

Tiger International Limited ("TIL")

Acquisition of Darwin based Aussie Prawns Ltd now complete following favourable due diligence. Acquisition confirms production start up in 2004, two years earlier than originally planned.

- TIL has confirmed the acquisition of Darwin based aquaculture operator Aussie Prawns Ltd will now take place following the positive results of a two month due diligence process.
- Final consideration for transaction expected to be complete by 30 January 2004 following asset handover on 19 December 2003.
- Refurbishment work is already underway at the site with first production of Tiger Prawns expected in August 2004.
- The addition of Mr Nicholas Miller, a well known experienced aquaculturalist, to the TIL board further strengthens the boards technical and commercial management expertise.

KEY ASX DATA

Price of Ords (Cents)	16.0
No of Ordinary Fully Paid (M)	61.46
Market Cap (\$M)	9.83
12 Month Price Range (Cents)	4-23
No of Listed Options on Issue* (M)	8.53
Options exercisable @ 30 cents on or before 30 June 2006.	
Directors: Dr Tor Theunissen (Chairman), Mr John R Hutton (Managing Director), Mr Nicholas Miller (Executive Director), Mr Karl M Simich (Non-executive Director).	

20 million prawn larvae per annum hatchery, a processing room, cool room and office, worker accommodation units and a homestead. The infrastructure also includes 10 hectares of grow out ponds, 20 hectares of partially complete grow out ponds, 80 hectares of dams and reservoirs and a large area in which planned future expansion is able to be undertaken. The site is also connected to the mains power and water supply. In addition to the existing infrastructure, the site also holds all required current licencing for Tiger Prawn farming and plant and equipment, recently valued at \$1.3 million.

Summary of What the Transaction Means for TIL

This report has been compiled to be read in conjunction with the Montagu research report dated 21 October 2003 where we further detail the aquaculture industry and its favourable position for growth. The report also details a summary of what the transaction actually means for TIL, a summary of which is provided in bullet point form below:

The transaction provides TIL with several positive outcomes.

- Firstly the company had already made a decision to commit to the building of a large aquaculture farm in the Darwin region. The opportune acquisition of Aussie Prawns Ltd provides TIL with a significantly shortened lead-time to production status, by approximately two years.
- Combined with plans to establish a further operation TIL now has the opportunity to establish development plans for the production of tiger prawns from between 300-400ha in a period of only 3 years. The impact of this is clearly evident when the known total established production for Australia in total is from only 700ha. TIL therefore has the potential to rise quickly through the ranks of producers to become a dominant player with up to 50% of Australian total production.
- The Aussie Prawns infrastructure is geographically located in a favourable position close to existing infrastructure including sealed roads, a ready domestic market (Darwin) and the Darwin International airport for potential exports.
- The Aussie Prawns property has the potential to be extended a further 100ha enabling TIL to continue with its strategic expansion plan detailed below.
- The latitudinal location of the site is advantageous in that due to the warm climate all year round the company will be able to potentially produce two yields of prawns per annum. This combined with a an advantageous supply of Specific Pathogen Free brood stock provides TIL with a competitive advantage in potentially being able to achieve better than industry average (currently 5 tonnes per hectare) yields of tiger prawns per hectare per annum.

Aussie Prawns Acquisition to Proceed

On 16 December 2003 Tiger International Limited (TIL) announced that it had completed due diligence into the purchase of Darwin aquaculture operator Aussie Prawns Pty Ltd. The Company's two month due diligence process has found in favour of the acquisition and as a result TIL announced confirmation that the transaction will now proceed. We understand that transfer of the assets was completed on 19 December 2003 immediately following an initial cash payment of \$950,000 by TIL. The remaining \$2.55 million payment is to be funded by a recently announced placement, for completion of the total consideration of \$3.5 million on 30 January 2003.

Further Addition to the Board

In addition to the confirmation of the acquiring of Aussie Prawns, TIL has announced that Mr Nicholas Miller, a well known and respected aquaculturalist had accepted an invitation from TIL to join the board of directors. Mr Miller already involved with Tiger International Hatchery Pty Ltd and Tiger International Farms Pty Ltd and managing director of Maxima Pearling Company Ltd brings with him extensive experience and knowledge in managing marine assets including hatcheries, as well as managing the operational side of the business.

Brief Overview of the Aussie Prawns Acquisition

The acquisition of Aussie Prawns Ltd has secured TIL a significant amount of infrastructure within the Darwin Hinterland close to the Darwin International Airport. Infrastructure acquired includes 287 hectares of freehold land on the Darwin Harbour waterway, a

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Continuing with the Longer Term Business Plan

The acquisition of Aussie Prawns has provided a boost for TIL in being able to potentially establish production status, be it small initially on start up (10-30 ha), within approximately 12 months. TIL remains committed to its overall strategic plan of establishing, in addition to the Aussie Prawns site, a new large scale production facility in excess of 300ha at a new site on the Yeeda pastoral station in the Kimberley region of Western Australia. We understand that subject to ongoing farm site suitability investigations involving geological assessment, water access and DEP requirements the Yeeda site will contribute to TIL's production very significantly with first stage production commissioning scheduled for September 2005. Similar to the Aussie prawns site TIL plan to progressively increase farmsite capacity to in excess of 300ha in a series of stages with Stage 1 planned for January 2005.

Risks Associated with the Aquaculture Industry

All forms of primary production activity carry a number of inheritant risks, which a prospective investor needs to be aware of prior to making a decision on the level of commitment into a particular project or company. Aquaculture is no different to other farming ventures and as such has a number of risks associated with it. Providing the investor is aware of and comfortable with them, then a balanced educated investment decision can be made on a particular investment and its risk exposure.

The main risks associated with investing in the aquaculture industry are threat of disease, storms, environmental pollution and exchange rate risk if exports provide the main source of income. Risks can never be eradicated but with careful operational management, site and brood stock selection and a managed exposure to exchange rate fluctuations the risks can be minimised so as to not to significantly affect the economic sustainability of the operations.

New Placement of Shares Announced

On 16 December 2003 TIL announced a prospectus had been issued to raise \$2.4 million from the issue of 16,000,000 fully paid shares at a price of 15 cents per share. The issued shares will have one free attaching option for every four shares issued. The funds raised will be used to provide for TIL the majority of the balance \$2.55 million required for final payment to the vendor of Aussie Prawns Ltd on or before 30 January 2004.

Recommendation

The acquisition of the Aussie Prawns infrastructure following a two month due diligence process is viewed by us as positive for TIL. It has enabled the company to revise its business plan considerably in regard to achieving production, (small scale initially) in August 2004 for harvest in the lucrative Christmas period of December 2004. This is two years ahead of the original business plan.

We are encouraged by the further strengthening of the board. We believe the revision of the Company's business plan due to the Aussie Prawns acquisition opportunity is in line with the objective of achieving 400ha under production.

We maintain our view that with the farmsite reestablishment (first harvest expected in 2004), ongoing site tests to the newly proposed Yeeda site into 2004 and from the Aussie Prawns site, will evidence the restructuring of the TIL business plan. This should result in a positive share price movement into 2004. We maintain our SPECULATIVE BUY recommendation and recommend participation in the new placement opportunity which provides an early entry point into what we believe will be a growth area, aquaculture.

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Research Analyst

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Contact with Tiger International Limited has been made during the preparation of this report for assistance with verification of facts.