Information Memorandum

CatchLog Holdings Pty Ltd

August 2005

Prepared by:

Kleinhardt – FGI
Corporate Advisors
INFORMATION MEMORANDUM

HIGHLIGHTS

- Unique on-board software for capture, analysis and reporting of catch data
- Provides substantial benefits across the fishing industry – to skippers, vessel owners and regulators
- Excellent financial projections providing ROI in excess of 30%
- Seeking funds of $659,000 in exchange for 33.3% equity

THE PRODUCT

Recent years have seen the introduction into the fishing industry of computerised vessel and fishing management systems. Increased governmental restrictions and legislation in respect of fishing quotas and restricted areas requires greater sophistication in the monitoring and documentation of fishing activities.

CatchLog Holdings Pty Ltd is a start-up company which is commercialising new software technology for the fishing industry. Under the CatchLog brand, the product is a reliable, easy to use on-board electronic logbook reporting and vessel management system which has been accepted by the Australian Fisheries Management Authority and Queensland Fisheries Service. The additional CompanyAnalysis component provides fishing companies with an integrated fleet, product management and marketing system.

“CatchLog” is a database programme for real time on-board capture, analysis and reporting of catch and effort data and statistics. Information is provided to skippers, owners and/or management companies, fishing management authorities and environmental organisations. Reports are communicated to fishing management authorities via standard email, floppy disc or CD conventions in XML format. Reports are communicated to fishing companies via standard email, floppy disc or CD conventions.

The program provides benefits across the industry:

- Fisheries Management Authorities receive regular, reliable, real time data in their required format enabling improved accurate timely management decisions and eliminating the time lag of the paper log book data collection system;
- Fishing companies receive clear comprehensive and accurate reports on all aspects of vessel operation in the same format from every boat in the fleet;
- Total on Board reports enable effective marketing decisions;
• Skippers can record and report on all aspects of fishing operation through one easy to use system. They also have a ready source of historical fishing data they can access to improve future catches;

• Crew have accurate financial records maintained throughout their time on board a vessel;

• Environmentalists receive vital information on protected species.

Computerised collection of catch information will allow fishers to undertake better analysis providing the potential for:

• Better targeting of fishing effort;
• Better management of boat and/or fleet operations;
• Increased opportunities to engage in electronic commerce; and
• Efficiencies in reporting to and more accurate exchange of data between fishers and regulatory bodies.

Substantial field trials have been carried out during the past two years during which time regular feedback has been received from the skippers and the fishing companies leading to substantial modifications to the program.

Currently 94 CatchLog programs are installed on fishing vessels on a trial basis with firm orders received for 28 further copies.

CompanyAnalysis is a Computer Program designed especially for Fishing Companies to run in conjunction with the CatchLog system. It was developed in response to a demand from Fishing Companies for access to the same Data their Vessels were already recording through the CatchLog management or E-log program.

Using CompanyAnalysis Fishing Companies can access and analyse comprehensive Charts that provide Catch Comparisons for the whole Fleet or selected Vessels. The range across selected fields is endless, such as Overall Catch, Catch By Date, Accumulated Totals, Compare Vessel’s and Species, Performance By Percentile, Moving Average etc.

**THE MARKET**

Global production from capture fisheries and aquaculture and the food fish supply was 132.2 million tonnes in 2003 and remains critical in global food provision providing more than 16% of total animal protein supplies. The most recent Food and Agriculture Organisation (FAO) of the United Nations estimate indicated that, in 1998, the total world fleet engaged in fishing comprised about 1.3 million decked vessels and about 2.8 million undecked vessels.

Main target countries for CatchLog are Australia, New Zealand, Canada, South Africa, U.K/Europe and U.S.A. Secondary target countries will include Indonesia.

The target customer base can be split into three distinct groupings:

1) Fishery Regulators: Increased regulations by Governments worldwide are evident in attempts to counter depletion of fishing stocks and to assist in the protection of environmentally sensitive areas;

2) Fishing Vessel Skippers;
3) Fishing Vessel Owners: This target group will be attracted to the product primarily by the ease of processing of information and the value of the real time data to their business operations. As the information is input on-board and transmitted back to shore, there is no requirement for double-handling of the information as it can be utilised both by sending to the regulatory authorities and as management data for the owners operations. Using CompanyAnalysis they can use the CatchLog data to make instant effective marketing decisions. This group is the primary target for CatchLog and CompanyAnalysis.

Competitors, such as Olfish, Sodena and Eccers, have had limited success in penetrating the market. In addition only CatchLog have achieved accreditation by the Australian Fish Management Authority (AFMA) and the Queensland Fisheries Service.

CatchLog are in the process of agreeing an exclusive distribution agreement for the Australian market with J.N. Taylor & Co Ltd (Taylor Marine), the leading distributor within the Australian fishing industry. Clients who already use CatchLog include A. Raptis & Sons, one of Australia’s leading prawn fishing operations.

**ORGANISATIONAL STRUCTURE**

The senior level organisation structure of CatchLog Holdings Pty Ltd will evolve into a ‘classical’ organisational structure as it is envisaged that recruitment will be on an evolving basis as the company grows.

The role of Managing Director will be taken by Dieter Bohm, the current owner and inventor of CatchLog. Dieter is an experienced fisherman, with 36 years experience, who has been able to use his fishing knowledge to coordinate the development of the software. He is a Master of Commercial fishing vessels holding a Skipper Grade 1 and Master Class IV Certificate and has experience as both Skipper and vessel owner. He has a thorough understanding of vessel management and fishing operations as well as fisheries legislation. Dieter has worked closely with the Australian Fisheries Management Authority and the Queensland Fisheries Service to develop Catchlog for the Australian fishing industry.

To ensure effective corporate governance, the CatchLog Holdings Board of Directors will include a mixture of executive and non-executive directors with the initial board composition as follows:

- Chairman – a non-executive position;
- Chief Executive Officer;
- Commercial Manager; and
- Chief Technical Officer.

The Commercial Manager will hold a critical role in the organisation both building upon the relationships already established in the Australian market with organisations such as Taylor Marine and Raptis, as well as taking the lead in developing the key markets of New Zealand, Canada and other overseas markets.
FINANCIAL FORECASTS

As a 'start-up' organisation, CatchLog Holdings Pty Ltd does not have a history of financial performance. The forecasts have therefore been derived utilising key assumptions such as forecast market size and penetration rates and estimates of the key cost drivers.

Key assumptions in deriving the sales forecasts are as follows:

- Market Size of the key target markets;
- A forecast of the suitability of the fishing fleet for the adoption of electronic log books;
- Penetration rates in terms of establishing market share;
- An estimated ratio of outright software sales compared to 'lease' arrangements.

Sales are shown to increase significantly year-on-year for the first five years as market share grows resulting in total forecast revenue in 2010 of over $3.7m.

The profit and loss account projections show significant profitability from year two onwards following an initial 'start-up' loss in year one. The year one loss is constrained at a 'manageable' level largely by deferring the recruitment of staff until an appropriate critical mass is achieved. Up-front development costs have already largely been incurred and the marginal cost of 'manufacturing' and selling an additional copy of the software is minimal. Marginal profit, once fixed costs are covered, is therefore high.

The forecast P&L shows as follows:

<table>
<thead>
<tr>
<th>Profit &amp; Loss Account</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales - Domestic</td>
<td>341,510</td>
<td>737,087</td>
<td>921,284</td>
<td>927,948</td>
<td>1,099,683</td>
</tr>
<tr>
<td>Sales- International</td>
<td>203,295</td>
<td>1,503,603</td>
<td>2,012,414</td>
<td>2,506,185</td>
<td>2,608,302</td>
</tr>
<tr>
<td><strong>Sales - Total</strong></td>
<td><strong>544,805</strong></td>
<td><strong>2,240,690</strong></td>
<td><strong>2,933,698</strong></td>
<td><strong>3,434,133</strong></td>
<td><strong>3,707,985</strong></td>
</tr>
<tr>
<td>Distributors Commission</td>
<td>102,151</td>
<td>420,129</td>
<td>550,068</td>
<td>643,900</td>
<td>695,247</td>
</tr>
<tr>
<td>NetLogica Royalty</td>
<td>21,792</td>
<td>89,628</td>
<td>117,348</td>
<td>137,365</td>
<td>148,319</td>
</tr>
<tr>
<td>Cost of Products Sold</td>
<td>5,672</td>
<td>16,879</td>
<td>19,616</td>
<td>21,183</td>
<td>19,630</td>
</tr>
<tr>
<td>Payroll Costs &amp; Fees</td>
<td>352,100</td>
<td>493,800</td>
<td>526,500</td>
<td>526,500</td>
<td>526,500</td>
</tr>
<tr>
<td>Software Development Costs</td>
<td>27,240</td>
<td>112,035</td>
<td>146,685</td>
<td>171,707</td>
<td>185,399</td>
</tr>
<tr>
<td>Marketing Costs</td>
<td>190,000</td>
<td>120,000</td>
<td>180,000</td>
<td>185,000</td>
<td>220,000</td>
</tr>
<tr>
<td>Office Accomodation Costs</td>
<td>24,500</td>
<td>49,000</td>
<td>49,000</td>
<td>49,000</td>
<td>49,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>18,000</td>
<td>24,000</td>
<td>27,000</td>
<td>27,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Travel Costs</td>
<td>102,000</td>
<td>102,000</td>
<td>102,000</td>
<td>102,000</td>
<td>102,000</td>
</tr>
<tr>
<td>Other Costs</td>
<td>136,282</td>
<td>166,161</td>
<td>160,182</td>
<td>128,233</td>
<td>145,783</td>
</tr>
<tr>
<td><strong>Profit before Tax</strong></td>
<td>-434,932</td>
<td>647,060</td>
<td>1,055,299</td>
<td>1,442,246</td>
<td>1,589,106</td>
</tr>
<tr>
<td>Tax at 30%</td>
<td>63,638</td>
<td>193,520</td>
<td>316,590</td>
<td>432,674</td>
<td>476,732</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>-434,932</td>
<td>583,421</td>
<td>738,709</td>
<td>1,009,572</td>
<td>1,112,375</td>
</tr>
<tr>
<td>Dividends at 75% of P.A.T.</td>
<td>111,367</td>
<td>554,032</td>
<td>757,179</td>
<td>834,281</td>
<td></td>
</tr>
<tr>
<td><strong>Retained Earnings</strong></td>
<td>-434,932</td>
<td>472,055</td>
<td>184,677</td>
<td>252,393</td>
<td>278,094</td>
</tr>
</tbody>
</table>

Profit before tax increases to $1.59 million in 2010 (year 5) steadily progressing from a loss of $0.43 million in year one. Dividends are forecast to be paid at 75% of profit after tax.
COMPANY VALUATION and CAPITAL REQUIREMENTS

The value assigned to CatchLog Holdings Pty Ltd is $2.0m derived as follows:

- The projected forward after-tax earnings for the first five years of trading - average after-tax earnings for the first five years are forecast to be $401k; and

- A ‘multiple’ factor applied to earnings (Price/Earnings ratio) of 5 – software companies generally trade at significant multiples of earnings on the stock exchange with the average of the ‘Software and Services’ sector of the Australian Stock Exchange of a P/E of approximately 30.

The existing owner wishes to sell 33% of his equity to raise sufficient funds for ongoing growth and development equating to a value of $660,000 before costs. To accommodate this, 1 million new shares in CatchLog Holdings will be issued, on top of the 2 million shares already issued, at a price of $0.66 each.

Capital raised will be directly invested within the business operations to fund the start-up costs and working capital requirements of the operation.

Return on Investment (ROI) is calculated at an average of 30.6% from Year 2 to Year 5 of operations. ROI is calculated as the after-tax profitability discounted at a rate of 12% being an appropriate discount rate for the ‘time-value’ of money and the risk profile of the enterprise. 33% of the discounted profit after tax is then compared to the investment required to acquire the shares on offer, being 33% of the total equity.

EXIT STRATEGY

CatchLog will endeavour to pursue a conventional exit strategy via a company floatation or a trade sale. Whilst timing cannot be guaranteed, a five to seven year time frame is envisaged.

For further information please request a copy of the

CatchLog Business Plan
Ref: F2005/0431

28 June 2005

Dieter Bohm - Managing Director
CatchLog Holdings Pty Ltd 109 Tills
Street - Westcourt Cairns Qld 4870
Australia

Dear Mr. Bohm

Subject: Update on electronic logbook implementation
In line with the requirements of the *Electronic Transmission Act 1999* AFMA has specified and published the format and mechanism for the electronic submission of information to AFMA. A copy of these requirements are available on AFMA's web site.

The catchlog software product has been vetted by AFMA and is capable of producing electronic catch and effort logbook reports for the Northern Prawn Fishery which meet AFMA's technical specifications. AFMA has not examined the functionality of the software in any other respect.

AFMA makes no representation about software performance generally. In addition, AFMA has no control over the software or hardware environment of fisher's IT systems, any installation process, or any services supplied in connection with any software.

Some Northern Prawn Fishery operators, who we understand are using your software have successfully submitted electronic logs to AFMA. The information submitted to AFMA meets all of our technical specifications as detailed on our web site.

I note consultations between yourself and AFMA Elog section have helped progress the use of electronic logbooks in the Northern Prawn Fishery and I thank you for your contribution to the development of software that meets fisher needs. AFMA will continue to encourage operators to make better use of new technologies such as Elogs in their business practices to increase efficiencies and cost savings.

Yours Sincerely

[Signature]

Rya
Manager
Data Acquisition

Australian Fisheries Management Authority
PO Box 7051 Canberra Business Centre, Canberra ACT 2610 Australia
Telephone (02) 6272 5029 Facsimile (02) 6272 5175
http://www.afma.gov.au
Taylor Marine is the sole distributor of Furuno Marine Electronics in Australia.

We are the sole distribution of Catch Log in Australia, because we believed that there is a current market for it, and that there is room for future development into other Australian Fisheries.

It is our belief that electronic fish catch reporting will be the end target of Fish Management Authorities around Australia, and that eventually every fishery will have to report their catch via electronic log books.

Currently AFMA and Queensland DPI have accepted Catch Log as a new method of log book reporting, and we are rolling Catch Log out into the Northern Prawn Fishery and Qld Prawn Fishery.

By linking Catch Log with the Company Analyses program, will further expand our sales opportunities.

The Company Analyses program offers huge benefits to fleet operators and this software package is very sellable into the Australian market place.

We look forward to a long and equally prosperous partnership with Dieter Bohm and his Catch Log products.

Ken G. Brown
Director - Commercial Sales
“AFMA commenced looking at options for electronic logbook reporting in early 2000. The market is open to any software developer who can produce a system that meets our requirements, which include using an open XML platform for data transfer. With CatchLog Mr Bohm has developed cutting edge technology that does just that and we look forward to positive results from the trials which will be underway throughout the Gulf’s banana prawn season this year. We have worked closely with Mr Bohm over the past 18 months to ensure CatchLog meets our requirements. AFMA is confident electronic logbook reporting will extend to other fisheries in the not too distant future and with programs like CatchLog being developed here in Australia, we could also be set to become world leaders in electronic logbook reporting.”

John Garvey, AFMA

“I have been using CatchLog for the past two years and went full on with it last year when we started using it as our sole logbook with data being sent to AFMA via the program. It is great to do away with the paper records and we got a good report back on our logbooks from AFMA.

CatchLog is fairly easy to use, especially if you have a bit of computer experience behind you already. Even someone green to it can learn it in a few days. There was good support too, with help just a phone call away and any problems sorted out very quickly.

I found the whole program useful. It is excellent to have all the data available and calculations made for you the click of a button. I have just started to use it for vessel management as well as logbooks and when you know your prawn price CatchLog can work out all your crew deductions and payments.

I recommend CatchLog to other fishermen as an invaluable tool for the industry.”

Con Triantopoulos, Skipper, FV Comac Enterprise

“Since I started using CatchLog 12 months ago it has proven itself to be one of the most useful tools on board the boat. I have five key applications for CatchLog: sending my data to AFMA every fortnight via email; sending regular Total on Board to our export company; sending weekly catch details to the vessel owner; recording all catch details for my own use for fishing and accounting; and recording crew deductions.

CatchLog is so simple and user friendly. Why would anyone still fill out the 4 or 5 paper logs required in our fishery, when they can do it all so quickly and easily using CatchLog? Instead of being a tedious chore, CatchLog makes you want to enter your catch data because it shows you instantly exactly how your vessel is travelling. If you enter a product price you can even get the dollar value for your catch.

The CatchLog back up and customer service is fantastic too, with support at hand whenever you need it and feedback on the program welcomed and taken into consideration for new versions.

I highly recommend CatchLog to any fisherman, whatever sector of the industry they are working.”

Matthew Smith, FV Cenator
CatchLog is the way of the future for the fishing industry. I think every fisherman should give this program a go. Even those that may not be completely comfortable with technology will soon discover that CatchLog is a program that is so easy to operate and it will make their job a lot easier for them,

CatchLog lets you enter your catch records quickly and easily and then retrieve this information at the click of a button. I like to wait till I’m on anchor and then feed the data from the previous night into the system, but if you have a computer on board separate to your plotter you can just have it open 24/7 and enter the information in directly each shot if you prefer.

To me a program like CatchLog makes good sense for me as a skipper and for our fishing company too.

*Charlie Fuss, Skipper, FV Northern Rose*

I have used CatchLog for the past two years and there is no way I could ever go back to filling out paper logbooks again. I have transferred data to AFMA with absolutely no dramas. This season I will be transferring my data to AFMA via email using CDMA.

Our catch data is just so much more manageable using CatchLog. I don’t have to wade through mountains of paperwork and I get to see my data in real time so I know exactly what I am catching. The modification that allows us to enter a price into the system and see the dollar value of our catch is very useful. The graphs and charts let you play with the numbers anyway you like. I can also look back at an accurate, easy to read record of my past catch history and use that information to optimize my current fishing effort. CatchLog has benefit for fisheries management, too. Because the information AFMA are receiving via CatchLog is real time data they can make much better informed management decisions that they can when basing them on paper logbooks with a 6 month time lag before labour intensive data entry is carried out and the data they contain then processed.

As far as I am concerned Electronic logbook programs such as CatchLog are the only way to go, this is the future for the fishing industry.

*Mike Farrel, Skipper, Territory Leader*
Share Application Form
I/We Apply for

(a) .................................................. (b) $ .................................................................
Number of Shares Amount Payable at $ 0.66 per Share

Complete full name details
Applicant’s given names or company names Surname

(c) ..............................................................................................................................................

Joint Applicant #2 (or designated account)
..............................................................................................................................................

Joint Applicant #3 (or designated account)
..............................................................................................................................................

Complete address details
(d) ..............................................................................................................................................

Home Telephone Number
(e) ........................................

Contact Name ................................................

Business Telephone Number Email Address .................................................................
(e) ........................................

CHEQUE DETAILS
Drawer Bank Branch Amount of Cheque
(f) ............................................................................................................................... $ ................................
............................................................................................................................... $ ................................

Declaration
I/We agree to be bound by the Constitution of
CatchLog Holdings Pty Ltd ABN 61 112 505 772 Company Seal

................................................
Director
................................................
Secretary

(g) ........................................... ........................................... ...........................................
Applicant’s Signature Joint Applicant’s #2 Signature Joint Applicant’s #3 Signature
Share Application Form

I/We Apply for

(a) .................................................. (b) $ .................................................................

Number of Shares Amount Payable at $ 0.66 per Share

Complete full name details

Applicant's given names or company names Surname

(c) .............................................................................................................................................

Joint Applicant #2 (or designated account)

....................................................................................................................................................

Joint Applicant #3 (or designated account)

....................................................................................................................................................

Complete address details

(d) .............................................................................................................................................

....................................................................................................................................................

Home Telephone Number

(e)..........................................

Contact Name .............................................................

Business Telephone Number Email Address .........................................................

(e)..........................................

CHEQUE DETAILS

Drawer Bank Branch Amount of Cheque

(f)............................................................................................................................................. $ ..........................................

............................................................................................................................................. $ ..........................................

Declaration

I/We agree to be bound by the Constitution of CatchLog Holdings Pty Ltd ABN 61 112 505 772

Company Seal (if applicable)

.................................................................

Director

.................................................................

Secretary

(g) ............................................. ................................................................. .............................................

Applicant's Signature Joint Applicant's #2 Signature Joint Applicant's #3 Signature
How to Apply

Applications

Application to acquire shares under the Business Plan will only be accepted on this Application Form and must be lodged together with the appropriate Application Monies.

An Application constitutes an offer to CatchLog Holdings Pty Ltd’s directors to subscribe for shares. Cheques must be crossed and made payable to "CatchLog Holdings Pty Ltd". Completed Applications should be mailed to:

CatchLog Holdings Pty Ltd
PO Box 277
Westcourt
Cairns QLD 4870

Acceptance of Applications

The directors of CatchLog Holdings Pty Ltd reserve the right to reject any Application. However, if an Application is not accepted, or accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on refunded Application Monies.

How to Complete the Application Form

Please complete all relevant sections of the Application Form USING BLOCK LETTERS. The notes below are cross referenced to each section of the Application Form.

(a) Insert the number of Shares you wish to apply for.

(b) Insert the relevant amount of Application Monies.

(c) Write the full name you wish to appear on your Share Certificates. This must be either your own name or the name of a company. Up to three joint applicants may register.

(d) Enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. If your postal address is not within Australia, please specify country after "Suburb/City or Town and State".

(e) Enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

(f) Complete cheque details as requested

   • Make your cheque payable to "CatchLog Holdings Pty Ltd" and cross it "Not Negotiable".
   • The amount should agree with the amount shown in (b).
   • Cheques will be deposited on the day of receipt. Sufficient cleared funds should be held in your account as cheques returned unpaid will result in your Application being rejected.
   • Pin (do not staple) your cheque to the Application Form.

Lodgement of Applications

Return your completed Application Form, with your cheque attached, to:

Catchlog Holdings Pty Limited
PO Box 277
Westcourt
Cairns QLD 4870