
UPDATE REGARDING R&D TAX INCENTIVE

Marine Produce Australia Limited (“MPA” or the “Company”) advises that it has recently lodged an amendment to its 2014 income tax return, the purpose of which was to amend the level of expenditure claimed with respect to the Company’s research and development program. The Company received notification from the Australian Taxation Office that the claim has been processed and the Company has now received an additional tax refund of \$2.2 million from the ATO in relation to FY14 – this is in addition to the \$1.7 million previously claimed and received in respect of FY14.

During the conduct of the 2014 R&D claim, the Company’s R&D tax advisors were also able to review a substantial amount of information relevant to the Company’s 2015 R&D Tax Incentive claim. Given the ongoing nature of the Company’s current program of R&D activities, the Company’s R&D tax advisors have signalled they expect the 2015 R&D tax incentive claim to be of a similar scale to the 2014 R&D tax incentive claim. This level of activity is anticipated to result in a claim for the 2015 financial year of approximately \$3.5 million. The Company does not plan any substantial reduction in R&D activities during the 2016 financial year.

These recent developments are expected to result in a material improvement to MPA’s forecast R&D tax grant, NPAT and equity/debt funding requirements (originally set out in sections 7.2.5 and 10.2 of MPA’s replacement prospectus dated 13 April 2015). The Company’s preliminary view¹ is that the additional amount just received in relation to FY14 will be recognised in the FY15 accounts rather than FY14.

Since lodging the April prospectus, MPA has now received external funding totalling \$3 million from sources other than sales revenues (ie, \$0.8 million in equity under the prospectus plus the additional \$2.2 million R&D tax refund for FY14).

The Company has already started its 2015 R&D Tax Incentive claim process and currently plans to lodge relevant documentation to enable the ATO to process the claim late in the first quarter of the 2016 financial year.

Important Note: Any forecasts or other forward looking statements in this notice (including statements regarding potential FY15 and FY16 R&D tax incentive claims) are subject to the warnings set out in sections 4.4 and 10.2.1 of MPA’s 13 April 2015 replacement prospectus. There can be no guarantee that a higher (or any) FY15 and FY16 R&D tax grant will be processed or received within expected time periods or at all. For example, even if R&D activity remains broadly at current levels, or increases, the actual costs ultimately allocated or incurred in relation to the Company’s R&D activities may be less, and/or may not be eligible for the R&D tax incentive.

¹ Subject to further deliberation (and audit) during the preparation of MPA’s FY15 full year financial statements.

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