discontinued piggery business which is included in adjusted statutory revenue in FY15. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.4.2 Cost of sales

Ingham's pro forma cost of sales decreased by $34.5 million, or 1.8%, from $1,920.8 million in FY15 to $1,886.3 million in FY16. The key factors affecting this movement included:

- a 4.5% increase in poultry volume, partially offset by a 3.2% reduction in external stockfeed sales volumes;
- resolution of genetics supply issues, with resulting production cost reductions;
- introduction by Ingham's management of a national integrated planning process, driving network optimisation and improved efficiencies (refer to Sections 3.5.3 and 3.6.2 for further details of Ingham's national planning processes);
- a reduction in cost of sales for the turkey business of $24.4 million, of which $17.8 million was due to a decline in volumes, and $6.6 million was due to operational improvements as a result of Project Accelerate, including better supply and demand planning, reducing capacity and excess production and improving overall operational efficiencies; and
- other Project Accelerate initiatives driving improvements in labour efficiency, procurement and supply chain savings.

Ingham's adjusted statutory cost of sales decreased by $23.4 million, or 1.2%, from $1,909.7 million in FY15 to $1,886.3 million in FY16. In addition to the factors noted above, the differences to pro forma cost of sales are:

- the cost of sales from the discontinued piggery business which is included in the adjusted statutory cost of sales in FY15; and
- the additional rental costs included in pro forma cost of sales due to the sale and leaseback properties: a part year adjustment was made in pro forma cost of sales for FY15 to include the additional rental costs not included in the adjusted statutory cost of sales.

Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. Further details of the reclassification of interest income, depreciation and amortisation between the Statutory Historical Results and the Adjusted Statutory Historical Results are outlined in Section 4.2.4 and Appendix B.

4.8.4.3 Other income

Ingham's pro forma other income decreased from $7.0 million in FY15 to $3.7 million in FY16, due to differences in the profit on disposal of property, plant and equipment in FY16 compared to FY15.

Ingham's adjusted statutory other income decreased from $195.9 million in FY15 to $3.7 million in FY16. In addition to the factors noted above, the difference to pro forma other income in FY15 is due to a profit of $188.9 million on disposal of a portfolio of land and buildings as part of the sale and leaseback.

4.8.4.4 Distribution expense

Ingham's pro forma and adjusted statutory distribution expense decreased by $4.2 million, or 3.0%, from $139.9 million in FY15 to $135.7 million in FY16, as a result of:

- freight cost reductions due primarily to lower fuel costs; and
- rationalisation of distribution centre capacity and reduction of outside storage costs.

4.8.4.5 Sales, general and administration expense

Ingham's pro forma SGA expense increased by $19.3 million, or 18.5%, from $104.1 million in FY15 to $123.4 million in FY16, negatively affected by:

- an increase in labour related costs as a result of investment in capability across the entire range of corporate functions (further commentary of capability investment is outlined in Section 3.6), payment of short term incentives (a short term incentive program was introduced following the acquisition of Ingham's by TPG Entities) and increased LTI costs;
- an increase in investment associated with Ingham's IT technical infrastructure refresh; and
- increased marketing costs.

Ingham's adjusted statutory SGA expense increased by $65.5 million, or 55.1%, from $118.8 million in FY15 to $184.3 million in FY16. In addition to the factors noted above, the key differences between pro forma and adjusted statutory SGA expense are:

- costs related to the discontinued piggery business which is included in adjusted statutory SGA expense in FY15;
- site closure costs, which are included in adjusted statutory SGA expense in FY15 and FY16;
- transformation costs, which are included in adjusted statutory SGA expense in FY15 and FY16;
- head office relocation costs, which are included in adjusted statutory SGA expense in FY16;
- advisory fees, which are included in adjusted statutory SGA expense in FY15 and FY16;
- the additional rental costs included in pro forma SGA expense in FY15 due to the sale and leaseback properties;
- listed company costs, which are included in pro forma SGA expense in FY15 and FY16; and
- costs of the Offer, which are included in adjusted statutory SGA expense in FY16.

Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B. Further details of the reclassification of interest income, depreciation and amortisation between the Statutory Historical Results and the Adjusted Statutory Historical Results are outlined in Section 4.2.4 and Appendix B.

4.8.4.6 Rent expense

Ingham's pro forma rent expense (included in cost of sales, distribution expense and SGA expense) increased by $3.7 million, or 6.1%, from $61.3 million in FY15 to $65.0 million in FY16 due to contracted rental increases and annualisation of lease costs associated with new distribution facilities.

Ingham's adjusted statutory rent expense increased by $18.3 million, or 39.3%, from $46.7 million in FY15 to $65.0 million in FY16, as a result of the sale and leaseback that occurred during FY15. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.4.7 Share of net profit of JV

Ingham's pro forma and adjusted statutory share of net profit from its JV increased from $0.4 million in FY15 to $0.5 million in FY16.

4.8.4.8 EBITDA

Ingham's pro forma EBITDA increased by $53.0 million, or 46.3%, from $114.5 million in FY15 to $167.5 million in FY16, with pro forma EBITDA margin increasing by 2.3%, from 5.0% to 7.3% over the same period. The key driver of the increase in EBITDA was gross profit, which increased by $71.3 million, or 20.3%, from $351.1 million in FY15 to $422.4 million in FY16. The other drivers of EBITDA are outlined in Sections 4.8.4.3 to 4.8.4.7.

Ingham's adjusted statutory EBITDA decreased by $195.1 million, or 64.7%, from $301.7 million in FY15 to $106.6 million in FY16. In addition to the factors noted above, the key differences to the change in pro forma EBITDA are the impact of the profit from the sale and leaseback in FY15 and the pro forma adjustments for rental expense in FY15. Other differences between pro forma and adjusted statutory EBITDA are outlined in Sections 4.8.4.1 to 4.8.4.7. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.4.9 Depreciation and amortisation

Ingham's pro forma and adjusted statutory depreciation and amortisation increased by $1.1 million, or 3.3%, from $33.3 million in FY15 to $34.4 million in FY16, due to investment in capacity growth and profit improvement initiatives.

4.8.4.10 EBIT

Ingham's pro forma EBIT increased by $51.9 million, or 63.9%, from $81.2 million in FY15 to $133.1 million in FY16. Pro forma EBIT margin increased by 2.2%, from 3.6% in FY15 to 5.8% in FY16, with the increase in EBITDA margin flowing through to EBIT margin. The drivers of EBIT are outlined in Sections 4.8.4.8 and 4.8.4.9.

Ingham's adjusted statutory EBIT decreased by $196.2 million, or 73.1%, from $268.4 million in FY15 to $72.2 million in FY16. In addition to the factors noted above, the key differences to the change in pro forma EBIT are the impact of the profit from the sale and leaseback in FY15 and the pro forma adjustments for rental expense in FY15. Other differences between pro forma and adjusted statutory EBIT are outlined in Sections 4.8.4.1 to 4.8.4.7. Further details of the pro forma adjustments are outlined in Section 4.4.3 and Appendix B.

4.8.5 Historical cash flow information for FY15 and FY16

Table 30 sets out the Pro Forma Historical Cash Flow Information and Adjusted Statutory Historical Cash Flow Information for FY15 and FY16.

Table 30: Pro Forma Historical Cash Flow Information and Adjusted Statutory Historical Cash Flow Information for FY15 and FY16

	Pro Forma Historical				Adjusted Statutory Historical			
$ millions	FY15 52 weeks	FY16 52 weeks	Change	%	FY15 52 weeks	FY16 52 weeks	Change	%
EBITDA	**114.5**	**167.5**	**53.0**	**46.3%**	**301.7**	**106.6**	**(195.1)**	**(64.7)%**
Non-cash items	(6.0)	(0.3)	5.7	(95.0)%	(194.5)	2.7	197.2	(101.4)%
Changes in Adjusted Working Capital	26.8	(11.0)	(37.8)	(141.0)%	34.3	(14.9)	(49.2)	(143.4)%
Changes in provisions	4.1	-	(4.1)	(100.0)%	4.1	23.5	19.4	473.2%
Adjusted Operating Cash Flow	**139.4**	**156.2**	**16.8**	**12.1%**	**145.6**	**117.9**	**(27.7)**	**(19.0)%**
Capital Expenditure	(44.4)	(76.8)	(32.4)	73.0%	(44.4)	(76.8)	(32.4)	73.0%
Proceeds from disposal of property, plant and equipment	2.0	0.1	(1.9)	(95.0)%	2.0	0.1	(1.9)	(95.0)%
Proceeds from sale of assets classified as held for sale	16.9	6.5	(10.4)	(61.5)%	556.9	6.5	(550.4)	(98.8)%
Adjusted Free Cash Flow	**113.9**	**86.0**	**(27.9)**	**(24.5)%**	**660.1**	**47.7**	**(612.4)**	**(92.8)%**

4.8.5.1 Non-cash items

Ingham's recorded a pro forma net cash outflow from non-cash items of $0.3 million in FY16, compared to a pro forma net cash outflow of $6.0 million in FY15, due to non-cash profit on disposal of assets classified as held for sale of $3.3 million, offset by the share-based payments expense in FY16, compared to profit on disposal of property, plant and equipment in FY15.

Ingham's recorded an adjusted statutory net cash inflow from non-cash items of $2.7 million in FY16, compared to an adjusted statutory net cash outflow of $194.5 million in FY15. In addition to the factors noted above, the difference between the adjusted statutory and pro forma non-cash items is due to the removal of profit on disposal of a portfolio of land and buildings as part of the sale and leaseback and the removal of the loss on disposal of the discontinued piggery business in FY15.

4.8.5.2 Changes in Adjusted Working Capital

Ingham's pro forma Adjusted Working Capital increased by $11.0 million in FY16, affected by:

- an increase in trade and other receivables due to revenue growth with major retail customers;
- an increase in inventories driven by farming stock due to increased forward demand; and
- partially offset by an increase in trade and other payables due to volume increases and negotiation of extended trading terms with key suppliers.

Ingham's adjusted statutory Adjusted Working Capital increased by $14.9 million in FY16. The difference between the adjusted statutory and pro forma movement in Adjusted Working Capital in FY15 was due to the adjusted statutory cash outflow from transformation costs. In addition to the factors noted above, the difference between the adjusted statutory and pro forma movement in Adjusted Working Capital in FY16 was due to the adjusted statutory cash outflow from transformation costs, unpaid costs of the Offer, head office relocation costs and site closure costs.

4.8.5.3 Changes in provisions

Ingham's recorded no pro forma net cash flow from changes in provisions in FY16, compared to a pro forma and adjusted statutory net cash inflow of $4.1 million in FY15. The key driver of the pro forma net cash inflow in FY15 was an increase in workers compensation self-insurance provision, due to the introduction of self-insurance in Queensland. This was partially offset by improved claims history in other states.

Ingham's recorded an adjusted statutory net cash inflow of $23.5 million in FY16, compared to an adjusted statutory net cash inflow of $4.1 million in FY15. In addition to the factors noted above, the difference between pro forma and adjusted statutory changes in provisions in FY16 was due to head office relocation costs and site closure costs.

4.8.5.4 Capital Expenditure

Ingham's pro forma and adjusted statutory Capital Expenditure increased by $32.4 million, or 73.0%, from $44.4 million in FY15 to $76.8 million in FY16, affected by:

- stay in business capital expenditure, which increased by $12.0 million, from $20.6 million in FY15 to $32.6 million in FY16, primarily due to upgrades and replacement of IT equipment, software and telecommunications systems;
- capacity growth capital expenditure increased from $15.3 million in FY15 to $32.1 million in FY16. In FY16, this capital expenditure consisted primarily of a $14.7 million investment to increase capacity and improve efficiency in the breeder farm network, a $5.5 million investment to expand primary processing capacity and a $5.0 million investment to increase capacity and improve efficiency in the hatchery network; and
- profit improvement capital expenditure increased from $8.5 million in FY15 to $12.1 million in FY16. In FY16, this capital expenditure consisted of a $12.1 million investment in automation systems to achieve improvements in operational performance.

4.8.5.5 Proceeds from disposal of property, plant and equipment

Ingham's pro forma and adjusted statutory proceeds from disposal of property, plant and equipment was $0.1 million in FY16, compared to proceeds from disposal of property, plant and equipment of $2.0 million in FY15.

4.8.5.6 Proceeds from sale of assets classified as held for sale

Ingham's recorded a pro forma and adjusted statutory net cash inflow of $6.5 million in FY16 compared to a pro forma net cash inflow of $16.9 million in FY15, due to differences in the proceeds from the sale of assets classified as held for sale.

Ingham's recorded an adjusted statutory net cash inflow of $556.9 million in FY15, due to proceeds from the sale and leaseback of a portfolio of land and buildings.

4.9 Forecast Financial Information

The basis of preparation of the FY17 Forecast Financial Information is detailed in Section 4.2.6. This Section 4.9 includes the general assumptions, Directors' best estimate assumptions and specific assumptions adopted in preparing the Forecast Financial Information.

4.9.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there are no material losses of customers or contracts beyond those incorporated in the forecasts;
- there is no material change in the competitive and operating environments in which Ingham's operates;
- there are no significant disruptions to the continuity of operations of Ingham's and there are no other material changes in Ingham's business;
- there are no major weather events that may materially impact on the operations of Ingham's, or its key customers and suppliers;
- there is no change in applicable AAS, IFRS or other mandatory professional reporting requirements of the Corporations Act, that would have a material impact on Ingham's financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure requirements;
- there are no material changes in government regulation, policy, legislation, or tax legislation (including changes to import restrictions) that will have a material impact on Ingham's financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure requirements;
- there is no significant deviation from current market expectations of the broader economic conditions (including exchange rates) relevant to the Australian and international sectors in which Ingham's and its key customers operate;
- there is no material amendment to any material agreement relating to Ingham's business other than as disclosed in this Prospectus;
- no material acquisitions or divestments are completed;
- there are no material changes to Ingham's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there is no loss of key management personnel and Ingham's will maintain the ongoing ability to recruit and retain required personnel;
- there is no material litigation that will arise or be settled to the benefit or detriment of Ingham's;
- there are no material contingent liabilities that will arise or be realised to the detriment of Ingham's;
- the Offer proceeds in accordance with the key dates set out in this Prospectus; and
- none of the risks set out in Section 5 occurs, or if they do, none of them has a material adverse impact on Ingham's operations.

4.9.2 Directors' best estimate assumptions

The Forecast Financial Information for FY17 includes Ingham's Pro Forma Forecast Results for the 52 weeks ending 24 June 2017 and Statutory Forecast Results for the 53 weeks ending 1 July 2017.

The Forecast Financial Information is based on various best estimate assumptions, of which the key assumptions are set out below in Section 4.9.3. The assumptions below are a summary only and do not represent all factors that will affect Ingham's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in Section 4.2.6, the general assumptions set out in Section 4.9.1, the risk factors set out in Section 5 and the Limited Assurance Investigating Accountant's Report on the Forecast Financial Information in Section 8.

4.9.3 Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information for FY17 is set out below.

4.9.3.1 Revenue

The Forecast Financial Information is based on the following key revenue assumptions:

- poultry volume is forecast to increase by 34.1 kt or 7.7%, based on the following assumptions:
  - there are no new customer contract wins during FY17 beyond those already in place at 31 August 2016. Any customer contracts expiring during FY17 (other than those which had already been re-tendered and lost at 31 August 2016) are assumed to be renewed at expiry based on the particular circumstances of each customer; and
  - sales volumes have been forecast for each customer in the retail, QSR and food service channels based upon current volumes (adjusted to annualise for the impact of the growth in chicken meat sales volumes in the retail channel over 2H FY16), new store/network growth plans, planned new product development and promotional activity;
- average poultry price per kg is forecast to decrease by 4.0%, based on the following assumptions:
  - there is no significant change to the current retail pricing for barbecue birds and other chicken products, but the forecast reflects the annualised impact of mix changes during FY16;
  - sales prices for each customer in the retail, QSR and food service channels are based on current contract arrangements and management's expectation of price based on each customer's volumes, changing product mix and ongoing discussions with these customers;
  - wholesale prices assume current prices remain over 1Q FY17, gradually returning to those price levels experienced before 4Q FY16 by June 2017; and
  - a market oversupply of birds in New Zealand continuing to cause overall price reductions in that region;
- external stockfeed volume and price assumptions:
  - volumes are forecast to increase by 15.7 kt (or 2.8%) based on current volumes (adjusted to annualise for the impact of new supply contracts in Australia, partially offset by weaker demand for dairy cattle feed in New Zealand);
  - there is no significant change to the existing customer base; and
  - feed pricing is based on expected feed costs which reflect existing forward cover agreements and expected future (forward) commodity prices outside the current period of forward cover agreements based on current market conditions, which are expected, on average, to be lower in FY17 than in FY16, resulting in a 2.6% decrease in average stockfeed price per kg, with a similar decrease in cost per kg.

4.9.3.2 Cost of sales

The Forecast Financial Information is based on the following key cost of sales assumptions:

- volume: cost of sales increases, based on the forecast increase in the volume of poultry and stockfeed to be sold;
- feed costs: feed pricing is based on existing forward cover agreements and expected future (forward) commodity prices outside the current period of forward cover based on current market conditions, which are expected, on average, to be lower in FY17 than in FY16;
- labour costs: wages and salaries increase in line with committed EA increases. Labour optimisation initiatives as part of Project Accelerate are delivered on time with expected benefits being realised, reducing the cost per kg of poultry produced;
- husbandry costs: average fees payable per bird are forecast to increase in line with contractual arrangements;
- facilities costs: increase in rental costs is in line with existing agreements. Additional rent is included for new facilities in farming and hatchery from the expected date of commencement of operations; and
- product inputs and consumables costs: expected costs are based on current contractual and existing relationships. Procurement benefits are assumed to be delivered in accordance with Project Accelerate expectations, reducing the cost per kg of poultry produced.

4.9.3.3 Distribution expense

The Forecast Financial Information is based on the following distribution expense assumptions:

- wages and salaries increase in line with committed EA increases;
- facilities costs factor in an increase in rental costs in line with existing agreements; and
- distribution costs assume no significant change in fuel prices or current contracted pricing arrangements.

4.9.3.4 Sales, general and administration expense

The Forecast Financial Information is based on the following SGA expense assumptions:

- salary and wage increases are commensurate with market conditions; and
- CPI on other costs is assumed to be 1%.

4.9.3.5 Depreciation and amortisation

The Forecast Financial Information is based on the following depreciation and amortisation assumptions:

- land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:
  - buildings and leasehold buildings 5 - 50 years;
  - plant and equipment 1 - 20 years; and
  - leased plant and equipment 5 - 15 years.

4.9.3.6 Net finance costs

The Forecast Financial Information is based on the following net finance cost assumptions:

- pro forma net financing costs in FY17 are based on the full year effect of the pro forma interest on the New Banking Facilities, which is calculated based on the drawn amount of $420 million at 3.44% per annum plus the forecast drawdown on Facility C;
- statutory net financing costs in FY17 are based on interest on the Existing Banking Facilities between 25 June 2016 and Completion and forecast interest for the New Banking Facilities from Completion to 1 July 2017, which is calculated based on the drawn amount of $420 million at 3.44% per annum and expenses to be incurred as a result of refinancing, plus the forecast drawdown on Facility C; and
- various fees and interest charges are as stipulated in related debt facility agreements.

4.9.3.7 Income tax expense

The Forecast Financial Information is based on the following income tax expense assumptions:

- Australian corporate tax rate remains at 30% for FY17; Ingham's effective tax rate in Australia is lower than the corporate tax rate primarily due to certain items not being assessable for Australian income tax purposes;
- New Zealand corporate tax rate remains at 28% for FY17; and
- Ingham's pro forma effective tax rate of approximately 25% is calculated as a weighted average of its Australian and New Zealand effective tax rates.

4.9.3.8 Change in Adjusted Working Capital

The Forecast Financial Information is based on the following Adjusted Working Capital assumptions:

- Adjusted Working Capital is forecast at a group level based on management forecasts of demand from external customers and the timing of year end with reference to the typical timing of cash payments and receipts; and
- there are no material changes in payment terms or inventory levels.

4.9.3.9 Capital Expenditure

The Forecast Financial Information is based on the following Capital Expenditure assumptions:

- Capital Expenditure is based on known and committed projects; and
- projects are delivered on time and within expected costs.

4.9.3.10 Foreign exchange

The Forecast Financial Information is based on the following foreign exchange assumptions:

- foreign exchange rate for the 53 weeks ending 1 July 2017 is 1 AUD = 1.045 NZD, based on the approximate actual spot rate on 25 June 2016.

4.9.4 Pro forma results for FY16 and FY17

Table 31 sets out the Pro Forma Historical Results for FY16 and the Pro Forma Forecast Results for FY17.

Table 31: Pro Forma Historical Results for FY16 and Pro Forma Forecast Results for FY17

	Pro Forma Historical	Pro Forma Forecast		
$ millions	FY16 52 weeks	FY17 52 weeks	Change	%
Revenue	**2,308.7**	**2,375.0**	**66.3**	**2.9%**
Cost of sales	(1,886.3)	(1,916.6)	(30.3)	1.6%
Gross profit	**422.4**	**458.4**	**36.0**	**8.5%**
Other income	3.7	–	(3.7)	(100.0)%
Distribution expense	(135.7)	(144.2)	(8.5)	6.3%
Sales, general and administration expense	(123.4)	(124.6)	(1.2)	1.0%
Share of net profit of JV	0.5	0.5	–	–
EBITDA	**167.5**	**190.1**	**22.6**	**13.5%**
Depreciation and amortisation	(34.4)	(42.2)	(7.8)	22.7%
EBIT	**133.1**	**147.9**	**14.8**	**11.1%**

	Pro Forma Historical	Pro Forma Forecast		
	FY16 52 weeks	FY17 52 weeks	Change	%
Key operating metrics				
Poultry volume (kt)	444.2	478.3	34.1	7.7%
Stockfeed volume (kt)	561.9	577.6	15.7	2.8%
Key financial metrics				
Gross profit margin	18.3%	19.3%	1.0%	n/a
EBITDA margin	7.3%	8.0%	0.7%	n/a
EBIT margin	5.8%	6.2%	0.4%	n/a

4.9.4.1 Revenue

Ingham's pro forma revenue is forecast to increase by $66.3 million, or 2.9%, from $2,308.7 million in FY16 to $2,375.0 million in FY17, driven by:

- an increase in poultry volume of 34.1 kt, or 7.7%, as a result of:
  - an increase in chicken meat volumes in the retail channel in Australia of 19.7 kt, or 11.6%, due to the full year impact of the retail pricing changes by key retailers which occurred in 2H FY16;
  - an increase in other poultry product volume following an increasing proportion of unrendered (higher volume) product sales; and
  - a reduction in the volume cleared in the wholesale market in Australia due to improvements in demand planning;
- a decrease in average poultry price per kg of 4.0%, as a result of:
  - lower average prices in the Australian retail channel due to a forecast change in product mix with a higher proportion of barbecue bird sales to key retailers and channel support;
  - lower average prices in New Zealand due to market supply conditions;
  - increasing volumes of lower priced other poultry products; and
  - lower average prices in the Australian wholesale market as a result of additional market capacity. Prices in this channel are expected to return to those seen prior to Q4 FY16 by the conclusion of FY17;
- a 0.1% increase in external stockfeed revenues, as a result of:
  - a 15.7 kt or 2.8% increase in external stockfeed volume due to new supply contracts for poultry feed in Australia, offset by weaker demand for dairy cattle feed in New Zealand; and
  - partially offset by a reduction in average price per kilogram of 2.6% due to market prices for grain commodity inputs; and
- New Zealand revenues being positively affected by a $15.3 million translation benefit following the strengthening of the New Zealand dollar relative to the Australian dollar.

4.9.4.2 Cost of sales

Ingham's pro forma cost of sales is forecast to increase by $30.3 million, or 1.6%, from $1,886.3 million in FY16 to $1,916.6 million in FY17, mainly due to:

- a 7.7% increase in poultry volume and 2.8% increase in external stockfeed volume;
- a decrease in labour costs due to profit improvement initiatives completed in FY16 and further initiatives implemented in FY17, offset by EA changes and CPI increases;
- reduced market prices for grain commodity inputs;
- contracted husbandry price increases;
- identified and planned procurement savings; and
- an increase in fixed costs due to CPI and contractual arrangements.

4.9.4.3 Other income

Pro forma other income of $3.7 million in FY16 was primarily due to profit on disposal of property, plant and equipment. Other income is not forecast to occur in FY17.

4.9.4.4 Distribution expense

Ingham's pro forma distribution expense is forecast to increase by $8.5 million, or 6.3%, from $135.7 million in FY16 to $144.2 million in FY17, primarily driven by the increase in production volumes and increases in labour costs and other fixed costs.

4.9.4.5 Sales, general and administration expense

Ingham's pro forma SGA expense is forecast to increase by $1.2 million, or 1.0%, from $123.4 million in FY16 to $124.6 million in FY17, impacted by:

- an increase in costs due to the full year impact of wages associated with new employees hired in FY16, offset by reductions in short term and long term incentive payment costs;
- an increase in costs due to further investment in IT and systems. In March 2016, Ingham's partnered with IBM to commence a major technology refresh program across its core technologies. IBM will provide a full managed service across Ingham's new data centres, enabling the internal Ingham's IT team to focus its capabilities on helping to grow the business;
- a general increase in marketing costs to drive volumes; and
- partially offset by a reduction in consultancy fees.

4.9.4.6 Rent expense

Ingham's pro forma rent expense (included in cost of sales, distribution expense and SGA expense) is forecast to increase by $4.5 million, or 6.9%, from $65.0 million in FY16 to $69.5 million in FY17, due to contracted rental increases and lease costs associated with new farming and hatchery facilities.

4.9.4.7 Share of net profit of JV

Ingham's share of net profit from its JV is forecast to remain constant at $0.5 million in FY17.

4.9.4.8 EBITDA

Ingham's pro forma EBITDA is forecast to increase by $22.6 million, or 13.5%, from $167.5 million in FY16 to $190.1 million in FY17, with pro forma EBITDA margin forecast to increase by 0.7%, from 7.3% to 8.0% over the same period. The key driver of the increase in EBITDA is gross profit, which is forecast to increase by $36.0 million, or 8.5%, from $422.4 million in FY16 to $458.4 million in FY17. The other drivers of pro forma EBITDA are outlined in Sections 4.9.4.3 to 4.9.4.7.

4.9.4.9 Depreciation and amortisation

Ingham's pro forma depreciation and amortisation are forecast to increase by $7.8 million, or 22.7%, from $34.4 million in FY16 to $42.2 million in FY17, driven by an increase in capacity growth capital expenditure and profit improvement capital expenditure.

4.9.4.10 EBIT

Ingham's pro forma EBIT is forecast to increase by $14.8 million, or 11.1%, from $133.1 million in FY16 to $147.9 million in FY17. Pro forma EBIT margin is forecast to increase by 0.4% from 5.8% to 6.2% over the same period due to an increase in EBITDA margin, partially offset by an increase in depreciation and amortisation. The drivers of pro forma EBIT are outlined in Sections 4.9.4.8 and 4.9.4.9.

4.9.4.11 Impact of Project Accelerate initiatives

As outlined in Section 3.7.3, Ingham's is into the second year of a transformation program targeting gross benefits of $160 million to $200 million over five years. The benefits from this program are designed to allow Ingham's to remain competitive, mitigate inflation in costs and contribute to profit growth.

Project Accelerate is comprised of a number of initiatives to improve production, efficiency and automation across Ingham's integrated operations. Ingham's commenced execution of Project Accelerate initiatives in May 2015 with some benefits contributing to FY16 earnings. Approximately half the benefits are expected to be realised beyond the Forecast period.

4.9.5 Pro forma cash flow information for FY16 and FY17

Table 32 sets out the Pro Forma Historical Cash Flow Information for FY16 and the Pro Forma Forecast Cash Flow Information for FY17.

Table 32: Pro Forma Historical Cash Flow Information for FY16 and Pro Forma Forecast Cash Flow Information for FY17

	Pro Forma Historical	Pro Forma Forecast		
$ millions	FY16 52 weeks	FY17 52 weeks	Change	%
EBITDA	**167.5**	**190.1**	**22.6**	**13.5%**
Non-cash items	(0.3)	1.0	1.3	nm
Changes in Adjusted Working Capital	(11.0)	2.9	13.9	nm
Changes in provisions	–	(2.0)	(2.0)	nm
Adjusted Operating Cash Flow	**156.2**	**192.0**	**35.8**	**22.9%**
Capital Expenditure	(76.8)	(85.0)	(8.2)	10.7%
Proceeds from disposal of property, plant and equipment	0.1	–	(0.1)	(100.0)%
Proceeds from sale of assets classified as held for sale	6.5	–	(6.5)	(100.0)%
Adjusted Free Cash Flow	**86.0**	**107.0**	**21.0**	**24.4%**

4.9.5.1 Non-cash items

Ingham's net cash inflow from non-cash items is forecast to be $1.0 million in FY17, compared to a pro forma net cash outflow of $0.3 million in FY16. In FY16, this amount related to a profit on disposal of assets classified as held for sale of $3.3 million offset by the share-based payments expense. In FY17, this amount relates to the share-based payments expense.

4.9.5.2 Changes in Adjusted Working Capital

Ingham's Adjusted Working Capital is forecast to decrease by $2.9 million in FY17, impacted by:

- an increase in trade and other receivables due to revenue growth with major retail customers;
- an increase in inventories driven by increased forward demand;
- partly offset by trade payables increases due to volume increases and renegotiation with key suppliers; and
- offset by the removal of the 53rd week in FY17 due to the timing of payments to suppliers.

4.9.5.3 Changes in provisions

Ingham's is forecasting a net cash outflow of $2.0 million from changes in provisions in FY17, compared to no changes in provisions in FY16. The driver of the forecast changes in provisions in FY17 is an assumed increase in the provision for employee benefits driven by accrual of benefits.

4.9.5.4 Capital Expenditure

Ingham's Capital Expenditure is forecast to increase by $8.2 million, or 10.7%, from $76.8 million in FY16 to $85.0 million in FY17, impacted by:

- stay in business capital expenditure, which is forecast to decrease by $1.3 million, from $32.6 million in FY16 to $31.3 million in FY17;
- capacity growth capital expenditure, which is forecast to decrease from $32.1 million in FY16 to $23.6 million in FY17. In FY17, this capital expenditure is forecast to primarily consist of a $12.6 million investment to increase capacity and improve efficiency in the breeder farm network, and a $6.0 million investment to increase capacity and improve efficiency in the hatchery network; and
- profit improvement capital expenditure, which is forecast to increase from $12.1 million in FY16 to $30.1 million in FY17. In FY17, this capital expenditure is forecast to consist of a $19.1 million investment in automation systems to achieve improvements in operational performance and an $11.0 million investment in feedmill operations.

4.10 Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Ingham's, its Directors and management, and depends upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out below is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the FY17 pro forma forecast NPAT of $98.8 million is presented.

The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Table 33: Sensitivity analysis on pro forma forecast NPAT for FY17

			FY17 pro forma NPAT
Assumption	Notes	Increase / decrease	impact ($ millions)
Average selling price	1	+/- 1%	16.7 / (16.7)
Sales volume	2	+/- 1%	4.6 / (4.6)
Feed cost	3	+/- 5%	(2.4) / 2.4
Interest rate	4	+/- 50 bps	(1.1) / 1.1
EBITDA margin	5	+/- 0.1 ppt	1.7 / (1.7)
AUD/NZD translation rate	6	+/- 5 cents	(2.3) / 2.5

Notes:
1. Full year impact of an increase or decrease in average selling price by 1%.
2. Full year impact of an increase or decrease in sales volume by 1%.
3. Full year impact of an increase or decrease in feed cost by 5%. The sensitivity only applies to approximately 25% of grain costs included in the FY17 forecast, as Ingham's has fixed-price forward contracts with suppliers which provide coverage for grain prices for the majority of FY17.
4. Interest rate is increased or decreased by 50 basis points, impacting the New Banking Facilities. See Section 4.6.4 for details of Ingham's New Banking Facilities.
5. Full year impact of an absolute increase or decrease in EBITDA margin of 0.1 percentage points.
6. Full year impact of an increase or decrease in the average FY17 AUD/NZD translation rate of 5 cents from the assumed AUD/NZD translation rate of 1.045. The Company's intention is to put in place an FX hedging program. The above table illustrates the sensitivity in the absence of any FX hedging.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Ingham's management would respond to any adverse change in one variable by seeking to minimise the net effect on Ingham's NPAT.

4.11 Financial risk management framework

Ingham's activities expose it to a variety of financial risks: market risk (including commodity price risk, interest rate risk and foreign currency risk), liquidity risk and credit risk. Ingham's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Ingham's.

Risk management is carried out by a central treasury function. Treasury identifies, evaluates and hedges financial risks in close co-operation with operating units. Treasury provides overall risk management, covering specific areas, such as interest rate risk, foreign currency risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the facilities agreement and Company policies.

Ingham's uses derivative financial instruments such as interest rate swaps and foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. Ingham's uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

4.11.1 Commodity price risk

Ingham's is exposed to commodity price risk through its operating activities, primarily in the production inputs for feed. The commodities to which Ingham's is exposed to price risk relate predominantly to wheat and soymeal.

Commodity price risk is managed by taking forward contract cover on these commodities, for a period of up to nine months, to purchase grain. This is performed through monitoring movements in price.

4.11.2 Interest rate risk

Ingham's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose Ingham's to cash flow interest rate risk. Borrowings issued at fixed rates expose Ingham's to fair value interest rate risk. Ingham's policy is to maintain a significant portion of its borrowings at fixed rates using interest rate swaps to achieve this. During FY16, Ingham's borrowings at variable rate were denominated in Australian dollars.

Ingham's has managed its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, Ingham's agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

4.11.3 Foreign currency risk

Ingham's has a policy requiring its subsidiaries to manage their foreign exchange risk against their functional currency. The subsidiaries of Ingham's are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

New Zealand dollar revenue is expected to represent approximately 16% of Ingham's revenue in FY17.

4.11.4 Liquidity risk

Liquidity risk is the risk that Ingham's will not have sufficient funds to meet its financial commitments as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management monitors rolling forecasts of Ingham's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. In addition, Ingham's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet monitoring liquidity ratios.

Ingham's expects to have unutilised committed debt facilities of approximately $43.0 million at Completion, which are available to fund working capital and expansion requirements.

4.11.5 Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments, deposits with banks and financial institutions and the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Ingham's has a credit policy which provides guidelines for the management of credit risk. The guidelines provide for the manner in which the credit risk of customers is assessed and the use of credit ratings and other information in order to set appropriate account limits. Customers that do not meet minimum credit criteria are required to pay upfront. Customers who fail to meet their account terms are reviewed for continuing creditworthiness.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables. For some trade receivables, Ingham's may obtain security in the form of credit insurance.

Credit risks related to balances with banks and financial institutions are managed by the Finance team.

4.12 Critical accounting estimates and judgements

Preparing financial statements in accordance with AAS requires management to make estimates, judgements and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Judgements made by management in the application of accounting standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Refer to the significant accounting policies section of this Prospectus.

4.13 Dividend policy

Depending on available profits and the financial position of Ingham's, it is the current intention of Ingham's to pay dividends.

The planned future dividend payout ratio is 65-70% of Ingham's NPAT. In FY17, the Directors intend to pay out between 65-70% of Ingham's pro forma NPAT for the proportion of FY17 post Completion.

The Directors anticipate that the first dividend to Shareholders will be determined in respect of the period from Completion to 24 December 2016 with reference to available profits within this period and the financial position of Ingham's and will be paid in April 2017. Ingham's expects to be in a position to pay fully franked dividends in FY17.

In assessing the dividend payment in future periods, the Directors may consider a number of factors, including the general business environment, the operating results and financial condition of Ingham's, future funding requirements, capital management initiatives, tax considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Ingham's, and any other factors the Directors may consider relevant.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. Please read the Forecast Financial Information in conjunction with the assumptions underlying its preparation as set out in Sections 4.9.1, 4.9.2 and 4.9.3, the risk factors set out in Section 5 and the terms of the New Banking Facilities set out in Section 4.6.4. Investors who are not tax residents of Australia and who acquire Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not tax residents of Australia should consult with their own tax advisors regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Shares.

five KEY RISKS

5.1 Introduction

This Section 5 describes some of the potential risks associated with an investment in Ingham's.

An investment in Ingham's is subject to risks specific to Ingham's and its business and to general risks associated with investing in Shares. Each of these risks could, if it eventuates, have a material adverse impact on Ingham's business, financial condition, operating and financial performance or future prospects or the value of its Shares. Many of the circumstances giving rise to these risks are beyond the control of Ingham's, the Directors and management.

You should note that the risks described in this Section 5 are not the only risks faced by Ingham's. Additional risks that Ingham's is unaware of or that Ingham's currently considers to be immaterial also have the potential to have a material adverse effect on Ingham's business, financial condition, operating and financial performance or future prospects or the value of its Shares.

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

Before deciding whether to invest in Ingham's, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in Ingham's is suitable for you having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in Ingham's, you should seek professional advice from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor.

5.2 Risks specific to an investment in Ingham's

5.2.1 Significant changes to import restrictions

Both Australia and New Zealand operate quarantine regimes that restrict the importation of poultry meat and live poultry. The quarantine regimes are aimed at protecting people, farmed birds, native birdlife and ecosystems from pathogens that commonly exist in wild bird populations and commercial chicken flocks elsewhere in the world. As a result of these conditions, the level of imported poultry in both markets is small relative to consumption and limited to certain forms of poultry.

The Australian Government or New Zealand Government may review and implement changes to the import conditions or broaden the existing protocols (currently only protocols for chicken meat are in place) following changes to local circumstances (including animal health status and environmental factors) or based on new scientific evidence. Since August 2016, the Australian Government has been undertaking a formal review to consider the appropriate risk management measures for the importation of cooked turkey meat from the United States of America. There is potential for the importation of chicken meat into Australia where the Australian Government considers that an applicant complies with the relevant generic import quarantine conditions applicable to chicken meat. The governments of Australia and New Zealand confirmed in August 2016 the certification requirements for the export of fresh and partially-cooked chicken product from New Zealand to Australia.

Any significant alteration of the import quarantine conditions that would allow additional forms of poultry to be imported into Australia or New Zealand may increase competition in the Australian and New Zealand poultry markets. If Ingham's fails to compete successfully, Ingham's market share, revenue and profits could decline, which could adversely affect its business, financial condition and results of operations.

5.2.2 A significant food safety event affects Ingham's or the poultry industry

Poultry products are susceptible to contamination or damage throughout all parts of the production, supply and storage processes. These food safety events could include food poisoning or other illness, including from an outbreak of campylobacter, salmonella or listeria, chicken bones or fragments unintentionally remaining in a product after the deboning process or malicious tampering or product extortion. A significant food safety event may result in Ingham's products becoming unsafe or being perceived to be unsafe.

If Ingham's or a competitor's products were to become unsafe or were perceived to be unsafe for any reason, this could result in reduced demand for Ingham's products which could have a material adverse effect on Ingham's financial and operating performance. Additionally, in the case of a food safety event, Ingham's may incur significant product recall costs, other operational costs in order to address any issues, compensation payments and penalties or product liability claims, each of which may impact on Ingham's financial performance.

5.2.3 Exotic disease outbreak materially impacts Ingham's ability to supply poultry products

Each of Australia and New Zealand has strict biosecurity restrictions in place designed to prevent the introduction of exotic avian diseases into these countries and the management of any outbreak of exotic avian disease. However, if an outbreak of avian influenza or another avian disease occurred in Ingham's flock or in areas where Ingham's operates, Ingham's may be required to destroy poultry or be restricted from transporting poultry between facilities or products to customers as a result of the regulatory restrictions designed to manage the outbreak. Countries to which Ingham's exports may close their borders to poultry products from Australia or from affected states or regions. This could result in Ingham's being unable to supply poultry products to customers. An outbreak of exotic disease may also impact on consumer demand for poultry products. If Ingham's is unable to supply poultry products to its customers, or demand for poultry products decreases, this would have a material adverse effect on Ingham's financial and operating performance.

5.2.4 Material reduction in supply of parent stock

The volume of chicken and other poultry products produced by Ingham's depends on the volume and quality of Ingham's parent stock. A significant reduction in the volume or quality of parent stock, and subsequent broiler stock numbers, may be caused by a number of factors including a failure of a parent stock supplier, poor animal husbandry practices, poor feed quality or an outbreak of disease.

A material reduction in the volume of Ingham's products produced will have a material adverse effect on Ingham's financial and operating performance including loss of revenue where products are not supplied.

5.2.5 Ingham's suffers reputation or brand damage

Ingham's reputation with its customers and consumers generally is an important asset of the business. Ingham's also sells products under different brands, including the "Ingham's" and "Waitoa" brands, which are of significant value to the business.

Ingham's reputation and the value associated with its brands could be impacted by a number of factors including:

- quality issues with Ingham's products or a failure or delay in supplying quality products;
- the occurrence of an animal welfare event due to the mistreatment of Ingham's flock or the failure of Ingham's or third parties it engages, to follow Ingham's strict animal welfare policies and procedures;
- the actions of contractors and their employment practices or treatment of staff;
- a breach of any environmental regulation;
- adverse publicity about Ingham's products or practices (whether valid or not) or changes in the public perception of the poultry industry; or
- workplace incidents or disputes with Ingham's workforce or contractors, particularly contracted broiler farmers.

A material adverse impact to the reputation of Ingham's or its brands could adversely affect customer relationships, resulting in loss of business, loss of contract and loss of market share, and have a material adverse effect on Ingham's financial and operating performance.

5.2.6 Significant reduction in demand

Ingham's sells its products to a number of large customers, including several large supermarket chains as well as QSR operators. During FY16, Ingham's top 5 customers accounted for 55%-60% of Ingham's sales revenue. Ingham's relationships with its major customers are highly collaborative and extend across sales, marketing, technical services (including new product development), planning and supply chain.

However, Ingham's may be subject to the loss of or reduction in demand from its customers, including during the Forecast period, for a number of reasons. Some of Ingham's customers periodically tender for their business and there is a risk that Ingham's may not be successful in retaining its existing business with them on the same or better terms. A loss of a large customer or a significant reduction in demand from a key customer or a material decrease in sales terms may have a material adverse effect on Ingham's financial performance and its future prospects.

5.2.7 Benefits from transformation projects may be delayed or less than expected

Ingham's is undertaking a significant transformation program called Project Accelerate. This program involves a number of projects described in Section 3.7.3. Some of these projects require material capital investment. Project Accelerate is expected to deliver cost savings and efficiencies to the business in FY17 and over future periods that, if successful, would result in margin performance above previous years. Management has undergone a process to estimate both the expected quantum and timing of benefits likely to be received as well as the capital investment required.

Cost overruns, a failure to complete the transformations referred to above or delays in the procurement or commissioning of capital equipment, may impact the implementation and effectiveness of Project Accelerate and thus the forecast cost savings and efficiencies. In addition, actual cost savings and efficiencies achieved may differ materially from management's estimates in terms of both quantum and timing. This may have a material adverse effect on Ingham's financial and operating performance.

5.2.8 Ingham's supply chain is materially interrupted

Ingham's supply chain is relatively complex and involves multiple interlinked components and any disruption could have a flow-on effect to other parts of the supply chain. In many cases, there are components of the supply chain that are time critical, such that a disruption to any part of the operations could have a direct or indirect impact on the supply of products to customers.

A number of different parts of Ingham's supply chain such as the provision of parent breeder stock, contracted broiler and breeder farms, ingredients for further processing and logistics are provided by third parties. Contracted broiler and breeder farms are responsible for the husbandry of birds and must adhere to Ingham's quality control, animal welfare and food safety processes.

A failure by, or significant dispute with, an external supplier (including genetics suppliers, and contracted broiler and breeder farms), material damage or destruction of Ingham's facilities (including as a result of natural disasters), a major workplace safety incident, failure of Ingham's information technology systems or similar events may cause a disruption to Ingham's supply chain with flow-on effects. A significant disruption to Ingham's supply chain may have a material adverse effect on its financial performance and future prospects, as there may be costs associated with rectifying the default, short term costs involved in establishing alternative arrangements, a reduction in future volume produced, loss of revenue where products are not supplied, and loss of business and market share including due to its reputation with customers being negatively affected.

Ingham's supply chain extends through its customers to its customers' customers, the final consumers of Ingham's products. During FY16, Ingham's top 5 customers accounted for 55%-60% of Ingham's sales revenue. If one of these major customers of Ingham's suffers an event that causes the final consumers of Ingham's products to cease or significantly reduce their dealing with Ingham's major customer, including for reasons that are not related to Ingham's, then Ingham's may be subject to a loss of or reduction in demand from that customer. This may have a material adverse effect on Ingham's financial performance and its future prospects.

5.2.9 Material increase in labour costs

As at 30 June 2016, approximately 80% of Ingham's workforce were union members and were covered by EAs which periodically require renegotiation and renewal. Ingham's operations depend on the availability and relative costs of labour and maintaining good relations with employees and labour unions. At present, Ingham's is subject to 56 EAs and collective agreements. The six largest agreements cover approximately 60% of those employees who are covered by EAs and collective agreements. The EAs and collective agreements are generally for a two to four year term, and are negotiated in normal course.

The absence of any agreement, or failure to renegotiate such agreements on acceptable terms to Ingham's, could result in increased labour costs for Ingham's or subject Ingham's to labour disruptions. If any of these events occur, Ingham's may incur higher costs and reduced profitability.

Disputes may arise with unions that could disrupt Ingham's operations. Employees are entitled to take protected industrial action in support of bargaining negotiations for a new EAs provided they comply with certain legislative requirements under the Fair Work Act 2009 (Cth) in Australia and Employment Relations Act 2000 in New Zealand.

5.2.10 Significant increase in feed costs

One of Ingham's largest costs is the cost of the raw ingredients that it uses at its feedmills (such as grains and legumes, vegetable and animal protein meals) to produce feed for its breeder and broiler grower operations. The availability and price of those raw ingredients are influenced by global demand and supply factors outside of Ingham's control. The availability and price of these ingredients for feed production are dependent on, among other things, crop production, which is impacted by weather conditions (particularly rainfall), disease outbreaks, the global demand for raw ingredients (including in other industries) and Ingham's relationships with key suppliers.

Any significant increase in the costs of these raw ingredients may adversely affect Ingham's profitability. There may be instances where Ingham's is not able to pass through, or is delayed from passing through, increases in these costs to its customers. Although Ingham's operates forward purchasing programs for commodities, the use of these programs may not be completely successful.

5.2.11 Material fluctuations in domestic poultry supply and pricing

There are a number of other suppliers of chicken products in Australia and New Zealand. Any material increase in the supply of chicken in these markets that exceeds the increase in demand could lead to an oversupply of chicken, which may result in reduced prices and negatively affect Ingham's results or operations and financial performance.

5.2.12 Inability to secure or retain relevant licences or certifications

Ingham's and its contract broiler growers require a range of licences, permits, accreditations and certifications relating to food standards, animal welfare, workers compensation and the environment to successfully operate their businesses. As noted in Section 2.2.3, all Ingham's Australian chicken broiler farms are accredited by the RSPCA and Ingham's Australian chicken broiler free range farms are also accredited by FREPA.[1] Ingham's New Zealand free range chicken broiler farms are accredited by the SPCA.[2]

A number of Ingham's major customers conduct site audits to confirm compliance in these areas.

If Ingham's is unable to secure or retain these licences, permits, accreditations or certifications for the operation of its sites or business in the future, or any of its existing licences, permits, accreditations or certifications are adversely amended or revoked, this may increase its costs or adversely impact Ingham's ability to operate its business. Furthermore, if a material number of Ingham's farms were to lose their accreditations (and fail to become re-accredited within a short space of time), this may reduce consumer confidence in Ingham's products and adversely affect Ingham's reputation as a trusted poultry producer that upholds high animal welfare standards.

If Ingham's is unable to operate its business or incurs additional costs to do so, this would have a material adverse effect on Ingham's financial and operating performance. Any adverse impact on Ingham's reputation may reduce consumer demand for its products, which may also adversely affect Ingham's financial and operating performance.

1. Free Range Egg and Poultry Australia Limited.
2. SPCA does not accredit barn raised broiler farms in New Zealand.

5.2.13 Regulatory factors

Ingham's must comply with a range of laws and regulations in each country in which it produces or sells its products. These include food standards, labelling and packaging, animal welfare, biosecurity, fair trading and consumer protection, employment, health and safety, property and the environment (including, among other things, water regulation, odour regulation, noise regulation, the discharge of materials into the environment and handling and disposition of wastes (including solid and hazardous wastes)), quarantine, customs and tariffs, foreign investment, taxation and climate change. Compliance with these laws and regulations, and the ability to comply with any change to these laws and regulations, are material to Ingham's business. Failure to do so may result in a fine, additional costs, adverse publicity, and a loss of consumer confidence in Ingham's products which could have a material adverse effect on Ingham's financial and operating performance.

The introduction of any new laws or regulations, a change to the laws or regulations or revised interpretations of existing laws and regulations in a country in which Ingham's produces or sells its products, could result in increased costs being incurred by Ingham's, adverse publicity, damage to Ingham's reputation and a loss of consumer confidence in Ingham's products, which could have a material impact on the financial and operating performance and position and future prospects of Ingham's.

5.2.14 Significant changes in consumer trends, demands and preferences

The poultry industry is subject to changing consumer trends, demands and preferences, including as a result of increased focus on animal welfare, changing tastes and dietary habits of consumers and general economic conditions. Responding to new market trends can require significant investment and Ingham's devotes significant resources to new product development and product expansions. A failure by Ingham's to anticipate, identify and react to these changes in a timely manner could lead to reduced demand and price reductions for Ingham's products, which could have a material adverse effect on Ingham's financial and operating performance.

5.2.15 The TPG Entities will retain a significant stake in Ingham's post Listing

The TPG Entities will sell 50% to 70% of their Existing Shares in the Offer. Following Completion, the TPG Entities will hold 24% to 40% of the issued capital of Ingham's, which will make the TPG Entities the largest Shareholders. In addition, following Listing, the Board will continue to include two Directors nominated by the TPG Entities. Consequently, depending on the final size of the shareholding retained by the TPG Entities, they may be in a position to exercise influence in relation to matters requiring approval of Shareholders, including the election of directors of Ingham's, and to influence the outcome of any takeover offer for the Shares or similar transaction involving the acquisition of the Shares. The interests of the TPG Entities may differ from the interests of Ingham's and its other Shareholders and this may adversely affect the Share price and other Shareholders. The TPG Entities' shareholding in Ingham's may also reduce the liquidity of trading in the Shares.

The TPG Entities have entered into voluntary escrow arrangements in relation to their Escrowed Shares, the details of which are set out in Section 7.9 (including the details of a partial early release mechanism under which one third of the escrowed Shares may be released from escrow following release of the December 2016 half year accounts provided that the prevailing average Share price exceeds the Final Price by at least 20% for any 10 consecutive trading days). The absence of any sale of the Escrowed Shares during the Escrow Period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

Following the end of the Escrow Period (or following the pre-conditions for an early release of Escrowed Shares being met, as described in Section 7.9), a significant sale of Shares by a TPG Entity or the perception that such sales might occur, could adversely affect the market price for the Shares. Alternatively, the absence of any sale of Shares by the TPG Entities in the period following the Escrow Period may cause or contribute to a diminution in the liquidity of the market for the Shares.

5.2.16 Failure to meet forecasts

The forward looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various assumptions, some of which are described in Section 4. Various factors, both known and unknown, may impact upon the performance of Ingham's and cause its actual performance to vary significantly from expected results. There can be no guarantee that Ingham's will achieve its stated objectives or that any forward looking statement or forecast will eventuate.

5.2.17 Ingham's may not successfully retain existing, and/or attract new, key management personnel

The successful operation of Ingham's relies on Ingham's ability to retain experienced and high-performing key management and operating personnel. The loss of any key management or operating personnel, or the inability on the part of Ingham's to attract experienced personnel, may adversely affect Ingham's ability to develop and implement its business strategies.

5.2.18 Ingham's may be unable to access capital markets or refinance debt on attractive terms

Ingham's relies on debt and equity financing to fund its operations and its banking facilities will periodically need to be refinanced. Ingham's may also seek to raise additional debt finance or new equity in the future to grow the business. If there is a deterioration in the level of liquidity in debt and equity markets, or the terms on which debt or equity is available, this may prevent Ingham's from being able to refinance some or all of its debt on current terms or at all, or raise new equity, respectively.

5.2.19 Litigation or disputes

Ingham's may, from time to time, be involved in legal proceedings with a variety of parties, including, but not limited to, employees, former employees, members of the communities around its facilities, end-consumers, customers, independent contract growers, vendors or suppliers arising in the ordinary course of business or otherwise. The outcome of litigation cannot be predicted with certainty, and adverse litigation outcomes could adversely affect Ingham's business, financial condition and results of operations. Pricing for the arrangements between the Company and most contract broiler growers is negotiated on an annual basis between the Company and grower representatives. Where agreement cannot be reached on new pricing, many of the contracts provide for dispute resolution processes to resolve disputes between the Company and growers. These processes were invoked in August 2016 by certain Queensland growers where an agreed fee increase has not been resolved between the Company and growers for the year ended 30 June 2015.

5.2.20 Failure of information technology systems

Failure of Ingham's information technology systems could adversely affect Ingham's day-to-day operations and decision making processes and have an adverse effect on its performance. Ingham's depends on accurate and timely information and numerical data from its information technology systems to aid Ingham's day-to-day business, financial reporting and decision making, and software is necessary to operate equipment in Ingham's facilities. Ingham's is part way through a technical infrastructure refresh which is due for completion in FY17. Any disruption caused by the failure of Ingham's information technology systems could have a material adverse effect on Ingham's financial performance.

5.3 General risks

5.3.1 General economic and financial market conditions may deteriorate

General economic conditions (both domestically and internationally), long term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities may adversely affect the market price of Shares and the ability of Ingham's to pay dividends.

The Shares may trade on the ASX at a price that is below the Final Price. None of Ingham's, its Directors or any other person guarantees the market performance of the Shares or the payment of dividends.

5.3.2 Price of Shares may fluctuate

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Final Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if Ingham's earnings increase. Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international market for listed stocks;
- changes in fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which Ingham's operates;
- variations in sector performance, which can lead to investors exiting one sector to prefer another;
- initiatives by other sector participants which may lead to investors switching from one stock to another; and
- general operational and business risks.

5.3.3 Shareholders may suffer dilution

In the future, Ingham's may elect to issue Shares, including pursuant to management incentive arrangements, or engage in fundraisings including to fund acquisitions that Ingham's may decide to make. While Ingham's will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.3.4 Trading in Shares may not be liquid

There is currently no public market through which the Shares may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

5.3.5 Currency movements may be unfavourable

Ingham's currently conducts operations in Australia and New Zealand. Adverse movements in the exchange rate between the Australian dollar and the New Zealand dollar, and any others foreign currencies as a result of potential future export countries, may cause Ingham's to incur foreign currency losses. Such losses may impact and reduce Ingham's profitability, and ability to pay dividends and service debt obligations.

5.3.6 Adverse taxation changes may occur

There is the potential for changes to tax laws. With operations in Australia and New Zealand, Ingham's is potentially exposed to changes in taxation legislation or interpretation in each of those jurisdictions. Any change to the current rates of taxes imposed on Ingham's in those jurisdictions is likely to affect returns to Shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to Ingham's view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in Ingham's financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and Shareholder returns.

5.3.7 Inability to pay dividends

Ingham's ability to pay dividends or make other distributions in the future is contingent on its profits. Moreover, to the extent that Ingham's pay any dividends, Ingham's ability to offer fully franked dividends is contingent on making taxable profits. Ingham's taxable profits may be volatile, making the payment of franked dividends unpredictable. The value of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.

Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.3.8 Australian Accounting Standards may change

AAS are adopted by the AASB and are not within the control of Ingham's and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key income statement or statement of financial position items, may differ. Any changes to AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of Ingham's.

5.3.9 Expected future events may not occur

Certain statements in this Prospectus constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Ingham's to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Forward looking statements are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. The Forecast Financial Information contains examples of forward looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements, which speak only as of the Prospectus Date. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by Ingham's, SaleCo or any other person referred to in this Prospectus, that a particular outcome or future event is guaranteed. Ingham's has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

5.3.10 Force majeure events may occur

Events may occur within or outside Australia and New Zealand that could impact upon global, Australian, New Zealand or other local economies relevant to Ingham's financial performance, the operations of Ingham's and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for Ingham's products and services and its ability to conduct business. Ingham's has only a limited ability to insure against some of these risks.

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KEY PEOPLE, INTERESTS AND BENEFITS

6.1 Board of Directors

6.1.1 Experience and background

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Board of Directors		Experience and background
Peter Bush *Chairman* BComm, CA		• Peter had a long and successful career in fast-moving consumer goods (**FMCG**), holding senior roles with SC Johnson, Reckitt & Coleman, Ampol/ Caltex and Arnott's and was CEO of AGB McNair and Schwarzkopf. He then ran his own strategic consultancy business for six years with clients including Qantas, Telstra, George Patterson Bates, John Singleton Advertising and McDonald's Australia. In 2003, he became the CEO of McDonald's Australia. Peter is Chairman of Mantra Group Holdings Limited (since 2014) and Executive Chairman of Southern Cross Media Group Limited (since 2015) and was previously Chairman of Pacific Brands Limited, Nine Entertainment Co and NEC Holdings Pty Limited and a director of Insurance Australia Group Limited.
Mick McMahon *Chief Executive Officer* BEcon		• Mick joined Ingham's in January 2015 as Executive Chairman and was subsequently appointed CEO in February 2016. Mick has more than 30 years' operational management experience. He is the former Managing Director, CEO and a board member of Skilled Group. He served as COO at Coles Supermarkets Australia from 2007 to 2009 and Managing Director of Coles Express from 2005 to 2009. Prior to Coles, he spent 19 years with Royal Dutch Shell both in Australia and overseas. Mick is also Chairman of Red Rock Leisure, a private Australian tourism and entertainment venue operator.
Simon Harle *Non-Executive Director* BComm, CA		• Simon is a Partner of TPG based in Melbourne. Prior to joining TPG in 2006, he worked for Credit Suisse in the Investment Banking Division, where he advised on numerous Australian and New Zealand mergers, acquisitions and debt and equity financings. Prior to that, he was with Arthur Andersen Corporate Finance based in Melbourne and London, where he qualified as a chartered accountant. He has played a key role in a number of TPG investments, including Healthscope, Alinta and the recent Cushman & Wakefield transactions.
Ricky Lau *Non-Executive Director* BComm (Hons), CFA, EMBA		• Ricky is a Partner of TPG based in Hong Kong. Since joining TPG in 1998, Ricky has played a key role in TPG's investments in China and has served or serves on the board of directors of Shenzhen Development Bank, China Grand Automotive Services Co. Ltd., Daphne International and Phoenix Satellite Television. Prior to joining TPG, he was responsible for the corporate and project finance division of Hopewell Holdings, a regional infrastructure project developer. Ricky received an Executive Master of Business Administration from Kellogg-HKUST and an undergraduate degree from the University of British Columbia. Ricky is also a CFA charter holder.
Linda Bardo Nicholls, AO *Non-Executive Director* BComm, BA (Econ), MBA, FCID		• Linda has more than 30 years' experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand and the United States. She is a Chairman of Japara Healthcare and a director of Fairfax Media, Medibank Private, and the Olivia Newton John Cancer Research Institute. Linda was previously Chairman of Healthscope, Chairman of Australia Post, Chairman of Keolis Downer (trading as Yarra Trams) and a director of Pacific Brands, Sigma Pharmaceuticals and St George Bank.

It is intended that a further independent director will be appointed to the Board within the first six months of Listing.

The composition of Ingham's Board committees and a summary of the Board's key corporate governance policies are set out in Section 6.5. Each Director has confirmed to Ingham's that they anticipate being available to perform their duties as Non-Executive or Executive Director as the case may be, without constraints from other commitments.

6.2 Senior management

Ingham's has a proven and highly experienced senior management team with extensive domestic and international experience. The organisation will continue to evolve in line with strategy implementation.

Management		Experience and background
Mick McMahon *Chief Executive Officer* BEcon		• See Section 6.1.
Ian Brannan *Chief Financial Officer* ACMA, MBA		• Ian joined Ingham's in May 2015 as Chief Financial Officer. Ian has 25 years' senior management experience in public and private companies in Australia, the US and the UK. He has held senior financial roles with Sara lee Bakery, Arnott's Biscuits and Campbell Soup and most recently was CFO for GWA Group Limited and prior to that Carter Holt Harvey Building Supplies Group. Ian also serves as secretary and director on a number of Ingham's companies.
Philip J. Wilkinson OBE *Senior Advisor*		• Philip joined Ingham's as Senior Advisor in August 2015. He has more than 30 years' experience in strategic leadership of large international agriculture businesses. He is Executive Director of the UK's leading chicken business, 2 Sisters Food Group, and the former Managing Director of Integrated Chicken at Grampian Country Food Group, also in the UK. He received an Order of the British Empire for his services to the dairy industry in 2004 and was awarded Colonel in the USA for global services to the food industry in 2010. He is a board member of the British Poultry Council, Vice President of AVEC (the European Poultry Council), a board member of Assured Food Standards (Red Tractor) and Chairman of Edinburgh based Greengage Lighting Ltd.
Dr Beth Krushinskie *Technical Services* BSc, DVM, PhD		• Beth joined Ingham's in November 2015 as Technical Services Director. She has more than 20 years' technical and operational experience developed in the US across food safety, animal welfare and regulatory areas, as well as poultry health, laboratory services and sales and marketing. Beth has held senior roles in technical services at Perdue Farms, Wampler Foods and Pilgrim's Pride. She has also worked for the US Poultry & Egg Association and the US Agency for International Development. Most recently, Beth was the Director of Quality Assurance & Food Safety at Mountaire Farms in Delaware.
Jonathan Hutchings *Strategy and Business Development* BEng, MBA		• Jonathan joined Ingham's in December 2014 as Strategy and Business Development Director and has 20 years' experience in business strategy, transformation and general management in Australia, the UK, France and Asia for the FMCG and media sectors. Before Ingham's, Jonathan led Peters Ice Cream through its transformation under private equity ownership and has assisted a large number of companies in strategy development and profit improvement programs. Jonathan has been instrumental in helping to transform Ingham's from a successful family owned company to one which is focused on performance and customer service. Jonathan also oversees procurement and Ingham's turkey business.
Jonathan Gray *Sales and Marketing* MBA		• Jonathan joined Ingham's in 2008 as Retail Sales Manager for Ingham's Enterprises NZ before moving into the National Sales Manager position in 2010. In October 2015, he was promoted to executive leader of the Sales division based in Sydney and in February 2016 also took over the Marketing division. Jonathan has extensive experience in retail sales in the UK, NZ and Australia and has held senior positions with Countdown Supermarkets and Marks and Spencer.

Management		Experience and background
Mike Rozen *Primary Processing and Farming Operations* DipAg		• Mike joined Ingham's in 1992 as Plant Manager at Te Aroha, New Zealand. Mike is responsible for Ingham's Australian primary processing and chicken farming operations. Prior to this role, he was executive leader for Ingham's Poultry operations in Queensland and New South Wales (including the turkey business), following nine years as Executive General Manager of Ingham's New Zealand operations. • Mike plans to retire in the next 12 months.
Janelle Cashin *Supply Chain and Further Processing* GAICD, AssocDip AppSc, GradDip SafetySc		• Janelle joined Ingham's in 2004 following its acquisition of Chickadee Foods. Janelle has been a member of the executive leadership team since 2008 and in 2014 assumed responsibility for Ingham's Supply Chain division, including responsibility for inventory, warehouse facilities, planning, weigh price labelling operations and management of third party logistics providers. In April 2016, Janelle's role expanded to include the financial and operational performance of Ingham's further processing facilities.
Quinton Hildebrand *Operations Excellence* BSc (AgEcon), MBA		• Quinton joined Ingham's in November 2015 as Operations Excellence Director. Quinton brings 23 years' commercial experience in grower relations, manufacturing operations, commodity trading and marketing from South Africa, Europe and Australia. He was most recently CEO of Mackay Sugar. Quinton's role is focused on driving commercial improvements within the operations of the Ingham's business.
Graeme Dillon *Commercial and Trading* DipAgSci		• Graeme joined Golden Poultry in 1980 – a company then jointly owned by Ingham's and Coca-Cola Amatil – as Production Manager at the Clyde feedmill. He was appointed Cardiff Mill Manager for Ingham's in 1981, then National Stockfeed Manager in 2004. In 2011, Graeme was appointed Group Executive General Manager – Stockfeed and in 2015 named executive leader of the Commercial and Trading division. In this role, Graeme is responsible for raw material procurement and nutrition for Ingham's 10 feedmills across Australia and New Zealand, external stockfeed sales, Mitavite horse feed sales and the ingredients business.
Adrian Revell *New Zealand* DipBM, NZCE		• Adrian joined Ingham's in 2002. Since June 2011, he has been executive leader of the New Zealand operations, bringing 19 years' experience across the business including engineering and plant management expertise. Adrian is current Chairman of the New Zealand Poultry Industry Association.
Brad Moore *People and Performance* BCom, MSc		• Brad joined Ingham's in September 2015. He has more than 20 years' experience in industrial relations, human resources and operations in the airline, resource and FMCG sectors in Australia, New Zealand, Europe and North America. Prior to Ingham's, Brad was Group Executive – Operations at Mirvac. Brad has brought diverse operational experience and change management expertise to Ingham's to support its strategy and people development agenda. Brads oversees Human Resources, Industrial Relations and Labour Planning and Management and has been central to the development and implementation of the group labour strategy.

6.3 Interest and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

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

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

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

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

6.3.1 Interests of advisors

The following professional advisors have been engaged in relation to the Offer.

- Credit Suisse, Macquarie and UBS have acted as Joint Global Co-ordinators and Joint Lead Managers to the Offer. Ingham's has agreed to pay the Joint Global Co-ordinators the fees described in Section 9.5.1, for these services;
- Citigroup, Goldman Sachs and Morgan Stanley have also acted as Joint Lead Managers to the Offer. Ingham's has agreed to pay the Joint Lead Managers the fees described in Section 9.5.1, for these services;
- Herbert Smith Freehills has acted as Australian legal advisor (other than in relation to taxation and stamp duty) to Ingham's in relation to the Offer. Ingham's has paid or agreed to pay approximately $1.8 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Herbert Smith Freehills in accordance with its normal time-based charges;
- KPMG Transaction Services has acted as the Investigating Accountant in relation with the Offer and has performed work in relation to the Investigating Accountant's Reports. Ingham's has paid or agreed to pay approximately $1.4 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to KPMG Transaction Services in accordance with its normal time-based charges; and
- PwC has acted as taxation advisor to Ingham's in relation to the Offer. Ingham's has paid or agreed to pay approximately $0.6 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PwC in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will ultimately be borne by Ingham's out of funds raised under the Offer or available cash. Further information of the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

In connection with the bookbuild process described in Section 7.8.2, one or more successful bidders may elect to acquire an economic interest in the Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those Shares. One or more of the Joint Lead Managers (or their affiliates) may, for their own account, write derivative transactions with those successful bidders relating to the Shares to provide the Economic Interest, or otherwise acquire Shares in connection with the writing of such derivative transactions in the bookbuild and/or in the secondary market. As a result of such transactions, one or more of the Joint Lead Managers (or their affiliates) may be allocated, subscribe for or acquire Shares in the bookbuild and/or in the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such Shares. These transactions may, together with other Shares acquired by the Joint Lead Managers or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Manager or its affiliates disclosing a substantial holding and earning fees.

6.3.2 Directors' interests and remuneration

6.3.2.1 Chief Executive Officer

Refer to Section 6.3.3.1 for a description of the CEO's remuneration.

6.3.2.2 Non-Executive Directors

Under the Constitution, the Board of Directors decides the total amount paid to each Director as remuneration for his or her services as a Director of Ingham's. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by Ingham's in general meeting. This amount has been fixed by Ingham's at $2 million per annum.

Annual Directors' fees, inclusive of superannuation, currently agreed to be paid by Ingham's are $350,000 (inclusive of Committee fees) to the Chairman, Peter Bush, and $140,000 to each other Non-Executive Director. In addition, the chairman of the Audit and Risk Committee and the chairman of the People and Remuneration Committee will be paid $20,000 annually. The chairman of the Nomination Committee will not receive additional fees.

Until further notice, each of Simon Harle and Ricky Lau, as Directors nominated by the TPG Entities, has waived their entitlement to any Director or committee fees.

6.3.2.3 Deeds of indemnity, insurance and access

Ingham's has entered into a deed of indemnity, insurance and access with each Director, which confirms the Director's right of access to Board papers and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate on the terms set out in the deed. Under the deeds of indemnity, insurance and access, the Company must maintain a directors and officers insurance policy insuring a Director (among others) against liability as a director and officer of the Company and its related bodies corporate until seven years after a Director ceases to hold office as a Director or a director of a related body corporate (or the date any relevant proceedings commenced (and notified by the Director to the Company) during the seven year period have been finally resolved).

6.3.2.4 Directors' interests in Shares

The Directors are not required by the Constitution to hold any Shares.

The Directors are entitled to apply for Shares under the Offer. Final Directors' shareholdings will be notified to the ASX on Listing. The Directors' holdings (either personally or through entities associated with the Director) on Completion of the Offer (subject to any further acquisitions under the Offer) are outlined below.

Table 34: Directors' shareholdings prior to the Offer and on Completion

Directors	Shares held immediately prior to the Offer	Shares acquired in the Offer[1]	Shares held on Completion
Peter Bush	-	129,702[2]	129,702
Mick McMahon	4,955,458	264,591[3]	3,301,313[4]
Simon Harle	-	-	-
Ricky Lau	-	-	-
Linda Bardo Nicholls	-	12,970	12,970

Directors may hold their interests in the Shares shown above directly, or through holdings by companies or trusts.

Mick McMahon is also eligible to participate in Ingham's LTI Offer as described in Section 6.3.4.

The Shares recorded in the above table as held by Mick McMahon are subject to restrictions on disposal as outlined in Section 7.9.

6.3.2.5 Other information about Directors' interests and benefits

Directors may be reimbursed for travel and other expenses incurred in attending to Ingham's affairs. Directors may be paid such additional remuneration as the Directors decide is appropriate where a Director performs extra services, makes any special exertions for the benefit of Ingham's or who otherwise performs services which in the opinion of the Board are outside the scope of duties of a Non-Executive Director. There are no retirement benefits paid to Directors, other than statutory entitlements

6.3.3 Executive remuneration

6.3.3.1 Chief Executive Officer

Term	Description
Employer	Mick McMahon is employed by Inghams Enterprises Pty. Limited as the Chief Executive Officer.
Total fixed remuneration	Under the terms of his employment, Mick McMahon is entitled to annual total fixed remuneration (**TFR**) of $1,500,000 which includes base salary and statutory superannuation contributions. Mick McMahon is also entitled to accommodation, motor vehicle and travel benefits during his employment.
Short term incentive (**STI**)	Mick McMahon is eligible under his employment agreement to receive a cash STI payment of up to 150% of TFR, based on financial targets set and assessed by the Board. After FY17, targets may also include non-financial performance metrics, including items such as safety, quality and people and the incentive may also include payment by way of a mix of cash and equity.
Long term incentive (**LTI**) going forward	Mick McMahon will participate in the LTI Offer from Listing on the terms outlined in Section 6.3.4.

1. Assumes the Final Price is at the mid-point of the Indicative Price Range.
2. Includes $200,000 of Shares issued to Peter Bush at the Final Price for nil consideration.
3. Reflects the Shares subscribed for by Mick McMahon with the after tax proceeds of his IPO bonus referred to in Section 6.3.3.1.
4. Reflects the Shares held immediately prior to the Offer plus the Shares acquired in the Offer, less the Shares to be sold through SaleCo.

Term	Description
Other benefits	On Listing, Mick McMahon will receive a one-off cash payment of $4,000,000, as well as an IPO bonus of $2,000,000 to be applied (less any amount of tax payable by Mick McMahon) by Ingham's as a subscription payment for shares in Ingham's at the Final Price. Mick McMahon must not dispose of or otherwise deal with the Shares until two years after the Listing date.
Termination	Mick McMahon's employment may be terminated by either party upon giving 12 months' notice, or by Inghams Enterprises Pty. Limited providing payment in lieu of notice. His employment may also be terminated by Inghams Enterprises Pty. Limited without notice in circumstances including unremedied material breach, or any dishonesty, fraud, wilful disobedience or misconduct or act of bankruptcy. On termination of employment, Mick McMahon will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements and requires Inghams Enterprises Pty. Limited to pay Mick McMahon his 'Average Base Salary' during the restraint period (subject to his compliance with the terms of the restraint). Any payments made to Mick McMahon upon termination of his employment are subject to the termination benefits cap under the Corporations Act. The shareholders of Inghams Enterprises Pty. Limited and Ingham's have approved the provision of benefits on cessation of employment, to Mick McMahon, including the benefits summarised in this Section 6.3.3.1.

6.3.3.2 Senior management

Senior management is employed by Ingham Enterprises Pty Limited, Inghams Enterprises Pty. Limited and Inghams Enterprises (NZ) Pty Limited under individual employment agreements. These agreements establish an entitlement to TFR or fixed annual remuneration (**FAR**) which, in some cases, is inclusive of superannuation and other benefits.

Senior management team members may be eligible under their employment agreements to participate in Ingham's STI plan, subject to the terms of that plan. Performance measures for the STI are set and assessed by the Board each year. They may be based on financial or non-financial performance metrics, including items such as profitability, safety, quality and people.

Certain members of the senior management team will participate in the LTI Offer from Listing on the terms outlined in Section 6.3.4.

On Listing, the Chief Financial Officer, Ian Brannan, will receive a one-off cash payment of $1,000,000, as well as an IPO bonus of $1,000,000 to be applied (less any amount of tax payable by Mr Brannan) by Ingham's as a subscription payment for shares in Ingham's at the Final Price. Mr Brannan must not dispose of or otherwise deal with the Shares until two years after the Listing date.

The senior management employment agreements provide for notice of termination provisions, ranging from between six and 12 months. The employer may also terminate employment without notice in circumstances including any dishonesty, fraud, wilful disobedience or misconduct or act of bankruptcy.

On termination of employment, members of the senior management team will be subject to restraints of trade period of up to 12 months. The enforceability of the restraint clauses are subject to all usual legal requirements and, in some cases, require payment of the individual's 'Average Base Salary' during the restraint period (subject to their compliance with the terms of the restraint).

Certain members of senior management are entitled to redundancy payments of between three and six months' TFR or FAR. Others are entitled to payments on redundancy based on their length of service and capped at a maximum notice and severance payment of 24 months' TFR or FAR.

Payments made to senior management team members upon termination of employment may be subject to the terminations benefits cap under the Corporations Act. The shareholders of Ingham Enterprises Pty Limited, Inghams Enterprises Pty. Limited, Ingham Enterprises (NZ) Pty Ltd and Ingham's have approved the provision of benefits on cessation of employment, to senior management, including the benefits summarised in this Section 6.3.3.2.

6.3.4 Employee equity incentive arrangements

Ingham's has established the Ingham's Group Limited Equity Incentive Plan (**Plan**) to assist in the motivation, retention and reward of senior management. The Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in Ingham's.

The Plan provides flexibility for Ingham's to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions determined by the Board from time to time.

Ingham's intends to make a long term incentive grant of rights to acquire Shares in Ingham's (**Rights**) with a total face value of $3.25 million to Mick McMahon (**CEO**) and select members of the senior management team (**LTI Offer**). The final total number of Rights awarded to participants will be calculated by dividing $3.25 million by the Final Price.

The key terms of the LTI Offer under the Plan are set out in the table below.

Topic	Summary
Eligibility to participate in LTI Offer	• Offers may be made at the Board's discretion to employees of the Ingham's group or any other person that the Board determines to be eligible to receive a grant under the Plan. • The LTI Offer is being made to Mick McMahon and select members of the senior management team.
Offers under the Plan	Under the Plan, the Board may make an equity incentive grant offer at its discretion, subject to any requirements for Shareholder approval. The Board has the discretion to set the terms and conditions on which it will offer an equity incentive grant in an individual offer document. An offer must be accepted by the participant and can be made on an opt-in or opt-out basis. The LTI Offer will be made shortly after Listing (and no later than 12 months from Listing), and will be made on an opt-out basis.
Grant of Rights	• The LTI Offer is a grant of Rights made under the Plan. • A Right entitles the participant to acquire a Share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The Board retains a discretion to make a cash payment to participants on vesting of the Rights in lieu of an allocation of Shares. • Rights will be granted to participants for nil consideration under the LTI Offer. No amount is payable on vesting of the Rights.
Quantum of grants	The face value of the LTI Offer is $3.25 million. Mick McMahon will be granted Rights with a face value of $1.5 million. Other participating members of senior management will be granted Rights with a cumulative face value of $1.75 million. The final number of Rights awarded to each participant will be calculated by dividing the dollar value of their LTI opportunity by the Final Price.
Performance period	The LTI Offer will be subject to a performance period commencing on the date of the Listing and ending on 30 June 2019.
Performance conditions and testing	• Rights granted as part of the LTI Offer will vest at the end of the performance period, subject to the satisfaction of the performance conditions. • The performance conditions are as follows: – 75% of the Rights will be subject to a performance condition based on Ingham's absolute EPS over the performance period (**EPS Component**); and – the remaining 25% of the Rights will be subject to a relative total shareholder return (**TSR**) performance condition, measured over the performance period (**TSR Component**). Ingham's relative TSR will be compared to a comparator group comprising the ASX 200 (excluding companies classified as financial, mining and resources) (**Relevant Comparator Group**). ***EPS Component*** • In order for any Rights in the EPS Component to vest, a threshold target must be achieved (as set out below). The percentage of Rights comprising the EPS Component that vest, if any, will be determined over the performance period by reference to the following vesting schedule: • Threshold and maximum targets will be set annually by the Board at the start of each financial year, with vesting of the EPS Component based on achievement against these targets over the performance period. For FY17, the threshold will be based on the Pro Forma FY17 Forecast for NPAT (see section 4.4.1.) and the maximum will be 25% pro forma NPAT growth.

Ingham's EPS over the performance period	% of Rights that vest
Less than threshold target	Nil
Equal to threshold target	50%
Greater than threshold target up to maximum target	Straight line pro rata vesting between 50% and 100%
At or above maximum target	100%

Topic	Summary
	TSR Component • The percentage of Rights comprising the TSR Component that vest, if any, will be based on Ingham's TSR ranking over the performance period, as set out in the following vesting schedule: • Performance will not be re-tested if the performance conditions are not satisfied at the end of the performance period. Any Rights that remain unvested at the end of the performance period will lapse immediately.
Voting and dividend entitlements	The Rights granted under the LTI Offer do not carry dividend or voting rights prior to vesting. Shares allocated upon vesting of Rights carry the same dividend and voting rights as other Shares.
Restrictions on dealing	Participants must not sell, transfer, encumber, hedge or otherwise deal with the Rights comprising the LTI Offer unless the Board allows it or the dealing is required by law. Participants will be free to deal with the Shares allocated on vesting of the Rights comprising the LTI Offer, subject to the requirements of the Ingham's Securities Dealing Policy.
Cessation of employment	If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested Rights will automatically lapse. In all other circumstances, the Rights will be pro-rated (based on the proportion of the performance period that has elapsed) and remain on foot and subject to the original performance conditions, unless the Board exercises a discretion to treat them otherwise.
Change of control	Under the Plan rules and the terms of the LTI Offer, the Board may determine in its absolute discretion that some or all of participants' Rights will vest on a likely change of control.
Clawback and preventing inappropriate benefits	Under the Plan rules and the terms of the LTI Offer, the Board has clawback powers which it may exercise if, among other things: • the participant has acted fraudulently or dishonestly, has engaged in gross misconduct, brought Ingham's, the Ingham's group or any Ingham's group company into disrepute or breached their obligations to the Ingham's group, or Ingham's is required by or entitled under law or Ingham's policy to reclaim remuneration from the participant; • there is a material misstatement or omission in the accounts of an Ingham's group company; or • the participant's entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the Rights would not have otherwise vested.

Ingham's TSR rank in the Relevant Comparator Group	% of Rights that vest
Less than 50th percentile	Nil
At 50th percentile (threshold performance)	50%
Between 50th and 75th percentile	Straight line pro rata vesting between 50% and 100%
At 75th percentile or above	100%

6.4 Related party arrangements

Other than as disclosed in this Prospectus, Ingham's will not as at Completion of the Offer be a party to any material related party arrangements.

6.5 Corporate governance

This Section 6.5 explains how the Board will oversee the management of Ingham's business. The Board is responsible for the overall corporate governance of Ingham's. Details of Ingham's key policies and practices and the charters for the Board and each of its committees will be available from Listing at http://investors.inghams.com.au.

The Board monitors the financial position and corporate performance of Ingham's and oversees its business strategy, including approving the strategic objectives, plans and budgets of Ingham's. The Board is committed to protecting and optimising performance and building sustainable value for Shareholders. In conducting Ingham's business with these objectives, the Board seeks to ensure that Ingham's is properly managed to protect and enhance Shareholder interests and that Ingham's and its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing Ingham's, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for Ingham's business and that are designed to promote the responsible management and conduct of Ingham's.

The main policies and practices adopted by Ingham's, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution.

6.5.1 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

Ingham's is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its third edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies in meeting stakeholder expectations.

The ASX Recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, Ingham's will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where Ingham's does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. Ingham's intends to comply with all of the ASX Recommendations from the time of its Listing, with the exception of ASX Recommendation 2.4.

ASX Recommendation 2.4 provides that a majority of the board of a listed entity should be independent directors. The board of Ingham's is comprised of five Directors, two of whom are considered independent. It is intended that a further independent director will be appointed to the Board within the first six months of Listing.

Mick McMahon is not considered independent as he is an Executive Director of Ingham's. Simon Harle and Ricky Lau are not considered independent because they were nominated as Directors by the TPG Entities, which are substantial shareholders in Ingham's. The Board believes that each of the nominee Directors brings objective and unbiased judgement to the Board's deliberations and, additionally, that each of the nominee Directors will make invaluable contributions to Ingham's through their deep understanding of Ingham's business and the industries in which it operates.

6.5.2 Board of Directors

The Board of Directors is comprised of five Directors, comprising an independent Chairman, an Executive Director and three Non-Executive Directors (one of whom is independent).

Detailed biographies of the Board members on Listing are provided in Section 6.1.1.

The Board considers a Director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of Ingham's and its Shareholders generally. The Board reviews the independence of each Non-Executive Director in light of information disclosed to the Board.

The Board Charter sets out guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on the ASX Recommendations.

The Board considers that each of Peter Bush and Linda Bardo Nicholls is free from any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of Ingham's and its Shareholders generally and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

As stated in Section 6.5.1, the Board anticipates appointing an additional independent director. The Board will have regard to diversity criteria when making the appointment within the first six months of Listing.

As described in Section 6.5.1, Mick McMahon is not considered by the Board to be an independent Director given his role as CEO of Ingham's. Simon Harle and Ricky Lau are also not currently considered by the Board to be independent given they were nominated as Directors by the TPG Entities, which will remain substantial shareholders in Ingham's at Completion.

Accordingly, the Board does not consist of a majority of independent Directors. The Board acknowledges the ASX Recommendation that a majority of the Board should be independent Non-Executive Directors. Nevertheless, as provided in Section 6.5.1 the Board believes that each of the Non-Executive Directors brings objective and unbiased judgement to the Board's deliberations. Additionally, the Board considers that each of the nominee Directors brings extensive experience to Board and will make invaluable contributions to Ingham's through their deep understanding of its business and the industries in which it operates.

6.5.3 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

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

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising Ingham's strategies, policies and performance. This includes overseeing the financial and human resources Ingham's has in place to meet its objectives and reviewing management performance;
- protect and optimise Ingham's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with Ingham's values and governance framework (including establishing and observing high ethical standards);

- ensure Shareholders are kept informed of Ingham's performance and major developments affecting its state of affairs; and
- develop and review Ingham's policies on diversity, including, on an annual basis, reviewing the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of Ingham's group.

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair or the Board as a whole.

6.5.4 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee, a People and Remuneration Committee and a Nomination Committee. Other committees may be established by the Board as and when required.

6.5.4.1 Audit and Risk Committee

Under its charter, this committee must consist of a minimum of three members of the Board, only Non-Executive Directors, a majority of independent Directors and an independent chair who is not Chairman of the Board. The Audit and Risk Committee will comprise:

Linda Bardo Nicholls (chair);

Peter Bush; and

Simon Harle.

The Audit and Risk Committee's responsibilities include:

- overseeing Ingham's relationship with the external auditor and the external audit function generally;
- where an internal audit function exists, overseeing Ingham's relationship with the internal auditor and the internal audit function generally;
- overseeing the preparation of the financial statements and reports;
- overseeing Ingham's financial controls and systems; and
- managing the process of identification and management of risk.

Non-committee members, including members of management and the external auditor, may attend all or part of a meeting of the committee at the invitation of the committee chair.

6.5.4.2 People and Remuneration Committee

Under its charter, this committee must consist of a minimum of three members, only Non-Executive Directors, a majority of independent Directors and an independent Director as chair. The People and Remuneration Committee will comprise:

Peter Bush (interim chair);

Linda Bardo Nicholls; and

Simon Harle.

Peter Bush will act as interim chair of this committee until a new Independent, Non-Executive Director is appointed to the Board.

The responsibilities of the People and Remuneration Committee include:

- developing and reviewing the people and culture policies of the Ingham's group, including with respect to personnel practices, employee engagement and complaints handling;
- reviewing and recommending to the Board any major changes and developments to the industrial relations strategies for the Ingham's group;
- overseeing the succession planning process for the CEO's direct reports and talent management within the Ingham's group generally;
- developing and reviewing Ingham's policies in respect of diversity, including strategies or changes to address any gender pay gap;
- reviewing and recommending to the Board remuneration and employment arrangements for the CEO and the Non-Executive Directors;
- reviewing and endorsing arrangements for the CEO's direct reports, including contract terms and annual remuneration;
- overseeing the operation of Ingham's employee equity incentive plans and recommending to the Board whether offers are to be made under any or all of Ingham's employee equity incentive plans in respect of a financial year;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act; and
- reviewing and recommending to the Board the annual remuneration report prepared in accordance with the Corporations Act for inclusion in the annual Directors' report in the annual report.

6.5.4.3 Nomination Committee

Under its charter, this committee must consist of a minimum of three members, a majority of independent Directors and an independent Director as chair. The Nomination Committee will comprise:

Peter Bush (chair);

Linda Bardo Nicholls; and

Simon Harle.

The responsibilities of the nomination committee include:

- assisting the Board in developing a Board skills matrix;
- reviewing and recommending to the Board the size and composition of the Board including reviewing Board succession plans;
- reviewing and recommending to the Board the criteria for nomination as a Director and the membership of the Board more generally;
- assisting the Board in relation to the performance evaluation of the Board, its committees and individual Directors; and
- ensuring that processes are in place to support Director induction and ongoing education and regularly reviewing the effectiveness of these processes.

6.5.5 Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which will be available from Listing on Ingham's website at http://investors.inghams.com.au.

6.5.5.1 Continuous Disclosure Policy

Once listed, Ingham's will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Ingham's is aware of its obligation to keep the market fully informed of any information Ingham's becomes aware of concerning Ingham's, which may have a material effect on the price or value of Ingham's securities, subject to certain exceptions.

Ingham's has adopted a Continuous Disclosure Policy to take effect from Listing that establishes procedures aimed at ensuring Ingham's fulfils its obligations in relation to the timely disclosure of material price-sensitive information.

Ingham's also aims to communicate all important information relating to Ingham's to its Shareholders. Additionally, Ingham's recognises that potential investors and other interested stakeholders may wish to obtain information about Ingham's from time to time. To achieve this, Ingham's will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including Ingham's website, at the annual general meeting, and through Ingham's annual report and ASX announcements.

6.5.5.2 Securities Dealing Policy

Ingham's has adopted a Securities Dealing Policy that is intended to explain the types of conduct in relation to dealings in securities that are prohibited by law and establish procedures for the buying and selling of securities that protect Ingham's, Directors and employees against the misuse of unpublished information, which could materially affect the price or value of Ingham's securities.

The policy provides that Directors, employees and their connected persons must not:

- deal in Ingham's securities when they are aware of 'inside' information; and
- hedge unvested equity remuneration or vested equity subject to holding locks.

The policy further provides that Directors, certain restricted employees and their connected persons must not deal in Ingham's securities on a short term trading basis.

In addition, Directors, certain restricted employees and their connected persons must not deal in Ingham's securities during any of the following blackout periods (except in exceptional circumstances with approval):

- the period from the close of trading on the ASX on the last day of the financial year reporting period each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to the ASX of the full year results;
- the period from the close of trading on the ASX on the last day of the half year financial reporting period each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to the ASX of the half year results; and
- any other period that the Board specifies from time to time.

Outside these periods, Directors and certain restricted employees must receive prior approval for any proposed dealing in Ingham's securities (including any proposed dealing by one of their connected persons), and in all instances, buying or selling securities is not permitted at any time by any person who possesses 'inside' information.

6.5.5.3 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct that outlines how Ingham's expects its employees and Directors to behave during the course of their employment in dealing with employees, suppliers, contractors and customers of the business. The key aspects of this code are:

- complying with all Ingham's policies, procedures and regulations;
- acting with integrity and being fair in dealings with customers, shareholders, government, employees, suppliers and the community;
- protecting Ingham's property and assets from unauthorised use; and
- respecting Ingham's ownership of assets and property.

6.5.5.4 Diversity Policy

The Board has formally approved a Diversity Policy in order to, among other matters, actively facilitate a more diverse and representative management and leadership structure and address the representation of women in senior management positions and on the Board. The Board will include in the annual report each year a summary of Ingham's progress towards achieving the measurable objectives set under the Diversity Policy for the year to which the annual report relates and details of the measurable objectives set under the Diversity Policy for the subsequent financial year.

seven

DETAILS OF THE OFFER

7.1 The Offer

The Prospectus relates to an initial public offering of New Shares by Ingham's and the sale of Existing Shares by SaleCo. The TPG Entities will sell down 50% to 70% of their Existing Shares in the Offer.

The total proceeds of the Offer will be $767.6 million to $1,121.1 million, assuming the Final Price is within the Indicative Price Range.[1] The total number of Shares available under the Offer will be 214.7 million to 270.8 million, assuming the Final Price is within the Indicative Price Range.[2]

Assuming the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities elect to sell 60% of their Existing Shares, SaleCo will sell 199.4 million Existing Shares, raising $769.1 million. In this circumstance, Ingham's will raise $166.7 million from the issue of 43.2 million New Shares.

Following Completion of the Offer, the total number of Shares on issue will be between 370.0 million and 373.2 million.[3]

Successful Applicants under the Offer will pay the Final Price. The Final Price will be determined at the conclusion of the bookbuild and may be set at a price below, within or above the Indicative Price Range.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus or the Institutional Offering Memorandum (as applicable). All Shares will rank equally with each other.

7.1.1 Structure of the Offer

The Offer comprises:

- the **Retail Offer**, which consists of the:
  - **Broker Firm Offer**: which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from such Brokers at the Final Price;
  - **Priority Offer**: which is open to selected investors in Australia and New Zealand determined by the Board who have received a Priority Offer invitation to apply for Shares at the Final Price; and
  - **Employee Offer**: which is open to Eligible Employees who wish to apply for Shares; and
- the **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and New Zealand and certain other jurisdictions around the world, made under this Prospectus or the Institutional Offering Memorandum (as applicable).

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the TPG Entities after consultation with the Joint Lead Managers, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4, 7.5.4 and 7.8.4.

7.1.2 Purpose of the Offer and use of proceeds

The Offer is being conducted to provide:

- Ingham's with access to the capital markets to improve capital management flexibility;
- Ingham's with the benefits of an increased public profile that arises from being a listed entity;
- Ingham's with funds for the repayment of debt, in order to strengthen its balance sheet and provide financial flexibility to pursue its identified growth opportunities;
- payment of the transaction costs associated with the Offer;
- Existing Shareholders with an opportunity to realise their investment in Ingham's, in whole or in part as the case may be; and
- a liquid market for Shares and an opportunity for others to invest in Ingham's.

The Offer also provides the Selling Shareholders with an opportunity to realise part, or in some cases all, of their investment in Ingham's.

1. The range reflects both the Indicative Price Range and the TPG Entities' 50%-70% sell down range.
2. The range is based on the assumptions set out in the key offer statistics. The total number of Shares available under the Offer could be as low as 209.1 million and as high as 276.5 million, depending on the Final Price and retained holding of the TPG Entities. The Final Price may be set below, within or above the Indicative Price Range.
3. Excludes 2.4 million Loan Shares (see Section 7.14 for further details). The range shown is based on the assumptions set out in the key offer statistics. The Shares on issue at Completion could be as low as 368.0 million and as high as 375.3 million, depending on the Final Price and retained holding of the TPG Entities.

Table 35: Sources and uses of funds

$ in millions

Sources of funds	$	%	Uses of funds	$	%
Ingham's					
Cash proceeds received for New Shares issued under the Offer[4]	166.7	11.9	Repayment of existing indebtedness[5]	586.0	41.7
Drawdown of New Banking Facilities	420.0	29.9	Costs of the Offer[6]	51.1	3.6
Existing cash	50.3	3.6			
SaleCo					
Cash proceeds received from sale of Existing Shares under the Offer	769.1	54.7	Payments to Selling Shareholders	769.1	54.7
Total sources	1,406.1	100.0	**Total uses**	1,406.1	100.0

7.1.3 Pro forma historical consolidated statement of financial position

Ingham's Pro Forma Historical Statement of Financial Position following Completion, including details of the pro forma adjustments, is set out in Section 4.6.

7.1.4 Capital structure

Ingham's capital structure before and following Completion is set out in Section 4.6.

7.1.5 Shareholding structure

The details of the ownership of Shares at Completion are set out below.

Table 36: Shareholding structure

	Shares held immediately prior to Completion		Shares held at Completion	
TPG Entities	298.0m	90.1%	119.2m	31.9%
Current Management[7]	18.3m	5.5%	12.0m	3.2%
Previous Management	14.3m	4.3%	0.5m	0.1%
New Shareholders	-	-%	242.2m	64.8%
Total	330.7m	100.0%	373.9m	100.0%

This assumes the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities sell 60% of their Existing Shares. The total Shares on issue includes 2.44 million Loan Shares (2.36 million owned by Current Management and 0.08 million by Previous Management).

The TPG Entities, Current Management and Previous Management are the shareholders of Ingham's prior to Completion and will sell some of their Shares through SaleCo. The TPG Entities are entities controlled by funds advised and managed by TPG.

7.1.6 Control implications of the Offer

The Directors do not expect any Shareholder will control (as defined by section 50AA of the Corporations Act) Ingham's on Completion.

4. Proceeds raised to repay $101.1 million of borrowings ($94.8 million net debt reduction grossed up for $6.5 million write-off of capitalised debt costs, net of $1.8 million capitalised debt establishment fees, plus $3.7 million accrued interest, less $2.1 million repayment of management loans), payment of transaction costs and payment of $14.6 million swap break costs.
5. Repayment of $563.3 million total borrowings (grossed up to include $6.5 million write-off of capitalised debt costs), $3.7 million accrued interest, $14.6 million swap break costs, net of $2.1 million management loan repayment.
6. Includes fees payable to Joint Lead Managers, legal fees, accounting and tax advisory fees, debt establishment fees, transaction disbursements, IPO bonuses, and other transaction costs.
7. Includes Shares subscribed for by Mick McMahon and Ian Brannan with the after-tax proceeds of the one-off bonus and IPO Bonus referred to in Sections 6.3.3.1 and 6.3.3.2 respectively.

7.1.7 Potential effect of the fundraising on the future of Ingham's

The Directors believe that on Completion, Ingham's will have sufficient working capital available from the cash proceeds of the Offer, New Banking Facilities and its operations to fulfil the purposes of the Offer and meet Ingham's stated business objectives.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Ingham's).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13.
What is the consideration payable for each security being offered?	The Indicative Price Range for the Offer is $3.57 to $4.14 per Share. The Indicative Price Range may be varied at any time by the TPG Entities, Ingham's and the Joint Lead Managers. Successful Applicants under the Offer will pay the Final Price, which will be determined at the conclusion of the Institutional Offer bookbuild process and may be set at a price below, within or above the Indicative Price Range. Applicants under the Broker Firm Offer, Priority Offer and Employee Offer will apply for a set dollar value of Shares. Accordingly, Applicants will not know the number of Shares they will receive at the time they make their investment decision, nor will they know the Final Price. Except as required by law, Applicants cannot withdraw their Applications once the Final Price and allocations of Shares have been determined.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out on page 5. No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the date of the Original Prospectus.
What are the cash proceeds to be raised?	$767.6 million to $1,121.1 million is expected to be raised under the Offer ($161.5 million to $172.4 million to be paid to or at the direction of Ingham's and $606.1 million to $948.6 million to be paid to or at the direction of SaleCo).[8]
Is the Offer underwritten?	No. The Offer is not underwritten.
What is the minimum and maximum Application size under the Broker Firm Offer?	The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker and there is no maximum value of Shares that may be applied for under the Broker Firm Offer. The TPG Entities, Ingham's and the Joint Lead Managers reserve the right to treat any Applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors, as bids in the Institutional Offer or to reject the Application(s).
What is the minimum and maximum Application size under the Priority Offer and the Employee Offer?	Applications under the Priority Offer and the Employee Offer must be for a minimum of $1,000 of Shares and in multiples of $500 of Shares thereafter. The TPG Entities, Ingham's and the Joint Lead Managers reserve the right to reject an Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion.
What is the allocation policy?	The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the TPG Entities, after consultation with the Joint Lead Managers, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4, 7.5.4 and 7.8.4. For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients, and it (and not the TPG Entities, Ingham's or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from it receive the relevant Shares. The allocation of Shares under the Institutional Offer will be determined by the TPG Entities after consultation with the Joint Lead Managers. Subject to the guaranteed minimum allocation, the final allocation of Shares under the Priority Offer and the Employee Offer will be determined by Ingham's in its absolute discretion.

8. Based on the assumptions set out in the key offer statistics table.

Topic	Summary
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 14 November 2016. Refunds to Applicants who make an Application and are scaled back will be made as soon as possible post Settlement, which is expected to occur on or about 10 November 2016. No refunds will be made where the overpayments relate solely to rounding at the Final Price.
Will the Shares be quoted on the ASX?	Ingham's applied to the ASX on 12 October 2016 for admission to the official list of the ASX and quotation of Shares on ASX (which is expected to be under the code ING). Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act. Ingham's will be required to comply with the ASX Listing Rules, subject to any waivers obtained by Ingham's from time to time. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Ingham's to the official list of the ASX is not to be taken as an indication of the merits of Ingham's or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that the Shares will commence trading on the ASX on or about 7 November 2016, initially on a conditional and deferred settlement basis. The contracts formed on acceptance of Applications and bids will be conditional on the ASX agreeing to quote the Shares on the ASX, and on settlement occurring under the Offer Management Agreement (**Settlement**). Trades occurring on the ASX before Settlement will be conditional on Settlement occurring. If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on the ASX would be cancelled and any Application Monies received would be refunded as soon as possible (without interest). Conditional trading will continue until Ingham's has advised ASX that Settlement has occurred, which is expected to be on or about 10 November 2016. Trading will then be on an unconditional but deferred delivery basis until Ingham's has advised the ASX that holding statements have been dispatched to Shareholders, which will be on or about 14 November 2016. Normal settlement trading is expected to commence on or about 15 November 2016. If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of Applications and bids will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The TPG Entities, Ingham's, SaleCo, the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Offer Information Line.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.9.
Has an ASIC relief or ASX waiver been obtained or been relied on?	Yes. Refer to Section 9.10.
Are there any tax considerations?	Yes. Refer to Section 9.6.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.

Topic	Summary
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia) from 8.30am until 5.30pm (AEDT), Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether Ingham's is a suitable investment for you, you should seek professional guidance from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor before deciding whether to invest.

7.3 Broker Firm Offer

7.3.1 Who may apply

The Broker Firm Offer is open to retail clients of Brokers who received a firm allocation of Shares from their Broker and who have a registered address in Australia or New Zealand and are not located in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.3.2 How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or Application Monies to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEDT) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete their Application Form and lodge it with the Broker from whom they received their invitation to acquire Shares under this Prospectus. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

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

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application size. The TPG Entities, Ingham's and the Joint Lead Managers reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. Ingham's may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion, in compliance with applicable laws.

The TPG Entities, Ingham's, SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens on 21 October 2016 and is expected to close at 5.00pm (AEDT) on 1 November 2016. The TPG Entities, Ingham's and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.3 Payment methods

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

7.3.4 Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers will be determined by the TPG Entities after consultation with the Joint Lead Managers. Shares that are allocated to Brokers for allocation to their Australian and New Zealand clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of the TPG Entities and the Joint Lead Managers to reject, aggregate or scale back Applications).

It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the TPG Entities, Ingham's, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.4 Priority Offer

7.4.1 Who may apply

The Priority Offer is open to eligible investors determined by the Board. If you are a Priority Offer Applicant, you will receive a personalised invitation for Shares in the Priority Offer. Please follow the instructions in that personalised invitation if you wish to apply for Shares under the Priority Offer. The Priority Offer is not open to persons in the United States.

7.4.2 How to apply

Priority Offer Applicants must apply for Shares on the website, www.inghamsIPO.com.au. Applicants must comply with the instructions provided in their personalised Priority Offer invitation and on the website.

Online applications and Applications Monies must be received on or before the Closing Date of 5.00pm (AEDT) on 1 November 2016.

Applications under the Priority Offer must be for a minimum of $1,000 of Shares and in multiples of $500 of Shares thereafter.

Priority Offer Applicants are guaranteed a minimum allocation of Shares of $5,000 or such lesser amount validly applied for (rounded down to the nearest whole Share).

7.4.3 Payment methods

Payments must be made via BPAY® for Priority Offer Applicants in Australia or by electronic funds transfer in Australian dollars for Priority Offer Applicants in New Zealand. Application Monies must be received by the Share Registry by 5.00pm (AEDT) on 1 November 2016. To make a payment via BPAY®, Priority Offer Applicants must apply online at www.inghamsIPO.com.au and must comply with the instructions provided in their personalised Priority Offer invitation and on the website.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by the Share Registry by no later than 5.00pm (AEDT) on 1 November 2016. 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.

7.4.4 Allocation policy under the Priority Offer

The Invitations to apply under the Priority Offer will be made at the absolute discretion of Ingham's.

Priority Offer Applicants will be guaranteed a minimum allocation of $5,000 of Shares at the Final Price. To the extent that you apply for Shares in excess of the amount indicated as your guaranteed minimum allocation, your Application may be scaled back. Subject to your guaranteed minimum allocation, the allocation of Shares among Applicants in the Priority Offer will be determined by Ingham's. Ingham's may reject an Application, or allocate a lesser dollar amount of Shares than the amount applied for, in its absolute discretion.

7.5 Employee Offer

7.5.1 Who may apply

Eligible Employees who are employed in Australia or New Zealand as at the Prospectus Date and who will have been employed by Ingham's for at least one month as at 30 September 2016 are eligible to participate in the Employee Offer (provided that they have not given or been given notice to terminate their employment as at the Prospectus Date). Eligible Employees will receive a personalised invitation for Shares in the Employee Offer on the Prospectus Date.

7.5.2 How to apply

Eligible Employees who wish to apply for Shares under the Employee Offer must apply for Shares on the website, www.inghamsIPO.com.au. Eligible Employees must comply with the instructions provided in their personalised Employee Offer invitation and on the website.

Applications must be received on or before the Closing Date of 5.00pm (AEDT) on 1 November 2016.

Applications under the Employee Offer must be for a minimum of $1,000 of Shares and in multiples of $500 of Shares thereafter.

There is no maximum amount of Shares that can be applied for. The TPG Entities, Ingham's and the Joint Lead Managers reserve the right to scale back any Applications (or aggregation of applications) in the Employee Offer.

7.5.3 Payment methods

Payment must be made via BPAY® for Eligible Employees in Australia or by electronic funds transfer in Australian dollars for Eligible Employees in New Zealand. Application Monies must be received by the Share Registry by 5.00pm (AEDT) on 1 November 2016. To make a payment, Eligible Employees in both Australia and New Zealand must apply online at www.inghamsIPO.com.au and must comply with the instructions on the website.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by the Share Registry by no later than 5.00pm (AEDT) on 1 November 2016. 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.

7.5.4 Allocation policy under the Employee Offer

Eligible Employees will receive a guaranteed minimum allocation of $2,000 of Shares at the Final Price. Eligible Employees may apply for additional Shares in excess of that guaranteed minimum allocation. Subject to the guaranteed minimum allocation, the allocation of Shares among Applicants in the Employee Offer will be determined by Ingham's. Ingham's has absolute discretion regarding the final allocation of Shares to Applicants in the Employee Offer and may reject an Application, or allocate a lesser dollar amount of Shares than the amount applied for, in its absolute discretion.

7.6 Acceptance of Applications under the Retail Offer

An Application in the Retail Offer is an offer by you to Ingham's and SaleCo to apply for Shares in the dollar amount specified in the Application Form at the Final Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. At the time of making an Application, an Applicant will not know the precise number of Shares they will be allocated and the price paid per Share; this will not be known until the Final Price is determined as set out in Section 7.8.3. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

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

Ingham's, SaleCo, the TPG Entities and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, Ingham's, SaleCo, the TPG Entities and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares.

Successful Applicants in the Retail Offer will be allotted Shares at the Final Price. Successful Applicants in the Retail Offer will receive the number of Shares equal to the value of their Application accepted by Ingham's and SaleCo divided by the Final Price (rounded down to the nearest whole Share). No refunds pursuant solely to rounding will be provided.

7.7 Application Monies

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

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY® payment or electronic funds transfer. If the amount of your BPAY® payment or electronic funds transfer for Application Monies is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares.

7.8 Institutional Offer

7.8.1 Invitations to bid

Ingham's and SaleCo are inviting certain eligible Institutional Investors to bid for Shares in the Institutional Offer. The Institutional Offer will comprise an invitation to Institutional Investors in Australia and New Zealand to bid for Shares under this Prospectus, and an invitation to Institutional Investors in certain eligible jurisdictions outside Australia and New Zealand to bid for Shares under the Institutional Offering Memorandum.

An Institutional Investor who is a long only Australian superannuation fund (**Committed Investor**) has committed to the Joint Lead Managers to acquire up to $150 million of Shares under this Prospectus at the Final Price, $100 million of which is committed at any point within the Indicative Price Range (**Committed Subscription**). The Committed Investor's application for its Committed Subscription will be accepted in full (unless the Offer is withdrawn). The additional $50 million will depend on the Final Price and is subject to scaleback.

7.8.2 Institutional Offer process and the Indicative Price Range

The Institutional Offer will be conducted using a bookbuild process managed by the Joint Lead Managers. Full details of how to participate, including bidding instructions, will be provided to eligible participants by the Joint Lead Managers.

Participants can only bid into the bookbuild for Shares through the Joint Lead Managers. They may bid for Shares at specific prices or at the Final Price. Participants may bid above or within the Indicative Price Range, which is $3.57 to $4.14 per Share. The Indicative Price Range may be varied at any time by the TPG Entities, Ingham's and the Joint Lead Managers. Under the terms of the Offer Management Agreement, the Final Price will be determined by agreement between the TPG Entities, Ingham's and the Joint Lead Managers after the close of the Retail Offer and the Institutional Offer as described in Section 7.8.3.

The Institutional Offer will open on 2 November 2016 and close on 3 November 2016. The TPG Entities, Ingham's and the Joint Lead Managers reserve the right to vary the times and dates of the Offer, including closing the Offer early, extending the Offer or accepting late Applications or bids, either generally or in particular cases, without notification.

Bids in the Institutional Offer may be amended or withdrawn at any time up to the close of the Institutional Offer. Any bid not withdrawn at the close of the Institutional Offer is an irrevocable offer by the relevant bidder to subscribe or procure subscribers for the Shares bid for (or such lesser number as may be allocated) at the price per Share bid or at the Final Price, where this is below the price per Share bid, on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and in accordance with any bidding instructions provided by the Joint Lead Managers to participants.

Bids can be accepted or rejected in whole or in part without further notice to the bidder. Acceptance of a bid will give rise to a binding contract on allocation of Shares to successful bidders conditional on the quotation of Shares on the ASX and Settlement.

Details of the arrangements for notification and settlement of allocations applying to participants in the Institutional Offer will be provided to participants in the bookbuild process.

7.8.3 Final Price

The institutional bookbuild process will be used to determine the Final Price. Under the terms of the Offer Management Agreement, the Final Price will be determined by agreement between the TPG Entities, Ingham's and the Joint Lead Managers after the close of the Retail Offer and the Institutional Offer.

It is expected that the Final Price will be announced to the market on 4 November 2016. In determining the Final Price, consideration will be given to, but will not be limited to, the following factors:

- the level of demand for Shares under the Institutional Offer at various prices;
- the level of demand for Shares under the Retail Offer;
- the objective of maximising the proceeds of the Offer; and
- the desire for an orderly secondary market in the Shares.

The Final Price will not necessarily be the highest price at which Shares could be sold. The Final Price may be set below, within or above the Indicative Price Range. All successful Applicants and bidders under the Offer will pay the Final Price.

7.8.4 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer will be determined by the TPG Entities after consultation with the Joint Lead Managers. The TPG Entities, Ingham's and the Joint Lead Managers have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

The initial determinant of the allocation of Shares under the Institutional Offer will be the Final Price. Bids lodged at prices below the Final Price will not receive an allocation of Shares.

The allocation policy will also be influenced by a range of factors, including:

- the price and number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders; and
- any other factors that the TPG Entities, Ingham's and the Joint Lead Managers consider appropriate.

7.9 Voluntary escrow arrangements

Shares held at Completion by the Escrowed Shareholders (other than any Shares purchased by them under the Offer except for Shares purchased by Mick McMahon and Ian Brannan using their IPO bonuses described in Section 6.3.3) will be subject to voluntary escrow arrangements.

Each of the Escrowed Shareholders has entered into a voluntary escrow deed with Ingham's in respect of their escrowed shareholding, which prevents them from dealing with their Escrowed Shares for the applicable Escrow Period. The restriction on dealing is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

The Shares held by the TPG Entities will be escrowed until:

- in respect of 33.3% of the Escrowed Shares held by the TPG Entities at Completion, after the announcement to the ASX of Ingham's financial results for the half year ending 24 December 2016, subject to the volume-weighted average Share price for any 10 consecutive days (in aggregate) beginning on the day after the release of those financial results (except where those results are released after close of trading, in which case beginning the following day), exceeding the Final Price by at least 20%; and
- in respect of any remaining Escrowed Shares held by the TPG Entities, the date on which Ingham's full-year results for the period ending 1 July 2017 are announced to the ASX.

The Shares held by Escrowed Shareholders who are current members of management will be escrowed until 4.30pm on the date on which Ingham's full-year annual results for FY18 are announced to the ASX (except for Shares purchased by Mick McMahon and Ian Brannan using their IPO bonuses, which will be escrowed for a period of two years from the date of the relevant escrow deed). Shares held by Escrowed Shareholders who are former members of management will be escrowed until 4.30pm on the date that is six months after the date of the relevant escrow deed (being 10 October 2016).

The Escrowed Shareholders are permitted to deal in their Escrowed Shares during the Escrow Period if the dealing arises solely as a result of:

- the acceptance of an offer under a takeover bid in relation to its Shares if holders of at least half of the Shares the subject of the bid that are not held by Escrowed Shareholders have accepted the takeover bid;
- the transfer or cancellation of Shares as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act;
- participation in an equal access share buyback, capital return or capital reduction made in accordance with the Corporations Act;
- the encumbrance of any or all of their Shares by a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant Escrowed Shareholder has in any of its Escrowed Shares and no Escrowed Shares may be transferred to the financial institution in connection with the encumbrance (with the documentation for such an encumbrance making clear that the Escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements); and
- a transfer (in one or more transactions) of any or all Escrowed Shares to an affiliate (for individuals) or an affiliated fund (for the TPG Entities) of the Escrowed Shareholder provided such affiliate or affiliated fund transferee agrees to be bound by the voluntary escrow arrangements for the term of those arrangements.

During the Escrow Period, the Escrowed Shareholders, whose Shares are subject to escrow, may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

Escrowed Shareholder	Number of Escrowed Shares (on Completion of the Offer)[9]	Escrowed Shares (as a % of Shares on issue on Completion of the Offer)
Current Management	12.0m	3.2%
Previous Management	0.5m	0.1%
TPG Entities	119.2m	31.9%

7.10 Restrictions on distribution

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

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus may not be released or distributed in the United States or elsewhere outside Australia and New Zealand, unless it is attached to, or constitutes part of, the Institutional Offering Memorandum, and only distributed to persons to whom the Institutional Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. securities laws. Offers to any persons in the United States are only being made pursuant to, and in accordance with the terms described in, the Institutional Offering Memorandum.

Each Applicant in the Broker Firm Offer, the Priority Offer and the Employee Offer, as well as each person in Australia or New Zealand to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia and New Zealand except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction which Shares are offered and sold.

Each bidder under the Institutional Offer will be required to make certain representations, warranties and undertakings set out in the confirmation of allocation letter distributed to it.

For more information on the other selling restrictions which apply to the Offer, refer to Section 9.12.

7.11 Discretion regarding the Offer

Ingham's, SaleCo and the TPG Entities may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants and bidders. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

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

7.12 ASX listing, registers and holding statements, and conditional and deferred settlement trading

7.12.1 Application to the ASX for listing of Ingham's and quotation of Shares

Ingham's applied to the ASX on 12 October 2016 for admission to the official list of the ASX and quotation of the Shares on the ASX (which is expected to be under the code ING).

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

9. Includes 2.4 million Loan Shares. Based on the mid-point of the Indicative Price Range and assumes that the TPG Entities sell 60% of their Existing Shares.

If permission is not granted for the official quotation of the Shares on the ASX within three months after such application is made (or any later date permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

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

7.12.2 CHESS and issuer sponsored holdings

Ingham's has applied to participate in CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

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

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

7.12.3 Conditional and deferred settlement trading and selling Shares on market

It is expected that the Shares will commence trading on the ASX on or about 7 November 2016, initially on a conditional and deferred settlement basis.

The contracts formed on acceptance of Applications and bids will be conditional on the ASX agreeing to quote the Shares on the ASX, and on settlement occurring under the Offer Management Agreement. Trades occurring on the ASX before Settlement will be conditional on Settlement occurring.

If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on the ASX would be cancelled and any Application Monies received would be refunded as soon as possible (without interest).

Conditional trading will continue until Ingham's has advised the ASX that Settlement has occurred, which is expected to be on or about 10 November 2016. Trading will then be on an unconditional but deferred delivery basis until Ingham's has advised the ASX that holding statements have been dispatched to Shareholders, which will be on or about 14 November 2016. Normal settlement trading is expected to commence on or about 15 November 2016.

If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of Applications and bids will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.

To assist Applicants in determining their allocation prior to receipt of a holding statement, Ingham's will announce details of pricing and basis for allocations on Ingham's website. After the basis for allocations has been determined, Applicants will also be able to call the Offer Information Line on 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia) from 8.30am until 5.30pm (AEDT), Monday to Friday (excluding public holidays) until Completion, or their Broker to confirm their allocations.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The TPG Entities, Ingham's, Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Offer Information Line.

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

7.13.1 Introduction

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

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

7.13.2 Meeting of members

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

7.13.3 Voting at a general meeting

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

7.13.4 Dividends

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

7.13.5 Transfer of Shares

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

7.13.6 Issue of further shares

The Board may, subject to the Constitution, Corporations Act and ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, shares in Ingham's on such terms as the Board decides.

7.13.7 Preference shares

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

7.13.8 Winding up

If Ingham's is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any shares or classes of shares, shareholders will be entitled to a share in any surplus property of Ingham's in proportion to the number of shares held by them.

If Ingham's is wound up, the liquidator may, with the sanction of a special resolution, divide among the shareholders the whole or part of Ingham's property and decide how the division is to be carried out as between shareholders or different classes of shareholders.

7.13.9 Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel of Shares is defined in the ASX Operating Rules Procedures and is generally a holding of Shares with a market value of at least $500.

7.13.10 Proportional takeover provisions

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

7.13.11 Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.13.12 Directors – appointment and retirement

Under the Constitution, the number of Directors shall be a minimum of three Directors and a maximum of eight Directors, unless Ingham's resolves otherwise at a general meeting. Directors are elected or re-elected at general meetings of Ingham's.

No Director (excluding the CEO) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director, either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of Ingham's following their appointment.

A person is eligible for election to the office of a Director at a general meeting if they are nominated or recommended by the Board or not less than the number of Shareholders required to give notice of a resolution under the Corporations Act (subject to timing requirements).

7.12.13 Directors – voting

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

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or consent to the resolution.

7.13.14 Directors – remuneration

Under the Constitution, the Board may decide the remuneration from Ingham's to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by Ingham's in general meeting. The remuneration of a Director (who is not the CEO or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.3.2.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors are entitled to be paid for all travelling and other expenses incurred in attending to Ingham's affairs, including attending and returning from general meetings of Ingham's or meetings of the Board or of committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of Ingham's or otherwise performs services, which, in the opinion of the Board, are outside the scope of ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of Ingham's.

Directors' remuneration is discussed further in Section 6.3.2.

7.13.15 Power and duties of Directors

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

7.13.16 Access to records

Ingham's may enter into contracts with a Director or former Director agreeing to provide continuing access, for a specified period after the Director ceases to be a Director, to Board papers, books, records and documents of Ingham's which relate to the period during which the Director or former Director was a Director on such terms and conditions as the Board thinks fit. Ingham's may procure that its subsidiaries provide similar access to board papers, books, records or documents.

7.13.17 Indemnities

Ingham's must indemnify each officer of Ingham's on a full indemnity basis and to the full extent permitted by law against all losses, liability, costs, charges and expenses incurred by that person as an officer of Ingham's or of a related body corporate.

Ingham's may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of Ingham's against any liability incurred by that person as an officer of Ingham's or of a related body corporate, including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

7.13.18 Amendment

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of Ingham's.

7.13.19 Share capital

On Completion of the Offer, the only class of security on issue by Ingham's will be fully paid ordinary shares.

7.14 Loan Shares and Loan Shares Adjustment

Prior to the IPO Ingham's had in operation employee equity arrangements that were available to Current Management and Previous Management. As part of these arrangements, Ingham's provided loans to some members of Current Management and Previous Management to purchase Shares. In accordance with the Australian Accounting Standards, the Shares acquired with these loans (**Loan Shares**) are accounted for in substance as options. Some of the Loan Shares will continue to be subject to outstanding loans at Completion.

At Completion, a total of approximately 8.3 million Loan Shares will remain subject to total loans of approximately $9.4 million. All of the Loan Shares will vest in conjunction with the Offer and are legally held by Ingham 2 Pty Limited, an indirect wholly owned subsidiary of Ingham's, as trustee for the relevant members of Current Management and Previous Management.

The outstanding loans will be repaid with any dividends paid on the Loan Shares. If Loan Shares are sold, the pro rata proceeds from that sale will be used to repay the loan. Recourse under the loans is limited to the Loan Shares. In the event that the loans are not repaid, Ingham's will take control of the Loan Shares.

The net value of Loan Shares to the relevant members of Current Management and Previous Management is equal to the value of the Loan Shares at their current share price less the outstanding loan amount. The outstanding loan amount divided by the current share price represents the number of Shares which have no value to the relevant members of Current Management and Previous

Management. At the mid-point of the Indicative Price Range a total of approximately 2.4 million[10] Loan Shares have no value to the relevant members of Current Management and Previous Management (**Loan Shares Adjustment**).

Indicative market capitalisation in the key offer statistics is calculated with reference to the total number of Shares (including Loan Shares) on issue less the Loan Share Adjustment. This increases comparability to companies with option-based incentive programs. The Australian Accounting Standards take a similar approach when calculating earnings per share on a diluted basis.

A reconciliation showing the number of Shares on issue at Completion to the number of Shares on issue disclosed in the 2016 accounts is set out below.[11]

Item	(million Shares)
Total Shares on issued at 24 June 2016	334.1
Net forfeited Shares bought back under employee equity arrangements	(3.5)
Total Shares on issue pre-IPO	330.7
Loan Shares Adjustment	(2.4)
Shares on issue pre-IPO	328.2
New Shares issued in IPO	43.2
Shares on issue post-IPO	371.4
Loan Shares Adjustment	2.4
Total shares on issue post-IPO	373.9

10. Calculated as total loans of $9.4m dividend by $3.86, the mid-point of the Indicative Price Range.
11. This assumes the Final Price is at the mid-point of the Indicative Price Range and the TPG Entities sell 60% of their Existing Shares.

INGHAM'S
Heart of the Table

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INVESTIGATING ACCOUNTANT'S REPORTS

8.1 Investigating Accountant's Report on Historical Financial Information

KPMG Transaction Services
A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
147 Collins Street
Melbourne Vic 3000

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 43 007 363 215
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

The Directors
Inghams Group Limited and
Inghams SaleCo Limited
Level 4, 1 Julius Avenue
North Ryde NSW 2113

21 October 2016

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide – Pro Forma Historical Financial Information

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Inghams Group Limited ("Ingham's") and Ingham's SaleCo Limited ("SaleCo") to prepare this report for inclusion in the prospectus dated 21 October 2016 ("Prospectus"), and to be issued by Ingham's and SaleCo, in connection with the initial public offering of fully paid ordinary shares in Ingham's (the "Offer").

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

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted outside Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG.

KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Inghams Group Limited & Inghams SaleCo Limited
Limited Assurance Investigating Accountant's Report and Financial Services Guide – Pro Forma Historical Financial Information
21 October 2016

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Ingham's (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Ingham Holdings I Pty Limited, after adjusting for the effects of pro forma adjustments described in Section 4.4.3 of the Prospectus. The pro forma historical financial information consists of Ingham's:

- pro forma historical consolidated statement of financial position as at 25 June 2016 as set out in Section 4.6.1 of the Prospectus;
- pro forma historical consolidated income statements for the years ended 28 June 2014, 27 June 2015 and 25 June 2016 as set out in Section 4.4.1 of the Prospectus; and
- pro forma historical consolidated cash flow information for the years ended 28 June 2014, 27 June 2015 and 25 June 2016 as set out in Section 4.7.1 of the Prospectus,

(collectively the "Pro Forma Historical Financial Information").

The basis on which Ingham's has compiled the Pro Forma Historical Financial Information is specified in Section 4.2.5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 4.2 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Ingham's to illustrate the impact of the events and transactions described in Section 4.6.1 of the Prospectus on Ingham's financial position as at 25 June 2016 and Ingham's financial performance and cash flows for the years ended 28 June 2014, 27 June 2015 and 25 June 2016, as described in Sections 4.4.3 and 4.7.3. As part of this process, information about Ingham's financial position, financial performance and cash flows has been derived by Ingham's from Ingham Holdings I Pty Limited's financial statements for the years ended 27 June 2015 (including comparatives for the year ended 28 June 2014) and 25 June 2016 (including restated comparatives for the year ended 27 June 2015).

The financial statements of Ingham Holdings I Pty Limited for the year ended 27 June 2015 (including comparatives for the year ended 28 June 2014) were audited by PwC in accordance

with Australian Auditing Standards. The financial statements of Ingham Holdings I Pty Limited for the year ended 25 June 2016 (including comparatives for the year ended 27 June 2015) were audited by KPMG in accordance with Australian Auditing Standards. The audit reports issued to the Directors of Ingham Holdings I Pty Limited relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 4.2 of the Prospectus, the stated basis of preparation is:

- the derivation of historical financial information, comprising:
  - historical consolidated statement of financial position as at 25 June 2016; and
  - historical consolidated income statements for the financial years ended 28 June 2014, 27 June 2015 and 25 June 2016,

    (together, the "Statutory Historical Financial Information") from the audited financial statements of Ingham Holdings I Pty Limited for the year ended 27 June 2015 (including comparatives for the year ended 28 June 2014) and the year ended 25 June 2016 (including restated comparatives for the year ended 27 June 2015), and the accounting records of Ingham's;
- the derivation of adjusted historical financial information, comprising:
  - adjusted historical consolidated income statements for the financial years ended 28 June 2014, 27 June 2015 and 25 June 2016; and
  - adjusted historical consolidated cash flow information for the financial years ended 28 June 2014, 27 June 2015 and 25 June 2016,

    (together, the "Adjusted Statutory Historical Financial Information") from the audited financial statements of Ingham Holdings I Pty Limited for the year ended 27 June 2015 (including comparatives for the year ended 28 June 2014) and the year ended 25 June 2016 (including restated comparatives for the year ended 27 June 2015), and the accounting records of Ingham's;
- the application of pro forma adjustments, determined in accordance with Australian Accounting Standards and Ingham's accounting policies, to the Statutory Historical

Financial Information and Adjusted Statutory Historical Financial Information of Ingham's to illustrate the effects of the Offer on Ingham's described in Sections 4.7.1, 4.4.3 and 4.7.3 of the Prospectus.

The Adjusted Statutory Historical Financial Information is adjusted insofar as it has been presented in a different format to that presented in Ingham's statutory financial statements. In the statutory financial statements, the relevant portions of depreciation and amortisation charges are included in cost of sales, distribution expense and sales, general and administration expense. In order to present EBITDA (as defined in Section 4.3.1 of the Prospectus), depreciation and amortisation have been removed from those cost lines and included in a single line item. In FY14, interest income was reported in revenue in the statutory financial statements (for FY15 and FY16, it was reported in net finance costs). Interest income has therefore been reclassified to net finance costs in the Adjusted Statutory Historical Results for FY14.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included:

Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the derivation of the Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information of Ingham Holdings I Pty Limited from its audited financial statements for the years ended 27 June 2015 and 25 June 2016;

Pro forma adjustments:

- consideration of the pro forma adjustments described in the Prospectus;
- enquiry of directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information; and
- a review of accounting policies adopted by Ingham's (as disclosed in the Significant Accounting Policies section of the Prospectus), for consistency of application in the preparation of the pro forma adjustments.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we

performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors' responsibilities

The directors of Ingham's are responsible for the preparation of the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the Statutory Historical Financial Information and Adjusted Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

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

- the pro forma historical consolidated income statements of Ingham's for the years ended 28 June 2014, 27 June 2015 and 25 June 2016 as set out in Table 12 of the Propsectus;
- the pro forma historical consolidated cash flow information of Ingham's for the years ended 28 June 2014, 27 June 2015 and 25 June 2016 as set out in Table 23 of the Propsectus; and
- the pro forma historical consolidated statement of financial position of Ingham's as at 25 June 2016 as set out in Table 20 of the Propsectus,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Sections 4.4.3, 4.6.1 and 4.7.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Ingham's accounting policies disclosed in Appendix A of the Prospectus.

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

Independence

KPMG Transaction Services does not have any interest in the outcome of the Offer, other than in connection with the preparation of this report and participation in due diligence procedures

for which normal professional fees will be received. KPMG is the auditor of Ingham's and from time to time, KPMG also provides Ingham's with certain other professional services for which normal professional fees are received.

General advice warning

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

Restriction on use

Without modifying our conclusions, we draw attention to Section 4.2.5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

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

Yours faithfully

Angus Reynolds
Authorised Representative

Inghams Group Limited & Inghams SaleCo Limited
Limited Assurance Investigating Accountant's Report and Financial Services Guide – Pro Forma Historical Financial Information
21 October 2016

Financial Services Guide
Dated 21 October 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Angus Reynolds as an authorised representative of KPMG Transaction Services, authorised representative number 404263 **(Authorised Representative)**.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Inghams Group Limited (**Ingham's**) and Inghams SaleCo Limited (**SaleCo**) to provide general financial product advice in the form of a Report to be included in the Prospectus (**Prospectus**) prepared by Ingham's and SaleCo in relation to the offer of shares in Ingham's through an initial public offering (**Offer**).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than Ingham's and SaleCo.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by Ingham's, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, Ingham's. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Ingham's and SaleCo have agreed to pay KPMG Transaction Services $1.4 million for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to Ingham's for which professional fees are received. Over the past two years professional fees of $1.3 million have been received from Ingham's.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Ingham's or SaleCo or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 367 287
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Angus Reynolds
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

8.2 Investigating Accountant's Report on Forecast Financial Information

KPMG Transaction Services
A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
147 Collins Street
Melbourne Vic 3000

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 43 007 363 215
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

The Directors
Inghams Group Limited and
Inghams SaleCo Limited
Level 4, 1 Julius Avenue
North Ryde NSW 2113

21 October 2016

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide – Forecast Financial Information

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Inghams Group Limited ("Ingham's") and Inghams SaleCo Limited ("SaleCo") to prepare this report for inclusion in the prospectus dated 21 October 2016 ("Prospectus"), and to be issued by Ingham's and SaleCo, in connection with the initial public offering of fully paid ordinary shares in Ingham's (the "Offer").

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

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the forecast financial information described below and disclosed in the Prospectus.

The forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted outside Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG.

KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Limited Assurance Investigating Accountant's Report and
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Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to:

- the statutory forecast consolidated income statement for the year ending 1 July 2017;
- the statutory forecast consolidated cash flow information for the year ending 1 July 2017;
- the pro forma forecast consolidated income statement of Ingham's for the year ending 24 June 2017; and
- the pro forma forecast consolidated cash flow information for the year ending 24 June 2017,

of Ingham's, as described in Section 4 of the Prospectus (the "Forecast Financial Information").

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Sections 4.9.2 and 4.9.3 of the Prospectus. As stated in Section 4.2.1 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Ingham's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 4 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
  - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Ingham's accounting policies;

- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of Ingham's of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
  - the assumptions and amounts in the Forecast Financial Information; and
  - the evaluation of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of Ingham's are responsible for the preparation of the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Forecast Financial Information and the directors' best-estimate assumptions

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

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in Sections 4.9.2 and 4.9.3 of the Prospectus; and
  - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Ingham's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by Ingham's management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of Ingham's for the year ending 1 July 2017 (24 June 2017, on a pro forma basis).

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Ingham's. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Ingham's, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 4.10 of the Prospectus. The sensitivity analysis described in Section 4.10 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Ingham's, that all material information concerning the prospects and proposed operations of

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21 October 2016

Ingham's has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Ingham's and from time to time, KPMG also provides Ingham's with certain other professional services for which normal professional fees are received.

General advice warning

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

Restriction on use

Without modifying our conclusions, we draw attention to Section 4.2.6 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

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

Yours faithfully

Angus Reynolds
Authorised Representative

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21 October 2016

Financial Services Guide
Dated 21 October 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Angus Reynolds as an authorised representative of KPMG Transaction Services, authorised representative number 404263 **(Authorised Representative)**.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Inghams Group Limited (**Ingham's**) and Inghams SaleCo Limited (**SaleCo**) to provide general financial product advice in the form of a Report to be included in the Prospectus (**Prospectus**) prepared by Ingham's and SaleCo in relation to the offer of shares in Ingham's through an initial public offering (**Offer**).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than Ingham's and SaleCo.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by Ingham's, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, Ingham's. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Ingham's and SaleCo have agreed to pay KPMG Transaction Services $1.4 million for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to Ingham's for which professional fees are received. Over the past two years professional fees of $1.3 million have been received from Ingham's.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Ingham's or SaleCo, or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 367 287
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Angus Reynolds
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

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ADDITIONAL INFORMATION

9.1 Registration

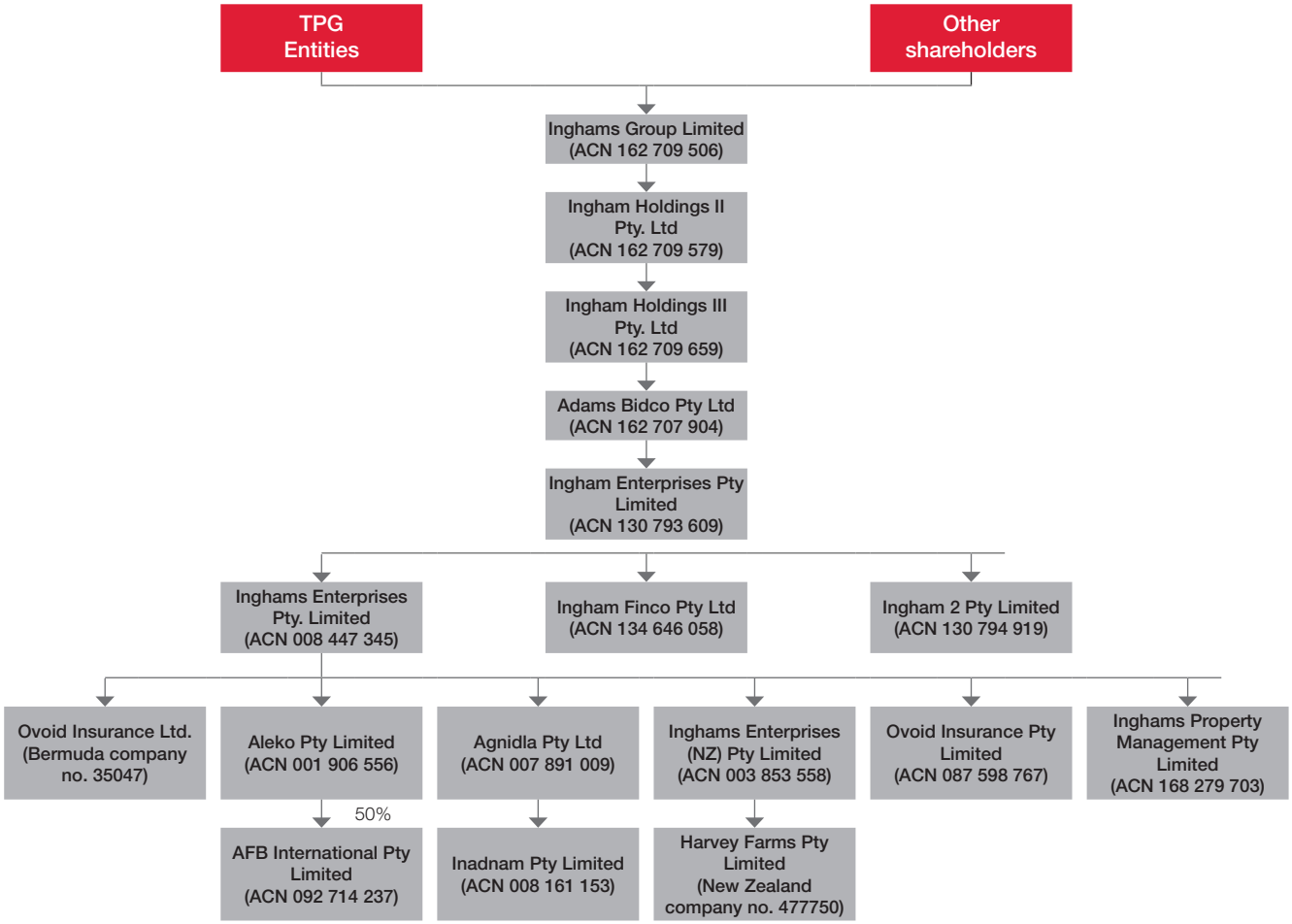
Ingham's was registered in Victoria, Australia on 6 March 2013 as a proprietary company limited by shares and was converted into a public company limited by shares on 7 October 2016.

9.2 Company tax status

Ingham's will be taxed as an Australian tax resident public company in Australia for the purposes of Australian income tax. Ingham's will be subject to tax at the Australian corporate tax rate. Ingham's tax year ends on 30 June. International subsidiaries and branches will be subject to tax in relevant jurisdictions.

9.3 Corporate structure

Figure 36: Ingham's pro forma corporate structure



9.4 Sale of existing Shares by Selling Shareholders

SaleCo is a special purpose vehicle that was established to enable the Selling Shareholders to sell all or a portion of their Existing Shares. Each Selling Shareholder has executed a deed in favour of SaleCo under which they irrevocably offer to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional upon the commencement of conditional and deferred settlement trading of Shares on ASX.

The Existing Shares that SaleCo acquires from the Selling Shareholders will be transferred to successful Applicants and bidders at the Final Price. The price payable by SaleCo for these Existing Shares is the Final Price. Ingham's will also issue New Shares to successful Applicants and bidders under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the deeds described above and the Offer Management Agreement. The directors and shareholders of SaleCo are Peter Bush, Linda Bardo Nicholls and Mick McMahon. Ingham's has indemnified SaleCo and the directors and shareholders of SaleCo for any loss which SaleCo or the directors or shareholders of SaleCo may incur as a consequence of the Offer.

9.5 Offer Management Agreement

The Offer is being managed by the Joint Lead Managers pursuant to the Offer Management Agreement between the Company, SaleCo, the TPG Entities and the Joint Lead Managers.

The Joint Lead Managers have agreed to:

- arrange and manage the Offer; and
- provide settlement support for the Institutional Offer and Broker Firm Offer.

The Joint Lead Managers have not agreed to underwrite the Offer or guarantee that the Offer will be successful.

9.5.1 Fees and costs

The Company must pay the Joint Lead Managers, in their respective proportions (as set out in the Offer Management Agreement) the Base Fee (as defined below) less the fees payable to Brokers, co-managers and co-lead managers (other than incentive fees) and the Committed Investor (being the investor referred to in Section 7.8.1) out of the **Offer Proceeds**, being the number of Shares offered for issue or transfer under this Prospectus multiplied by the Final Price, on Settlement.

9.5.1.1 Base Fee

The **Base Fee** means a selling and management fee equal to 2.0% of the Base Offer Proceeds. The **Base Offer Proceeds** will be the total number of Shares issued or transferred under the Institutional Offer, Broker Firm Offer, and the Priority Offer, multiplied by the Final Price.

9.5.1.2 Incentive Fee

If, and to the extent the Company and the TPG Entities determine, the Company will pay the Joint Lead Managers, in equal or unequal proportions in the discretion of the Company and the TPG Entities, an incentive fee of up to 1.0% of the Base Offer Proceeds, within 30 days of Settlement, out of the Offer Proceeds. In determining whether and to whom any incentive fee is paid, the Company and the TPG Entities will consider the performance of the Joint Lead Managers who are entitled to receive the fee, having regard to certain agreed performance criteria.

9.5.1.3 Co-Lead Managers, Co-Managers and Broker fees

The Joint Lead Managers must pay, on behalf of the Company, any commission and fees payable to any co-lead managers, co-managers and other Brokers, such fees being:

- 1.5% of the Offer Proceeds represented by the firm commitment of the relevant Broker (**Broker Firm Fee**); and
- 0.5% of the Offer Proceeds represented by the relevant Broker's bookbuild allocation (if any) under the Institutional bookbuild described in Section 7.8.2 (**Broker Bookbuild Fee**).

The Joint Lead Managers are also authorised to pay to the co-lead managers, on behalf of the Company, a base fee of $200,000 each and an incentive fee of up to $150,000 each at no additional cost to the Company. The incentive fees paid to each co-lead manager will be determined by the TPG Entities.

9.5.1.4 Committed Investor Fees

The Joint Lead Managers must pay, on behalf of the Company, a fee to the Committed Investor of 0.75% of the Committed Investor's $100 million firm committed amount at any point within the Indicative Price Range.

9.5.1.5 Other costs

The Company has also agreed to reimburse the Joint Lead Managers for the reasonable costs of and incidental to the Offer. The costs are payable even if the Offer Management Agreement is terminated or the Offer is withdrawn.

9.5.2 Representations, warranties and undertakings

The Offer Management Agreement contains certain representations and warranties provided by the Company, SaleCo and the TPG Entities (as applicable) to the Joint Lead Managers, as well as customary conditions precedent (including the Escrowed Shareholders entering into voluntary escrow deeds).

The representations and warranties relate to matters such as the nature of the Company and SaleCo, the conduct of the Company and SaleCo (including in respect of their businesses and operations, disclosure and compliance with applicable laws and the ASX Listing Rules), information provided to the Joint Lead Managers, accounting controls, material contracts, licences, litigation, insurance, information in this Prospectus and the conduct of the Offer.

A number of standard representations and warranties are also given by:

- each Joint Lead Manager to the Company; and
- each TPG Entity to each Joint Lead Manager.

The Company's undertakings include that it will not, without the prior written consent of the Joint Lead Managers, at any time after the date of the Offer Management Agreement and up to 180 days after Completion, allot or agree to allot (or indicate that it may do so), any shares or other securities that are convertible or exchangeable into equity, or represent the right to receive equity of the Company, SaleCo and their respective subsidiaries, subject to certain limited exceptions including pursuant to an employee share or option plan, a dividend reinvestment plan or bonus share plan, or proposed transaction disclosed in this Prospectus.

9.5.3 Indemnity

Subject to certain exclusions relating to, among other things fraud, wilful misconduct or negligence by an indemnified party, the Company and SaleCo agree to keep the Joint Lead Managers, and certain of their affiliated parties, indemnified from losses suffered in connection with the Offer, including for losses, claims, damages or liabilities under the U.S. Securities Act and other U.S. securities laws.

9.5.4 Termination

Subject to any requirements of reasonableness on the part of a terminating Joint Lead Manager, as described below, if any of the following events has occurred or occurs at any time from the date of this agreement until on or before 4.00pm on Settlement or at any other time as specified below, any Joint Lead Manager may terminate its obligations under the Offer Management Agreement without cost or liability by notice to the Company and SaleCo and the other Joint Lead Managers:

- (**disclosures in the Institutional Offering Memorandum or the pricing disclosure package**) the Institutional Offering Memorandum or the Pricing Disclosure Package (being the Institutional Offering Memorandum and the final price information relating to the Shares allocated under the Institutional Offer) includes an untrue statement or a material fact or omits to state a material fact necessary to make the statements in those documents not misleading.
- (**Supplementary Prospectus**) the Company and SaleCo issue or, in the reasonable opinion of the terminating Joint Lead Manager, are required to issue, a supplementary prospectus to comply with section 719 of the Corporations Act or amend or supplement, in any material respect, the Institutional Offering Memorandum or the Pricing Disclosure Package or the Company and SaleCo lodge a supplementary prospectus that is in a form that has not been approved by the Joint Lead Managers.
- (**escrow deeds**) any of the escrow deeds entered into by the Escrowed Shareholders are withdrawn, varied, terminated, rescinded, materially altered or amended, breached or failed to be complied with.
- (**Offer Deeds**) either of the Offer Deeds entered into by the TPG Entities and the other Selling Shareholders under which they irrevocably agree to sell Shares to SaleCo is withdrawn, materially varied, terminated, rescinded, breached or failed to be complied with.
- (**fraud**) the Company or SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage in any fraudulent conduct or activity.
- (**listing and quotation**) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX on or before 5.00pm on the listing approval date required under the Offer Management Agreement; or
  - the quotation of the Shares on ASX or for the Shares to be cleared through CHESS on or before the date on which the Shares are to be first quoted on ASX,

  or if granted, the approval is subsequently withdrawn or qualified (other than by customary conditions).
- (**mutual recognition**) the Company and SaleCo fail in a material respect to comply with the requirements of the NZ Mutual Recognition Regulations in connection with the Offer.
- (**notifications**) any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
  - ASIC holds a hearing under section 739(2) of the Corporations Act, except where such investigation or hearing does not become publicly known and is withdrawn within 3 business days of being made (or in any event, before Settlement);
  - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or an Offer document, except where such investigation or hearing does not become publicly known and is withdrawn within 3 business days of being made (or in any event, before Settlement);
  - any person (other than the terminating Joint Lead Manager) who has previously consented to the inclusion of its name in any Offer document withdraws that consent; or
  - any person (other than the terminating Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to an Offer document.
- (**certificate not provided**) the Company or SaleCo do not provide a certificate as and when required by the Offer Management Agreement.
- (**withdrawal**) the Company and SaleCo withdraw an Offer document or the Offer, or indicates that it does not intend to proceed with the Offer.
- (**insolvency events**) the Company, SaleCo or any of their subsidiaries is or becomes insolvent or there is an act or omission which may result in any of those entities becoming insolvent.
- (**unable to issue or transfer Shares**) the Company is prevented from allotting and issuing, or SaleCo is prevented from transferring, the Shares within the time required by the timetable for the Offer, the Offer documents, the ASX Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a governmental authority.
- (**change in key management**) a change in the chairman of the Company or chief executive officer or chief financial officer of the Company occurs or any one of those persons dies or becomes permanently incapacitated.

- (**prosecution**) either:
  - a director of or a proposed director of the Company named in this Prospectus is charged with an indictable offence; or
  - any director or a proposed director named in this Prospectus is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.

9.5.4.1 Termination events subject to reasonableness of the terminating Joint Lead Manager

If one of the following events occurs, a terminating Joint Lead Manager may not terminate its obligations under the Offer Management Agreement unless in the reasonable opinion of the terminating Joint Lead Manager, it believes that the event is material and adverse and makes it impracticable or inadvisable to proceed with the Offer, sale or delivery of the Shares on Settlement, as the case may be, on the terms and in the manner contemplated by the Offer Management Agreement and this Prospectus:

- (**disclosures**) a statement in this Prospectus or the information used by or on behalf of the Company to conduct the Offer (the **Public Information**) is or becomes false, misleading or deceptive or is likely to mislead or deceive or confuse, or a matter is omitted from this Prospectus or the Public Information, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act, the *New Zealand Financial Markets Conduct Act 2013* and the *New Zealand Financial Markets Conduct Regulations 2014*.
- (**forecasts**) there are not, or there cease to be, reasonable grounds for any statement or estimate in the Offer documents, including this Prospectus, the Institutional Offering Memorandum and Public Information, which relates to a future matter or any statement or an estimate in the Offer documents is unlikely to be met in the projected timeframe (including financial forecasts).
- (**notification**) the New Zealand Registrar or the New Zealand Financial Markets Authority contacts or gives any notice to the Company in relation to the Offer.
- (**timetable**) an event specified in timetable contained in the Offer Management Agreement up to and including the Retail Offer closing date is delayed by more than 2 business days or an event specified in the timetable from but excluding the Retail Offer closing date is delayed by more than one business day (other than any delay agreed between the Company and the Joint Lead Managers).
- (**disclosures in the due diligence report and any other information**) the due diligence report prepared by the due diligence committee in connection with the Offer or the verification material or any other information supplied by or on behalf of the Company or SaleCo to the Joint Lead Managers in relation to the Company, SaleCo or any of their subsidiaries or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission.
- (**adverse change**) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company.
- (**representations and warranties**) a representation, warranty, undertaking or obligation contained in the Offer Management Agreement on the part of the Company or SaleCo (whether severally or jointly) or CT HSP GP (Dutch) B.V is breached, becomes not true or correct or is not performed.
- (**breach**) the Company, SaleCo or a TPG Entity defaults on one or more of its obligations under the Offer Management Agreement.
- (**legal proceedings**) legal proceedings against the Company commence or any regulatory body commences an enquiry or public action against the Company.
- (**information supplied**) any information supplied (including any information supplied prior to the date of the Offer Management Agreement) by or on behalf of the Company to the Joint Lead Managers in respect of the Offer or the Company is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including by omission).
- (**certificate incorrect**) a certificate provided by the Company or SaleCo pursuant to the Offer Management Agreement is false, misleading, inaccurate or untrue or incorrect (including by omission).
- (**disruption in financial markets**) any of the following occur:
  - hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, South Korea, Israel, Singapore or a member state of the European Union or any major terrorist attack is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
  - a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom or the United States, or in foreign exchange rates; or
  - trading in all securities quoted or listed on ASX, New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Singapore Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of 1 day) on which that exchange is open for trading.

9.6 Taxation considerations

The following comments provide a general summary of Australian and New Zealand tax issues for Australian and New Zealand tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account.

This summary does not consider the consequences for non-Australian or non-New Zealand tax resident investors, or Australian or New Zealand tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian or New Zealand tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (Cth) (the Taxation of Financial Arrangements or "TOFA" regime).

This summary is based on the law in Australia and New Zealand in force at the Prospectus Date. This summary does not take into account the tax law of countries other than Australia and New Zealand. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia and New Zealand or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

9.6.1 Dividends on a Share

9.6.1.1 Dividends may be paid to investors

The Company may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

Further, the Company may elect to maintain a Trans-Tasman imputation account which allows the Company to attach 'imputation credits' to such dividends. Imputation credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to New Zealand tax. It is possible for a dividend to be fully imputed, partly imputed or unimputed.

The Trans-Tasman imputation regime allows Australian and New Zealand companies to form a Trans-Tasman imputation group. This enables New Zealand and Australian shareholders of Trans-Tasman companies to be allocated both franking credits and imputation credits in proportion to their ownership in the company. The Trans-Tasman imputation regime therefore enables the Company to pass on the benefit of imputation credits to its New Zealand Shareholders.

9.6.1.2 Australian tax implications

9.6.1.2.1. Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a qualified person or where the investor receives less than $5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

Dividends might also be paid by the Company to investors with exempting credits (as opposed to franking credits) attached. Broadly, exempting credits are accrued by companies (in an exempting account which operates similar to a franking account) during periods of time where they are effectively owned by non-residents.

Dividends paid which have exempting credits attached (as opposed to franking credits) generally do not provide any tax benefit to Australian tax resident Shareholders. For New Zealand tax resident Shareholders on the other hand, no withholding tax would apply to distributions which have exempting credits attached.

Furthermore, a portion of a dividend might be declared to be conduit foreign income (**CFI**) in accordance with the Australian CFI regime (broadly, this regime enables certain foreign income and gains to flow through the Australian tax system free of dividend withholding tax in certain circumstances). It is possible, although not mandatory or guaranteed, for the Company to attach imputation credits to such a dividend if it elects to join the Trans-Tasman imputation regime.

Any dividend declared to be CFI would not provide any tax benefit to Australian tax resident investors however, they can provide a withholding tax exemption for New Zealand tax resident investors.

9.6.1.2.2. Corporate investors

Australian tax resident corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a qualified person. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian tax resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

9.6.1.2.3. Trusts and partnerships

Australian tax resident investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a qualified person, the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

9.6.1.2.4. Shares held at risk

The benefit of franking credits can be denied where an investor is not a qualified person in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares at risk for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares at risk. This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

9.6.1.3 New Zealand tax implications

An investor's tax residence status will affect how New Zealand taxes apply to a return on their Shares. An Investor will be a New Zealand tax resident if they are a natural person and they have:

- a permanent place of abode in New Zealand; and/or
- been present in New Zealand for more than 183 days in a 12-month period.

If an investor has been present in New Zealand for more than 183 days in a 12-month period, but does not have a permanent place of abode in New Zealand, and is subsequently absent from New Zealand for more than 325 days in a 12-month period, the investor will cease being a New Zealand resident from the first day of absence.

A company is tax resident in New Zealand if it is incorporated in New Zealand, if it has its head office or centre of management in New Zealand or if its directors exercise control of the company in New Zealand.

Generally, Shares held by a trust will be treated as held by a New Zealand tax resident if a New Zealand tax resident has contributed to the trust.

If an investor is a New Zealand tax resident and is also tax resident in another country, the following summary applying to New Zealand tax residents may not apply to the investor, and the investor should seek their own tax advice.

Distributions received by a New Zealand tax resident investor will generally be taxable dividends for New Zealand tax purposes provided the investor's interest in the Company meets certain criteria to be exempt from taxation under the New Zealand foreign investment fund (FIF) rules. Some distributions an investor receives from the Company may not be taxable dividends (for example, non-taxable bonus issues and certain returns of capital).

New Zealand operates an imputation regime under which income tax paid by the Company gives rise to credits, known as imputation credits, which may be attached to dividends it pays. Imputation credits attached to dividends may be used by New Zealand tax-resident investors as a credit against their tax liability in respect of the dividends. The maximum ratio at which the Company can attach imputation credits to dividends is 28:72 (i.e. $28 of imputation credits to $72 of cash dividend).

Under the Trans-Tasman imputation regime, the Company may also attach Australian 'franking credits' to dividends it pays. Franking credits attached to dividends will have no implications for New Zealand tax purposes.

If an investor files an income tax return, they must include in their taxable income not only the cash dividend they receive, but also the imputation credits attached to, and Australian dividend withholding tax deducted from, the dividend. This total amount included in an investor's taxable income is referred to as the gross dividend. An investor will be able to use attached imputation credits and (subject to certain criteria) the Australian dividend withholding tax deducted to satisfy (or partially satisfy) their tax liability on the gross dividend. If the attached imputation credits exceed the amount of tax on the gross dividend, a Shareholder's tax liability on other income they earn may be reduced as a result of receiving the dividend or the benefit of the excess imputation credits may be carried forward to future tax years. To the extent that a Shareholder cannot use the credit for Australian dividend withholding tax to satisfy (or partially satisfy) their tax liability, the credit is forfeited.

If a Shareholder does not currently file an income tax return, the Shareholder may need to file an income tax return declaring the dividends from the Company.

9.6.2 Disposal of Shares

9.6.2.1 Australian tax implications

The disposal of a Share by an investor is generally taken to be a capital gains tax (**CGT**) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. A new withholding tax regime for the disposal of certain taxable Australian property by foreign tax residents was recently enacted and applies from 1 July 2016. These rules impose a 10% withholding obligation on the purchaser of certain property from a foreign tax resident vendor. Transactions which occur on an approved stock exchange are excluded from this regime and hence it would be expected that these rules would have no application to New Zealand tax residents who dispose of their Shares.

9.6.2.2 New Zealand tax implications

New Zealand tax resident investors that hold their Shares on capital account should not be subject to capital gains tax on disposal of their Shares as New Zealand does not have a comprehensive capital gains tax regime in respect of long term investments. There are, however, instances where an investor may be subject to New Zealand tax on gains they make on the sale or disposal of their Shares or be allowed a deduction for any loss they make. An investor must consider their individual circumstances to determine whether any gain on the sale or disposal of their Shares will be taxable (or loss deductible).

9.6.3 Goods and services tax (GST)

9.6.3.1 Australian tax implications

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

9.6.3.2 New Zealand tax implications

New Zealand GST should not apply to an investor's investment in Shares.

9.6.4 Stamp duty

9.6.4.1 Australian duty implications

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone with an associated/related person, an interest of 90% or more in Ingham's. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.6.4.2 New Zealand duty implications

New Zealand does not have a stamp duty regime. Accordingly, no stamp duty will be payable by investors on the acquisition of Shares or on any subsequent transfer of Shares.

9.6.5 Australian tax file numbers (TFN)

Australian tax resident investors may, if they choose, notify Ingham's of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event Ingham's is not so notified, tax will automatically be deducted as the highest marginal rate, including where relevant, the Medicare levy and temporary budget repair levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

9.7 Food safety, processing and labelling

Ingham's is required to comply with range of specific food safety, processing and labelling obligations under Australian state and territory Food Acts, as well as New Zealand food safety legislation and the Australia New Zealand Food Standards Code (**Code**), including in relation to:

- the planning processes and procedures which the Company has in place in connection with food safety and food processing;
- the handling, transportation and disposal of food during production and processing;
- the health, hygiene and training requirements of persons who may handle the food during production and processing, or who may handle surfaces likely to come into contact with the food during production and processing;
- the cleaning, sanitisation and maintenance of premises and equipment where food is produced and processed, and the equipment used in production and processing;
- the use of any chemicals or micro biological materials in the production of food such as antimicrobial treatments; and
- food labelling and packaging.

These regulatory requirements are enforced by regulators in each Australian state and territory and New Zealand, with the potential for substantial fines and/or other enforcement action for breach of the obligations.

The Australian Consumer Law (**ACL**) and other Australian and New Zealand laws additionally contain product safety and liability (or consumer guarantees) regimes and prohibit misleading representations or conduct in trade or commerce, which extend to the content of food labels or other public-facing materials such as advertising. Some of the actions available to regulatory authorities for enforcement of these laws include issuing infringement notices and/or seeking a wide range of orders for breaches of the relevant laws, including penalties, corrective advertising, injunctions, variation of contracts, refunds and compliance programs. Ingham's has procedures in place to ensure that it complies with Australian state and territory and New Zealand food laws, as well as the Code and the ACL.

9.8 Litigation and claims

Ingham's may, from time to time, be party to various disputes and legal proceedings incidental to the conduct of its business. These disputes may lead to legal and other proceedings, and may cause Ingham's to suffer additional costs. As far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which Ingham's is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of Ingham's.

9.9 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by Australian laws and laws in other countries in which Ingham's operates that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.9 contains a general description of these laws.

9.9.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in Ingham's, either themselves or through an associate.

9.9.2 Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) (**FATA**) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in Ingham's or foreign persons hold an Aggregate Substantial Interest in Ingham's, Ingham's itself will be a "foreign person" for the purposes of the FATA.

Where an acquisition of a Substantial Interest or an Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy (**Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain

criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the Policy, acquisitions of a direct investment in an Australian company by foreign governments and their related entities should be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the Policy, a 'direct investment' will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target investment.

9.9.3 Overseas Investment Act 2005 (New Zealand)

The Overseas Investment Act 2005 (New Zealand) (**Overseas Investment Act**) may require prior approval to be obtained from the Overseas Investment Office (New Zealand) or Ministers for any transaction in which an overseas person (which includes a body corporate that is incorporated outside New Zealand or is 25% or more held by overseas persons), or an associate of an overseas person, within the meaning of the Overseas Investment Act, acquires (either alone or together with its associates) a 25% or more ownership or control interest in Ingham's, or increases an existing 25% or more ownership or control interest in Ingham's. Failure by an investor to obtain consent before acquiring interests in Ingham's where it is required by the Overseas Investment Act may result in penalties including monetary penalties and/or orders from a court to dispose of the investor's interests in Ingham's, or that the offending transaction be cancelled.

9.9.4 Insurance Act 1978 (Bermuda)

A subsidiary of Ingham's, Ovoid Insurance Ltd (**Ovoid**), is a Bermuda licensed insurer regulated under the Insurance Act 1978 (Bermuda) (**Insurance Act**). Under the Insurance Act, any person who becomes a 10%, 20%, 33% or 50% shareholder controller of Ovoid by virtue of their shareholding in Ingham's is required to notify the Bermuda Monetary Authority (**BMA**) in writing that it has become such a shareholder controller.

A shareholder controller is defined in the Insurance Act as person who, either alone or with any associate or associates:

- holds 10% or more of the shares carrying rights to vote at any general meeting of the registered person (being an entity registered under the Insurance Act, e.g. Ovoid) or another company of which it is a subsidiary company;
- is entitled to exercise, or control the exercise of 10% or more of the voting power at any general meeting of the registered person or another company of which it is a subsidiary; or
- is able to exercise a significant influence over the management of the registered person or another company of which it is such a subsidiary by virtue of:
  - a holding of shares in; or
  - any entitlement to exercise, or control the exercise of, the voting power at any general meeting of,

  the registered person or, as the case may be, the other company concerned.

The notification to the BMA must be submitted to the BMA in the form of a letter no later than 45 days after a person becomes a 10%, 20%, 33% or 50% shareholder controller.

9.10 Regulatory relief

9.10.1 ASIC exemptions and relief

Ingham's has applied for certain exemptions from, modifications to, and relief from, the following provisions of the Corporations Act:

- an exemption from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit the provision of information relating to the Offer to Ingham's' employees prior to lodgement of the Prospectus;
- relief so the takeover provisions of the Corporations Act will not apply to certain relevant interests that Ingham's would otherwise acquire in the Shares that are subject to the voluntary escrow arrangements described in Section 7.9; and
- an exemption from compliance with section 1020B(2) of the Corporations Act relating to the prohibition of certain short sales of securities on behalf of all persons who sell or offer to sell Shares during the period of conditional trading on the ASX.

9.10.2 ASX waiver

Ingham's has applied to the ASX for the following ASX Listing Rule waiver and confirmation:

- a waiver from ASX Listing Rule 10.14 in connection with the proposed executive and employee incentive arrangements described in Section 6.3.4.1; and
- confirmation that Ingham's may undertake conditional and deferred settlement trading of the Shares, subject to certain conditions to be approved by the ASX.

9.11 Consents to be named and statement of disclaimers of responsibility

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- each of Macquarie Capital (Australia) Limited, UBS AG, Australian Branch and Credit Suisse (Australia) Limited has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as the Joint Global Co-ordinators and as Joint Lead Managers to the Offer in the form and context in which they are named;
- each of Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Pty Ltd and Morgan Stanley Australia Securities Limited has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as Joint Lead Managers to the Offer in the form and context in which they are named;
- each of Baillieu Holst Ltd, Bell Potter Securities Limited, Commonwealth Securities Ltd, Crestone Wealth Management Limited, JBWere Limited, Macquarie Equities Limited and Morgan Stanley Wealth Management Australia Pty Limited has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as Co-Managers to the Offer in the form and context in which they are named;
- KPMG Transaction Services has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Investigating Accountant to Ingham's in the form and context in which it is named and has given and has not withdrawn its consent to the inclusion of any Investigating Accountant's Report in the form and context in which it is included;
- KPMG has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor to Ingham's in the form and context in which it is named;
- PwC has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the taxation advisor to Ingham's in relation to the Offer in the form and context in which it is named;
- PwC has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor of Ingham's for FY15 in the form and context in which it is named;
- Herbert Smith Freehills has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Australian legal advisor (other than in respect of taxation and stamp duty) to Ingham's in relation to the Offer in the form and context in which it is named; and
- Link Market Services Limited has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry to Ingham's in relation to the Offer in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Ingham's.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. None of the entities or persons referred to above has authorised or caused the issue of this Prospectus, does not make any offer of Shares and, subject to the law, expressly disclaims and takes no responsibility for any statements or omissions in this Prospectus except as stated above.

9.12 Selling restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia and New Zealand unless it is accompanied by the Institutional Offering Memorandum as part of the Institutional Offer and to the extent permitted below.

9.12.1 Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Shares only in the Provinces of British Columbia, Ontario and Quebec (**Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Shares or the offering of Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Shares.

Ingham's as well as its Directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Ingham's or its Directors or officers. All or a substantial portion of the assets of Ingham's and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Ingham's or such persons in Canada or to enforce a judgment obtained in Canadian courts against Ingham's or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also complies with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal advisor.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for rescission and/or damages against Ingham's if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Ingham's. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Ingham's, provided that:

(a) Ingham's will not be liable if it proves that the purchaser purchased the Shares with knowledge of the misrepresentation;

(b) in an action for damages, Ingham's is not liable for all or any portion of the damages that Ingham's proves does not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon; and

(c) in no case shall the amount recoverable exceed the price at which the Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than:

(a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations

Prospective purchasers of the Shares should consult their own tax advisor with respect to any taxes payable in connection with the acquisition, holding, or disposition of the Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

9.12.2 China

The information in this document does not constitute a public offer of the Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for the purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Shares may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to "qualified domestic institutional investors".

9.12.3 European Economic Area – Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area (each, a **Relevant Member State**), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000, (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, **MiFID**); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

9.12.4 France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (**AMF**). The Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

9.12.5 Hong Kong

WARNING: This document 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 (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the 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 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 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 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 document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9.12.6 Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (**Prospectus Regulations**). The Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

9.12.7 Italy

The offering of the Shares in the Republic of Italy has not been authorised by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, **CONSOB**) pursuant to the Italian securities legislation and, accordingly, no offering material relating to the Shares may be distributed in Italy and the Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended (**Decree No. 58**), other than:

- to qualified investors (**Qualified Investors**), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended (**Regulation No. 11971**); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Shares or distribution of any offer document relating to the Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such Shares being declared null and void and in the liability of the entity transferring the Shares for any damages suffered by the investors.

9.12.8 Japan

The Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (**FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Shares is conditional upon the execution of an agreement to that effect.

9.12.9 Korea

Ingham's is not making any representation with respect to the eligibility of any recipients of this document to acquire the Shares under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (**FSCMA**) and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the Shares may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).

9.12.10 Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

9.12.11 Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

9.12.12 Qatar

This document is provided on an exclusive basis to the specifically intended recipient thereof upon that person's request and initiative, and for the recipient's personal use only.

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No offer or invitation to subscribe for Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

9.12.17 United Kingdom

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

This document 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 Shares may not be offered or sold in the United Kingdom by means of this document, 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 document 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.

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In the United Kingdom, this document 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 document 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 document or any of its contents.

9.12.18 United States

This Prospectus may not be distributed to, or relied upon by, any person in the United States, unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer.

The Shares have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, unless the Shares are registered under the U.S. Securities Act or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

9.13 Cost of the Offer

The costs of the Offer are expected to be approximately $51.1[1] million (excluding GST). These costs will be borne by Ingham's from the proceeds of the Offer.

9.14 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant and bidder under this Prospectus submit to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.15 Statement of directors

This Prospectus is authorised by each Director and by each director of SaleCo. Each Director and each director of SaleCo have consented to the lodgement of the Prospectus with ASIC and the issuance of the Prospectus, and have not withdrawn that consent.

1. Includes fees payable to Joint Lead Managers, legal fees, accounting and tax advisory fees, debt establishment fees, transaction disbursements, IPO bonuses, and other transaction costs.

Appendix A

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 are set out below.

Critical accounting estimates and judgements

(i) Historical cost convention

The Financial Information has been prepared on a historical cost basis, except for the following:

- financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment measured at fair value; and
- assets classified as held for sale - measured at the lower of cost, and fair value less costs to sell.

(ii) Critical accounting estimates and judgements

The preparation of the Financial Information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ingham's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information.

Principles of consolidation

(i) Subsidiaries

The Financial Information incorporate the financial information of Ingham's and its subsidiaries.

Subsidiaries are all entities (including special purpose entities) over which Ingham's has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Ingham's controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to Ingham's. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by Ingham's.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(ii) Joint ventures

Interests in joint ventures in which Ingham's has the right to the net assets of the joint arrangement, are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Ingham's share of the post-acquisition profits or losses of the investee in the consolidated income statement, and Ingham's share of movements in other comprehensive income of the investee in the consolidated statement of comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information are measured using the currency of the primary economic environment in which the relevant Group entity operates (**functional currency**). The Financial Information is presented in Australian dollars, which is Inghams Group functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at period end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations of Ingham's (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position are translated at the closing rate at balance date;

(b) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates; and

(c) all resulting exchange differences are recognised in the consolidated statement of comprehensive income.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Ingham's recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Ingham's activities as described below. Ingham's bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities:

(i) Sale of goods

A sale is recorded when goods have been delivered to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where Ingham's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the taxation authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise the temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where Ingham's is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in the consolidated statement of other comprehensive income. In this case, the tax is also recognised in the consolidated statement of other comprehensive income.

(i) Tax consolidation legislation

Inghams Group Limited, the ultimate Australian controlling entity, and its Australian subsidiaries, have implemented the tax consolidation legislation.

Inghams Group Limited and its subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Inghams Group Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Under the tax funding arrangement the members of the tax consolidated group compensate Inghams Group Limited for any current tax payable assumed, and are compensated by Ingham Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Inghams Group Limited.

Leases

Leases of property, plant and equipment where Ingham's, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Ingham's as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Ingham's is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary or business comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by Ingham's. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary or business acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in the consolidated income statement.

Impairment of assets

Assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally collected within 30 days of invoice date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that Ingham's will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that a trade receivable is impaired.

The amount of the provision is recognised in the consolidated income statement within sales, general and administration expense.

Biological assets

Biological assets are recognised at cost less accumulated depreciation. The fair value of biological assets cannot be reliably measured, as quoted market prices are not available and it is difficult to estimate the fair value based on the eventual sales price. Depreciation of breeder poultry occurs on an egg-laying basis, with the deprecation representing a portion of the egg cost and subsequently the day old broiler cost.

Biological assets are reclassified as inventories once processed.

Inventories

Poultry, feed and other classes of inventories are stated at the lower of cost and net realisable value. Cost comprises all overheads except sales, general administration, distribution and interest. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the necessary costs to make the sale.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Ingham's designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Ingham's documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Ingham's also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps and hedging fixed rate borrowings is recognised in the consolidated income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the consolidated income statement within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the consolidated income statement over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in statement of comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within other income or other expenses.

Amounts accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item affects the income statement. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement within finance cost. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the consolidated income statement within sales. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the consolidated income statement as cost of sales in the case of inventories, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the consolidated income statement.

Property, plant and equipment

Land and buildings are shown at fair value based on periodic independent valuations, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Ingham's and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings and leasehold buildings	5 - 50 years;
Plant and equipment	1 - 20 years; and
Leased plant and equipment	5 - 15 years.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount, and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. Assets are not depreciated or amortised while they are classified as held for sale.

Investments

Investments in subsidiaries and joint ventures are accounted for by the parent entity at cost. Dividends received from subsidiaries and joint ventures are recognised in the parent entity's profit, rather than being deducted from the carrying amount of these investments.

Trade and other payables

These amounts represent liabilities for goods and services provided to Ingham's prior to the end of a financial period which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan, to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statement as finance income or finance costs.

Borrowings are classified as current liabilities unless Ingham's has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

Provisions

Provisions are recognised when Ingham's has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Workers compensation provisions are determined by actuarial assessment every financial period. The provision represents the expected liability of the entity in relation to each state's self-insurance licence.

Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is presented as the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

Liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related services are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to Directors and select key management under the Long Term Management Incentive Plan.

Select key management of Ingham's have been granted an interest-free loan to subscribe to shares of Ingham's. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. As loans are non-recourse and there are vesting conditions, the arrangement has been accounted for as in-substance share options, as required under accounting standards. The shares vest based on earnings and length of service.

The fair value of shares granted under the Long Term Management Incentive Plan is recognised as employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting condition.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The Employee Option Plan is administered by the Ingham 2 Pty Limited, which is consolidated in accordance with the principles outlined above. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(iv) Short-term incentive scheme

Ingham's recognises a liability and an expense for bonuses based on a formula that takes into consideration the earnings of the entity after certain adjustments.

Good and services tax (GST)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Appendix B

SELECTED RECONCILIATIONS

Selected reconciliations

Table B1: Reconciliation from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited to the Adjusted Statutory Historical Results and also from the Adjusted Statutory Historical Results to the Pro Forma Historical Results on a line-by-line basis for FY14

		Reclassifications[1]			Pro forma adjustments							
$ millions	Statutory FY14	Interest income	Depreciation and amortisation	Adjusted statutory FY14	Discontinued piggery business	Removal of 53rd week	Removal of advisory fees	Removal of TPG Entities acquisition costs	Inclusion of rental costs on sale and leaseback	Inclusion of listed company costs	Change in capital structure	Pro forma FY14
Revenue	2,278.9	(1.5)	–	2,277.4	(5.7)	(41.2)	–	–	–	–	–	2,230.5
Cost of sales	(1,891.9)	–	41.2	(1,850.7)	8.2	34.1	–	–	(42.8)	–	–	(1,851.2)
Gross profit		**(1.5)**	**41.2**	**426.7**	**2.5**	**(7.1)**	**–**	**–**	**(42.8)**	**–**	**–**	**379.3**
Other income	0.3	–	–	0.3	–	–	–	–	–	–	–	0.3
Distribution expense	(143.1)	–	0.6	(142.5)	–	2.6	–	–	–	–	–	(139.9)
SGA expense												
Sales expense	(23.7)											
Administration expense	(76.7)											
Other operating expenses	(61.4)											
Sales, general and administration expense	(161.8)	–	3.6	(158.2)	0.3	2.1	3.0	58.3	(1.3)	(2.2)	–	(98.0)
Share of net profit of JV	0.4	–	–	0.4	–	–	–	–	–	–	–	0.4
EBITDA		**(1.5)**	**45.4**	**126.7**	**2.8**	**(2.4)**	**3.0**	**58.3**	**(44.1)**	**(2.2)**	**–**	**142.1**
Depreciation and amortisation		–	(45.4)	(45.4)	0.1	0.9	–	–	4.2	–	–	(40.2)
EBIT		**(1.5)**	**–**	**81.3**	**2.9**	**(1.5)**	**3.0**	**58.3**	**(39.9)**	**(2.2)**	**–**	**101.9**
Net finance costs	(60.7)	1.5	–	(59.2)	–	0.3	–	–	–	–	39.0	(19.9)
Profit before tax	**22.1**	**–**	**–**	**22.1**	**2.9**	**(1.2)**	**3.0**	**58.3**	**(39.9)**	**(2.2)**	**39.0**	**82.0**
Income tax expense	(22.0)	–	–	(22.0)	(0.9)	0.4	(0.8)	(2.6)	12.0	0.6	(11.7)	(25.0)
NPAT	**0.1**	**–**	**–**	**0.1**	**2.0**	**(0.8)**	**2.2**	**55.7**	**(27.9)**	**(1.6)**	**27.3**	**57.0**

Note:

1. The Adjusted Statutory Historical Financial Information is adjusted to remove depreciation and amortisation charges included in statutory cost of sales, distribution expense and sales, general and administration expense, in order to present EBITDA. In FY14, interest income was reported in revenue in the Statutory Historical Financial Statements. Interest income has therefore been reclassified to net finance costs in the Adjusted Statutory Historical Results for FY14.

Table B2: Reconciliation from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited to the Adjusted Statutory Historical Results and also from the Adjusted Statutory Historical Results to the Pro Forma Historical Results on a line-by-line basis for FY15

		Reclassifications[1]		Pro forma adjustments								
$ millions	Statutory FY15	Depreciation and amortisation	Adjusted statutory FY15	Discontinued piggery business	Removal of site closure costs	Removal of transformation costs	Removal of advisory fees	Removal of profit on sale and leaseback	Inclusion of rental costs on sale and leaseback	Inclusion of listed company costs	Change in capital structure	Pro forma FY15
Revenue	**2,273.8**	**–**	**2,273.8**	**(1.9)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,271.9**
Cost of sales	(1,940.0)	30.3	(1,909.7)	2.1	–	–	–	–	(13.2)	–	–	(1,920.8)
Gross profit		**30.3**	**364.1**	**0.2**	**–**	**–**	**–**	**–**	**(13.2)**	**–**	**–**	**351.1**
Other income	195.9	–	195.9	–	–	–	–	(188.9)	–	–	–	7.0
Distribution expense	(140.4)	0.5	(139.9)	–	–	–	–	–	–	–	–	(139.9)
SGA expense												
Sales expense	(22.6)											
Administration expense	(85.5)											
Other operating expenses	(13.2)											
Sales, general and administration expense	(121.3)	2.5	(118.8)	0.4	1.7	13.1	3.1	–	(1.4)	(2.2)	–	(104.1)
Share of net profit of JV	0.4	–	0.4	–	–	–	–	–	–	–	–	0.4
EBITDA		**33.3**	**301.7**	**0.6**	**1.7**	**13.1**	**3.1**	**(188.9)**	**(14.6)**	**(2.2)**	**–**	**114.5**
Depreciation and amortisation		(33.3)	(33.3)	–	–	–	–	–	–	–	–	(33.3)
EBIT		**–**	**268.4**	**0.6**	**1.7**	**13.1**	**3.1**	**(188.9)**	**(14.6)**	**(2.2)**	**–**	**81.2**
Net finance costs	(70.5)	–	(70.5)	–	–	–	–	–	–	–	51.3	(19.2)
Profit before tax	**197.9**	**–**	**197.9**	**0.6**	**1.7**	**13.1**	**3.1**	**(188.9)**	**(14.6)**	**(2.2)**	**51.3**	**62.0**
Income tax expense	(51.0)	–	(51.0)	(0.2)	(0.5)	(3.9)	(0.9)	56.6	4.4	0.6	(15.4)	(10.3)
NPAT	**146.9**	**–**	**146.9**	**0.4**	**1.2**	**9.2**	**2.2**	**(132.3)**	**(10.2)**	**(1.6)**	**35.9**	**51.7**

Note:

1. The Adjusted Statutory Historical Financial Information is adjusted to remove depreciation and amortisation charges included in statutory cost of sales, distribution expense and sales, general and administration expense, in order to present EBITDA.

Table B3: Reconciliation from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited to the Adjusted Statutory Historical Results and also from the Adjusted Statutory Historical Results to the Pro Forma Historical Results on a line-by-line basis for FY16

		Reclassifications[1]	Pro forma adjustments								
$ millions	Statutory FY16	Depreciation and amortisation	Adjusted statutory FY16	Removal of site closure costs	Removal of transformation costs	Removal of head office relocation costs	Removal of advisory fees	Removal of costs of the Offer	Inclusion of listed company costs	Change in capital structure	Pro forma FY16
Revenue	**2,308.7**	**–**	**2,308.7**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,308.7**
Cost of sales	(1,919.1)	32.8	(1,886.3)	–	–	–	–	–	–	–	(1,886.3)
Gross profit		**32.8**	**422.4**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**422.4**
Other income	3.7	–	3.7	–	–	–	–	–	–	–	3.7
Distribution expense	(136.1)	0.4	(135.7)	–	–	–	–	–	–	–	(135.7)
SGA expense											
Sales expense	(23.4)										
Administration expense	(101.3)										
Other operating expenses	(60.8)										
Sales, general and administration expense	(185.5)	1.2	(184.3)	14.9	19.3	25.4	3.1	0.4	(2.2)	–	(123.4)
Share of net profit of JV	0.5	–	0.5	–	–	–	–	–	–	–	0.5
EBITDA		**34.4**	**106.6**	**14.9**	**19.3**	**25.4**	**3.1**	**0.4**	**(2.2)**	**–**	**167.5**
Depreciation and amortisation		(34.4)	(34.4)	–	–	–	–	–	–	–	(34.4)
EBIT		**–**	**72.2**	**14.9**	**19.3**	**25.4**	**3.1**	**0.4**	**(2.2)**	**–**	**133.1**
Net finance costs	(39.7)	–	(39.7)	–	–	–	–	–	–	21.7	(18.0)
Profit before tax	**32.5**	**–**	**32.5**	**14.9**	**19.3**	**25.4**	**3.1**	**0.4**	**(2.2)**	**21.7**	**115.1**
Income tax expense	(7.3)	–	(7.3)	(4.4)	(5.8)	(7.6)	(0.9)	(0.1)	0.6	(6.5)	(32.0)
NPAT	**25.2**	**–**	**25.2**	**10.5**	**13.5**	**17.8**	**2.2**	**0.3**	**(1.6)**	**15.2**	**83.1**

Note:

1. The Adjusted Statutory Historical Financial Information is adjusted to remove depreciation and amortisation charges included in statutory cost of sales, distribution expense and sales, general and administration expense, in order to present EBITDA.

Table B4: Reconciliation of the segment EBITDA derived from the general purpose statutory consolidated financial statements of Ingham Holdings I Pty Limited to the segment EBITDA presented in the Adjusted Statutory Historical Results for FY15 and FY16

$ millions	Notes	Australia	New Zealand	Group
FY15				
EBITDA (before significant items)	1	90.2	35.7	125.9
Significant items	2	176.2	(0.4)	175.8
EBITDA	3	**266.4**	**35.3**	**301.7**
FY16				
EBITDA (before significant items)	1	129.8	36.5	166.3
Significant items	2	(59.7)	-	(59.7)
EBITDA	3	**70.1**	**36.5**	**106.6**

Notes:
1. Derived from note 5 "Segment information" of the FY16 financial statements of Ingham's.
2. Derived from note 6(c) "Other income and expenses" of the FY16 financial statements of Ingham's.
3. Adjusted statutory EBITDA as disclosed in Table 17 in Section 4.5.

Table B5: Reconciliation of key cash flow measures from the general purpose statutory consolidated financial statements for Ingham Holdings I Pty Limited to the Adjusted Statutory Historical Cash Flow Information for FY14, FY15 and FY16

$ millions	FY14	FY15	FY16
Net cash provided by operating activities	**46.7**	**97.9**	**58.2**
Add/(deduct):			
Interest and finance charges paid	51.4	40.4	36.7
Interest received	-	(2.5)	(2.2)
Income taxes paid	11.1	9.9	25.2
Adjusted Operating Cash Flow	**109.2**	**145.6**	**117.9**
Net cash (used in)/provided by investing activities	(403.0)	514.5	(70.2)
Adjusted Free Cash Flow	**(293.8)**	**660.1**	**47.7**

Note:
1. Derived from the consolidated statements of cash flows in the FY15 and FY16 financial statements of Ingham's.

INGHAM'S
Heart of the Table

Appendix C

GLOSSARY

Glossary

Term	Meaning
AAS or **Australian Accounting Standards**	Australian Accounting Standards and other authoritative pronouncements adopted by the AASB as defined below and Urgent Issues Group interpretations
AASB	Australian Accounting Standards Board
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ACL	Australian Consumer Law
ACMF	Australian Chicken Meat Federation
Adjusted Statutory Historical Financial Information	Has the meaning given in Section 4.1.1
Adjusted Statutory Historical Results	Has the meaning given in Section 4.1.1
Adjusted Statutory Historical Cash Flow Information	Has the meaning given in Section 4.1.1
AEDT	Australian Eastern Daylight Time
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Amount or Application Monies	The amount of monies for the Application and accompanying an Application Form submitted by an Applicant
Application Form	The application form attached or accompanying this Prospectus (including the electronic form provided by an online application facility)
Aquaculture	Farming of aquatic organisms such as fish, crustaceans, molluscs and aquatic plants
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the official list of the ASX
ASX Recommendations	Revised in 2014, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition)
ASX Settlement Operating Rules	The settlement rules of the ASX as amended, varied or waived from time to time
AUD, A$ or $	Australian dollar
Australian quarantine regulations or quarantine regulations	Regulations administered by the Australian Department of Agriculture and Water Resources pursuant to the Biosecurity Act 2015
Base Fee	Has the meaning given in Section 9.5.1.1
Biosecurity	A set of measures designed to protect a property, region or country from the entry and spread of pests and diseases
Board or **Board of Directors**	The board of directors of Ingham's
Broiler	Poultry that is raised specifically for meat production
Broker	Any ASX participating organisation selected by the Joint Lead Managers and Ingham's to act as a Broker to the Offer
Broker Firm Fee	Has the meaning given in Section 9.5.1.3
Broker Firm Offer	Has the meaning given in Section 7.3
CAGR	Compound annual growth rate, which describes the rate of growth over the specified period as if the growth was at a steady rate over that period (i.e. it may not describe the actual year on year changes, which may vary across this period)
CEO	Chief Executive Officer
CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Sub-register System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules
Citigroup	Citigroup Global Markets Australia Pty Limited
Closing Date	The final date for Applications under the Retail Offer, being 1 November 2016
Co-Lead Manager	Evans and Partners Pty Ltd; Morgans Financial Limited
Co-Managers	Baillieu Holst Ltd; Bell Potter Securities Limited; Commonwealth Securities Ltd; Crestone Wealth Management Limited; JBWere Limited; Macquarie Equities Limited; and Morgan Stanley Wealth Management Australia Pty Limited

Term	Meaning
Completion or **Completion of the Offer**	The completion of the Offer, being the date upon which Shares are issued or transferred to successful Applicants or bidders in accordance with the terms of the Offer
Constitution	The constitution of Ingham's
Corporations Act	Corporations Act 2001 (Cth)
Credit Suisse	Credit Suisse (Australia) Limited
Current Management	The management of Ingham's at the Prospectus Date that participated in Ingham's previous employee equity arrangements who continue to have an interest in Shares at the Prospectus Date
DC	Distribution Center
Deboning	The act of removing bones from meat such as poultry
Director	Each of the directors of Ingham's
EAs	Enterprise Agreements
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDA margin	EBITDA divided by revenue, expressed as a percentage
Eligible Employees	Australian and New Zealand resident permanent full-time and permanent part-time employees of Ingham's who have been employed by Ingham's for at least one month as at 30 September 2016
Eligible U.S. Fund Manager	A dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) under the U.S. Securities Act) for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the U.S. Securities Act
Employee Offer	Has the meaning given in Section 7.5
Enterprise Value	The sum of market capitalisation at the Final Price and pro forma net debt
Escrow Period	For each Escrowed Shareholder, the period commencing on the date of the relevant voluntary escrow deed and continuing until the release date applicable to that Escrowed Shareholder, as described in Section 7.9.
Escrowed Shareholders	The parties subject to the voluntary escrow deeds referred to in Section 7.9
Escrowed Shares	The Shares retained immediately following Completion of the Offer by the Escrowed Shareholders
Existing Banking Facilities	Equivalent meaning as set out in Section 4.6.4.1
Existing Shareholders	Those Shareholders who hold Existing Shares at the Prospectus Date, being 12 October 2016
Existing Shares	Shares on issue immediately prior to Completion of the Offer
FAR	Fixed annual remuneration
FCR	Feed conversion ratio, calculated as the quantity of feed used to generate a kilogram of chicken live weight
Final Price	The price per Share that all successful Applicants and bidders will pay for Shares under the Offer as determined by the bookbuild and the process set out in Section 7.8, denominated in Australian dollars
Financial Information	Has the meaning given in Section 4.1
Flash-fried	Poultry that has been briefly fried at a very high temperature but is not fully cooked
Flock	A group of birds of one kind that live together
FMCG	Fast moving consumer goods
Food Service	May refer to distributors (such as Bidvest and PFD), caterers and restaurants
Forecast period	FY17
Forward contract	A non-standardised contract used to hedge against the price of feed raw materials, up to nine months prior to anticipated use
FREPA	Free Range Egg and Poultry Australia
FSANZ	Food Standards Australia New Zealand
FTE	Full Time Equivalent
Further processed	Flash-fried or fully cooked products sold in meat chiller and freezer, including chicken and turkey small goods
FY14	53 weeks ended 28 June 2014 (on a statutory basis) or 52 weeks ended 28 June 2014 (on a pro forma basis)

Term	Meaning
FY15	52 weeks ended 27 June 2015
FY16	52 weeks ended 25 June 2016
FY17	53 weeks year ending 1 July 2017 (on a statutory basis) or 52 weeks ending 24 June 2017 (on a pro forma basis)
Goldman Sachs	Goldman Sachs Australia Pty Ltd
GST	Has the meaning given in A New Tax System (Goods and Services Tax) Act 1999 (Cth)
HACCP	Hazard Analysis Critical Control Point
IFRS	International Financial Reporting Standards
Independent Auditor	KPMG ABN 51 194 660 183
Independent Directors	Peter Bush and Linda Bardo Nicholls
Indicative Price Range	The indicative price range for the Offer of $3.57 to $4.14 per Share
Industrial Commission	The Fair Work Commission
Ingham's or Company	Inghams Group Limited ABN 39 162 709 506
Institutional Investors	Investors who are: • persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by Ingham's and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which Ingham's is willing in its discretion to comply), in either case provided that if such investors are in the United States, they are either a QIB or an Eligible U.S. Fund Manager
Institutional Offer	The invitation to Institutional Investors in Australia and New Zealand under this Prospectus and Institutional Investors in certain other eligible jurisdictions under the Institutional Offering Memorandum to acquire Shares, as described in Section 7.8
Institutional Offering Memorandum	The offering memorandum under which the Institutional Offer will be made in certain overseas jurisdictions, which consists of this Prospectus and the relevant offer document "wrap"
Investigating Accountant	KPMG Transaction Services
IPO	Initial public offering
IT	Information technology
Joint Global Co-ordinators	Credit Suisse, Macquarie and UBS
Joint Lead Managers	The Joint Global Co-ordinators as well as Citigroup, Goldman Sachs and Morgan Stanley
JV	Joint Venture
KPMG Transaction Services	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215
Listing	Admission of Ingham's to the official list of the ASX and quotation of the Shares on the ASX
Live weight	The weight of an animal prior to slaughter
Loan Shares	Has the meaning given in Section 7.14
Loan Shares Adjustment	Has the meaning given in Section 7.14
LTI Plan	Long Term Incentive Plan described in Section 6.3.4
Macquarie	Macquarie Capital (Australia) Limited
Morgan Stanley	Morgan Stanley Australia Securities Limited
New Banking Facilities	The new banking facilities described in Section 4.6.4
New Shareholders	Persons acquiring Shares under the Offer (excluding any Existing Shareholders who acquire Shares under the Offer)
New Shares	The new Shares to be issued by Ingham's under the Offer
nm	Used in place of a figure that does not provide a meaningful result
NPAT	Net profit/(loss) after tax
NPD	New product development
Offer	The offer under this Prospectus of New Shares and Existing Shares
Offer Management Agreement	The offer management agreement dated 12 October 2016 between the Company, SaleCo, the TPG Entities and the Joint Lead Managers
Offer Period	The Retail Offer period between 21 October 2016 and 1 November 2016

Term	Meaning
Original Prospectus	The prospectus dated 12 October 2016 in relation to the Offer, which is replaced by this Prospectus
Palatant	A product or flavouring substance used in the production of pet food in order to improve its appeal
Par fried	See flash fried
PIANZ	Poultry Industry Association New Zealand
Previous Management	Previous management of Ingham's that participated in Ingham's previous employee equity arrangements who continue to have an interest in Shares at the Prospectus Date
Priority Offer	Has the meaning given in Section 7.4
Pro Forma Forecast Cash Flow Information	Has the meaning given in Section 4.1.1
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1.1
Pro Forma Forecast Results	Has the meaning given in Section 4.1.1
Pro Forma Historical Cash Flow Information	Has the meaning given in Section 4.1.1
Pro Forma Historical Results	Has the meaning given in Section 4.1.1
Pro Forma Historical Information	Has the meaning given in Section 4.1.1
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 4.1.1
Project Accelerate	Has the meaning given in Section 3.7.3
Prospectus	This document (including the electronic form of this Prospectus), which is a replacement prospectus, and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 21 October 2016
PwC	PricewaterhouseCoopers
QHSE	Quality, Health, Safety, Environment
QIB	A qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act
QSR	Quick Service Restaurant
Retail	Refers to supermarkets (e.g. Woolworths, Coles and IGA in Australia as well as Countdown, PAK'nSAVE and New World in New Zealand)
Retail Offer	Has the meaning given in Sections 7.1.1
Retorted	Refers to processing of product to achieve sterilisation
RSPCA	Royal Society for the Prevention of Cruelty to Animals (Australia)
SaleCo	Inghams SaleCo Limited ACN 615 041 346
Selling Shareholder	Those Existing Shareholders who have agreed to sell Existing Shares to SaleCo prior to Listing
Settlement	The settlement of the Offer
Share	A fully paid ordinary share in the capital of Ingham's
Share Registry	Link Market Services Limited
Shareholder	A holder of a Share
SPCA	Society for the Prevention of Cruelty to Animals (New Zealand)
Statutory Forecast Financial Information	Has the meaning given in Section 4.1.1
Statutory Forecast Results	Has the meaning given in Section 4.1.1
Statutory Forecast Cash Flow Information	Has the meaning given in Section 4.1.1
Statutory Historical Statement of Financial Position	Has the meaning given in Section 4.1.1
Stockfeed	Food that is given to livestock
TFR	Total fixed remuneration
TPG	TPG Global, LLC and its affiliates
TPG Entities	Each of TPG Adams Co-Invest, L.P., TPG Asia VI SF Pte Ltd and TPG Asia SF V Pte Ltd
UBS	UBS AG, Australia Branch
U.S. or United States	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Securities Act	U.S. Securities Act of 1933, as amended
WHS	Workplace Health and Safety

Appendix D

BACKGROUND TO MANAGEMENT ESTIMATES

This Prospectus (and in particular Section 2) contains data relating to the industries, segments and end-markets in which Ingham's operates (**Industry Data**).

The Industry Data includes, but is not limited to, statements and data relating to:

- product segment and market share;
- estimated historical and forecast market growth;
- trends; and
- Ingham's market share and its industry position.

Unless otherwise stated, this information has been prepared by Ingham's using both Publicly Available Data and its own internally generated data.

Publicly Available Data

- Publicly available data utilised in preparing the Industry Data primarily relates to channel and market size.
- This publicly available data was sourced from various data collection agencies, industry associations, institutes and investor presentations, including, but not limited to, the Australian Chicken Meat Federation (**ACMF**), the Organisation for Economic Co-Operation and Development (**OECD**), the Stockfeed Manufacturers Council of Australia, the Poultry Industry Association of New Zealand (**PIANZ**), Aztec, Rabobank, Grain Trade Australia and Statistics New Zealand.
- The data above is referred to as the "Publicly Available Data".

Internally generated data

- Internally generated data utilised in preparing the Industry Data is based on estimates and assumptions that the Directors and Ingham's management believe, as at the Prospectus Date, to be reasonable.
- The Directors and Ingham's management have drawn on a range of sources in generating this data, including their knowledge and extensive experience in the industry.

Estimating the size of the Australian chicken market as a whole

- The Board and Ingham's management consider:

  the aggregate net revenue derived from all producers selling chicken meat for human consumption in Australia

  to best represent the size of the Australian chicken market as a whole.

  In calculating "aggregate net revenue", only revenue derived from the sale of parts of the chicken sold for human consumption was included. Any revenue derived from the sale of parts of the chicken used as "ingredients" in products that were not sold for human consumption was excluded (e.g. viscera, feathers and blood).
- No publicly available third party data source reliably and accurately measures the size of the Australian chicken market as a whole.
- Therefore, Ingham's:
  - estimated (in the manner set out below) the total market size of each of the four major channels (i.e. retail, QSR, food service and wholesale); and
  - aggregated the total market size of each of the four channels,

  to estimate the size of the Australian chicken market as a whole (**Estimated Australian Market Size**).
- The total market size of the individual channels was calculated as follows:
  - **Retail:** Aztec scan data (which measures what consumers purchase through major and independent supermarkets throughout Australia) was used to estimate the total market size of the retail channel.
  - **QSR, food service and wholesale:** No publicly available third party data source reliably and accurately measures the size of these channels. However, Ingham's has comprehensive coverage across these channels and/or a small number of customers comprise a large proportion of each channel's value. Given this, the total market size for these channels was estimated by grossing up Ingham's FY16 net revenue based on Ingham's estimated market share by customer.
- Publicly Available Data was used to test the veracity of the Estimated Australian Market Size.

Estimating Ingham's share of the Australian chicken market and market position

Share of the Estimated Australian Market Size

To calculate Ingham's share of the Estimated Australian Market Size, Ingham's FY16 aggregate net revenue from chicken meat sales in Australia was divided by the Estimated Australian Market Size.

Market position

- To calculate Ingham's market position, Ingham's major competitors' aggregate net revenue and their share of the Estimated Australian Market Size was also estimated.
- Each major competitor's share of each of the four major channels was estimated. This was calculated as follows:
  - **Retail:** Aztec scan data was used to measure the market share of all of Ingham's major competitors within the retail channel.
  - **QSR, food service and wholesale:** Given the structure of the QSR, food service and wholesale channels (Ingham's has comprehensive coverage and/or a small number of customers comprise a large proportion of each channel's value), Ingham's could reliably estimate the share of supply that each major competitor held on a customer by customer basis.
- Each major competitor's share of the Estimated Australian Market Size, and therefore its market position, was then calculated as follows:
  - total revenue was estimated by summing that competitor's share of value on a customer by customer basis for each of the four major channels;
  - total share of the Estimated Australian Market Size was calculated by dividing that competitor's estimated aggregate net revenue by the Estimated Australian Market Size; and
  - market position for each of Ingham's major competitors was determined based on relative share of the Estimated Australian Market Size.

Example

An example of this type of Industry Data appears in Section 2.3.1: "Ingham's is the only chicken producer with…leading positions in Australia (#1 with 40% estimated chicken market share)..."

Estimating the size of the New Zealand chicken market as a whole

- The Board and Ingham's management consider:

  the aggregate net revenue derived from all producers selling chicken meat for human consumption in New Zealand

  to best represent the size of the New Zealand chicken market as a whole.

  In calculating "aggregate net revenue", only revenue derived from the sale of parts of the chicken sold for human consumption was included. Any revenue derived from the sale of parts of the chicken used as "ingredients" in products that were not sold for human consumption was excluded (e.g. viscera, feathers and blood).
- No publicly available third party data source reliably and accurately measures the size of the New Zealand chicken market as a whole.
- Therefore, Ingham's:
  - estimated (in the manner set out below) the total market size of each of the four major channels (i.e. retail, QSR, food service and wholesale); and
  - aggregated the total market size of each of the four channels,

  to estimate the size of the New Zealand chicken market as a whole (**Estimated NZ Market Size**).
- The total market size of the individual channels was calculated as follows:
  - **Retail:** Aztec scan data is available for the New Zealand chicken market, however it is not a reliable measure of the size of the New Zealand retail channel as some supermarkets bone and portion birds themselves (i.e. the source of chicken scanned at the checkout is untraceable). Given this, the total market size of the channel was estimated by grossing up Ingham's FY16 net revenue based on management's estimate of Ingham's market share by customer. This was possible because Ingham's is a major supplier to the two major supermarkets in New Zealand and therefore has oversight as to total volumes and contract values.
  - **QSR, food service and wholesale:** No publicly available third party data source reliably and accurately measures the size of these channels. However, Ingham's has comprehensive coverage across these channels and/or a small number of customers comprise a large proportion of each channel's value. Given this, the total market size for these channels was estimated by grossing up Ingham's FY16 net revenue based on management's estimate of Ingham's market share by customer.
- Publicly Available Data was used to test the veracity of the Estimated NZ Market Size.

Estimating Ingham's share of the New Zealand chicken market and market position

Share of the Estimated NZ Market Size

To calculate Ingham's share of the Estimated NZ Market Size, Ingham's FY16 aggregate net revenue from chicken meat sales in New Zealand was divided by the Estimated NZ Market Size.

Market position

- To calculate Ingham's market position, Ingham's major competitors' net revenue and their share of the Estimated NZ Market Size was also estimated.
- Given the structure of the four major channels in New Zealand (i.e. Ingham's has comprehensive coverage and/or a small number of customers comprise a large proportion of each channel's value), Ingham's was able to reliably estimate each major competitors' the share of supply on a customer by customer basis.
- Each major competitor's share of the Estimated NZ Market Size, and therefore its market position, was then calculated as follows:
  - total revenue was estimated by summing that competitor's share of value on a customer by customer basis for each of the four major channels;
  - total share of the Estimated NZ Market Size was calculated by dividing that competitor's estimated aggregate net revenue by the Estimated NZ Market Size; and
  - market position for each of Ingham's major competitors was determined based on relative share of the Estimated NZ Market Size.

Example

An example of this type of Industry Data appears in Section 2.3.1: "Ingham's is the only chicken producer with…leading positions in… New Zealand (#2 with 34% estimated chicken market share)."

Estimating Ingham's share of the Australian stockfeed market and market position

Estimated Stockfeed Market Size

Based on Publically Available Data, in FY16 approximately 12.2 million tonnes of stockfeed was produced in Australia per annum (**Estimated Stockfeed Market Size**).

Share of the Estimated Stockfeed Market Size

- In FY16, Ingham's produced 1.2 million tonnes of stockfeed.
- Ingham's share of the Estimated Stockfeed Market Size was calculated by dividing the amount of stockfeed produced by Ingham's in FY16 by the Estimated Stockfeed Market Size.

Market position

- Based on Publicly Available Data, Ingham's has been able to estimate the amount of stockfeed produced by its major competitors.
- Each major competitor's share of the Estimated Stockfeed Market Size, and therefore its market position, was calculated by dividing the estimated amount of stockfeed produced by each competitor by the Estimated Stockfeed Market Size.

Example

An example of this type of Industry Data appears in Section 1.1: "#2 market position in Australia for stockfeed with approximately 10% estimated market share."

Ingham's registered office

Inghams Group Limited
Level 4, 1 Julius Avenue
North Ryde, NSW, 2113

Joint Global Co-ordinators and Joint Lead Managers

Credit Suisse (Australia) Limited
Level 31, Gateway, 1 Macquarie Place
Sydney, NSW 2000

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney, NSW 2000

UBS AG, Australian Branch
Level 16, Chifley Tower, 2 Chifley Square
Sydney, NSW 2000

Joint Lead Managers

Citigroup Global Markets Australia Pty Limited
Level 23, Citigroup Centre, 2 Park Street
Sydney, NSW 2000

Goldman Sachs Australia Pty Ltd
Level 36, Governor Phillip Tower, 1 Farrer Place
Sydney, NSW 2000

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower, 2 Chifley Square
Sydney, NSW 2000

Co-Lead Managers

Evans and Partners Pty Ltd
Level 9, 171 Collins Street
Melbourne, VIC 3000

Morgans Financial Limited
Level 29, Riverside Centre, 123 Eagle Street
Brisbane, QLD 4000

Co-Managers

Baillieu Holst Ltd
Level 26, 360 Collins Street
Melbourne, VIC 3000

Bell Potter Securities Limited
Level 38, Aurora Place, 88 Phillip Street
Sydney, NSW 2000

Commonwealth Securities Ltd
Ground Floor, Tower 1, 201 Sussex Street
Sydney, NSW 2000

Crestone Wealth Management Limited
Level 32, Chifley Tower, 2 Chifley Square
Sydney, NSW 2000

JBWere Limited
Level 16, 101 Collins Street
Melbourne, VIC 3000

Macquarie Equities Limited
1 Shelley Street
Sydney, NSW 2000

Morgan Stanley Wealth Management Australia Pty Limited
Level 14, 120 Collins Street
Melbourne, VIC 3000

Australian legal advisor

Herbert Smith Freehills
Level 42, 101 Collins Street
Melbourne, VIC 3000

Investigating Accountant

KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited
147 Collins Street
Melbourne, VIC 3000

Auditor

KPMG
Level 38, Tower Three, International Towers Sydney
300 Barangaroo Avenue
Sydney, NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000

Offer Information Line

Within Australia
1800 009 918

Outside Australia
+61 1800 009 918

Corporate website

www.inghams.com.au

Offer website

www.inghamsIPO.com.au

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Broker Code

Adviser Code

Ingham's Group Limited
ABN 39 162 709 506

Broker Firm Offer Application Form

This Application Form relates to the initial public offering of Shares in Ingham's Group Limited ("Ingham's") under the Broker Firm Offer on the terms set out in the replacement prospectus dated 21 October 2016 ("Prospectus"). This Application Form should be read in conjunction with the Prospectus. Capitalised words and certain terms used in this Application Form and not otherwise defined have the same meanings given to them in the Prospectus.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

The Closing Date of the Broker Firm Offer is 5:00pm (AEST) on Tuesday, 1 November 2016.

Please refer to the back of this Application Form for instructions regarding how to lodge your Application.

Please note your Application is being made for a set dollar value of Shares as the Final Price is yet to be determined.

Australian dollars (A$) value of Shares applied for

A **A$** , , .

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

B

Applicant #1 – Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2 – Surname

Title | First Name | Middle Name

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

C

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

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

PLEASE COMPLETE ADDRESS DETAILS

D

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

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

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

E

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

X

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

F

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

( )

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

G

Cheque or Bank Draft Number | BSB | Account Number

-

Total Amount **A$** , , .

ING BRO001

Your Guide to the Application Form

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

The Shares to which this Application Form relates are Shares in Ingham's. Further details about the Shares are contained in the Prospectus dated 21 October 2016 issued by Ingham's. The Prospectus will expire on 13 November 2017. While the Prospectus is current, Ingham's will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request to any Broker Firm Offer Applicant before the Closing Date.

The Corporations Act and ASIC require that a person who provides access to an Application Form must provide access at the same time and by the same means to the relevant Prospectus or any supplementary prospectus. This Application Form is included in the hard copy version of the Prospectus.

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

A Insert the Australian dollar value of Shares you wish to apply for.

B Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title. Application Forms containing the wrong form of names may be rejected.

C Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Ingham's will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

D Please enter your postal address for all correspondence. All communications to you from Ingham's and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form or you do not have a HIN, your Shares will be issued to Ingham's issuer sponsored subregister and you'll be alloted a Securityholder Reference Number (SRN).

F Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

G Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section A. If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

ACCEPTANCE OF THE OFFER

By returning this Application Form with your Application Payment to your Broker in accordance with their instructions:

- you represent and warrant that you have read and understood the Prospectus to which this Application Form relates in full, you declare that this Application is completed and lodged according to the Prospectus and subject to the declarations, statements and acknowledgements on this Application Form and you make the warranties, representations and acknowledgements contained in the Prospectus and this Application Form;
- you represent and warrant that all details and statements made are complete and accurate;
- you declare that each Applicant, if a natural person, is at least 18 years old;
- you declare that you are not in the United States or other place outside Australia and New Zealand;
- you declare that you are an Australian or New Zealand resident;
- you declare that you were given access to the Prospectus together with this Application Form and you represent and warrant that the laws of any other place do not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an application on this Application Form or being issued with Shares;
- you agree to be registered as the holder of Shares issued to you and agree to be bound by the Constitution of the Company and the Prospectus;
- you apply for the number of Shares set out on or determined in accordance with this Application Form and the Prospectus and agree to be issued such number of Shares or a lesser number;
- you provide authorisation for the Company and Joint Lead Managers to do anything on your behalf necessary for Shares to be allocated to you;
- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- you acknowledge that your Application to subscribe for Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque or bank draft submitted with this Application Form is dishonoured or for the wrong amount;
- you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Payment (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act as soon as practicable after the date Shares are issued;
- you acknowledge that the Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended ("US Securities Act"), and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- you acknowledge that you have not and will not send any material relating to the Offer, including the Prospectus, to any person in the United States; and
- you acknowledge that you will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

LODGEMENT INSTRUCTIONS

If you are a Broker Firm Offer Applicant, you must return your Application Form and Application Payment to your Broker (unless your Broker instructs you otherwise). The Broker Firm Offer opens on Friday, 21 October 2016 and is expected to close at 5:00pm (AEST) on Tuesday, 1 November 2016. Your Application must be received by your Broker before 5:00pm (AEST) on the Closing Date or any earlier date as determined by your Broker. You must not return this Application Form to the Share Registry.

Neither Link Market Services Limited nor Ingham's accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your Application Form, please contact your Broker.

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES

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

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

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

Designed and produced by Donnelley Financial Solutions

INGHAM'S
Heart of the Table