ASX RELEASE
THURSDAY, 4 AUGUST 2005

BIRON
CAPITAL LIMITED

52 Ord Street
West Perth
WA 6005
ABN 58 009 087 469

PROSPECTUS

Thursday 4 August 2005: Biron Capital Ltd (ASX: BIC, "the Company" or "Biron") Please find attached a prospectus to issue 15 million shares at $0.60 each to raise $9m lodged with ASIC today.

- ENDS -

FOR FURTHER INFORMATION PLEASE CONTACT:

John Corr
Executive Chairman
Biron Capital Limited
Tel: +61 (0) 418 642 535

BIRON CAPITAL LIMITED
proposed to be renamed

BIRON APPAREL LIMITED

ACN 009 087 469

PROSPECTUS

UNDERWRITER AND BROKER TO THE PUBLIC OFFER

TRICOM EQUITIES LIMITED
ABN 92 067 161 755

TRICOM

IMPORTANT INFORMATION

This Prospectus is dated 4 August 2005 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

No securities will be allotted or issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date which is 13 months after the date of this Prospectus.

Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Company is embarking on a new acquisition and business strategy and risks are, therefore, significant. Refer to Section 7 for information relating to risk factors. Investors should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Disclaimer
No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with the Offer.

Exposure Period
The Corporations Act prohibits the Company from processing Applications received until after the Exposure Period. The Exposure Period is the seven day period from the date of this Prospectus and may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the offering of Shares. That examination may result in the identification of deficiencies in this Prospectus, in which case any Application received may need to be dealt with in accordance with section 724 of the Corporations Act.

Foreign Jurisdictions
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. The distribution of this Prospectus in jurisdictions outside Australia 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.

No action has been taken to register or qualify the Shares, the Performance Share, the Options or the Offer, or otherwise to permit a public offering of the Shares, Performance Shares or Options, in any jurisdiction outside Australia.

Electronic Prospectus
This Prospectus is available in electronic form via the Company's web site at www.biron.com.au. The Offer to which this electronic Prospectus relates is only available to persons receiving the electronic Prospectus in Australia. Persons having received a copy of this Prospectus in its electronic form may obtain a paper copy of the Prospectus (free of charge) during the life of this Prospectus by contacting the Company Secretary at the Company's principal place of business at 52 Ord Street, West Perth, Western Australia.

Applications for Shares may only be made on the Application Form attached to the Prospectus in its paper copy form or as downloaded in its entirety from the Company's web site.

Privacy
The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company. By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Under the Privacy Act 1988, you may request access to your personal information held by (or on behalf of) the Company and the Share Registry. You can request access to your personal information by telephoning or writing to the Company through the Share Registry as follows:

Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street, Adelaide SA 5000 (Tel: 1300 556 161)

Definitions and Abbreviations
Defined terms and abbreviations used in this Prospectus are explained in Section 10 at the end of this document.

Financial Amounts
Financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated.

This document is important and should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser.

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KEY DATES

Summary of key dates	
Prospectus date	4 August 2005
Offer opens[1]	11 August 2005
Offer closes[1]	2 September 2005
Meeting Date	8 September 2005
Issue of Shares	12 September 2005
Expected dispatch of shareholding statements	13 September 2005
Shares expected to commence trading on ASX week commencing	12 September 2005

Notes:

1. This timetable is indicative only and may change. The Company, in consultation with the Underwriter reserves the right to close the Offer early or extend the Closing Date without notice.
2. Applicants are encouraged to lodge their Applications as early as possible after the Offer opens. The Company and the Underwriter reserves the right to accept late Applications either generally or in particular cases.

KEY OFFER STATISTICS

Issue Price	$0.60
Number of shares available under the Offer [1]	15 million
Number of shares issued as consideration for/in connection with acquisitions [2]	11.3 million
Total number of shares on issue post Transaction	35.9 million
Total proceeds from the Offer [3]	$9.0 million
Market capitalisation [4]	$21.5 million
Number of Performance Shares issued [5]	11.3 million
Number of Options issued [6]	4.0 million
Pro-forma Forecast year ending 30 June 2005 [7, 8, 9 & 10]	
2005 NPAT	$3.237 million
2005 EPS (Undiluted)	9.0 cents
2005 DPS	Nil
2005 PE multiple	6.7x

Notes:

1. Comprising a Public Offer of 6,666,667 shares and 8,333,333 shares for which Physico Vendors have undertaken to procure subscriptions.
2. Comprising 6.0 million shares and 3.3 million shares issued in part consideration for Physico and Ed Harry acquisitions respectively, and 2.0 million shares issued for corporate advisory services in relation to the Transaction.
3. Comprising a fully underwritten Public Offer of $4.0 million and an offer of $5.0 million which the Physico Vendors are contractually bound for as described in (1) above.
4. Market capitalisation is based on issue price of $0.60 and excludes Performance Shares.
5. Performance Shares were issued in part consideration for business acquisitions. They convert to ordinary shares if Biron EBITDA exceeds $7 million in any of the 2007 – 2010 (incl.) financial years or if a Change of Control Event occurs.
6. Comprises 1.0 million options to be issued to Directors and 3.0 million options issued to the Debt Underwriter.
7. See Section 6.4 for pro-forma statement of financial position as at 28 February 2005
8. Pro-forma Forecast information includes adjustments relating to the restructuring of Biron's operations prior to the date of this Prospectus, as described in Section 6.
9. Pro-forma forecast information includes aggregated normalised results of Biron, Ed Harry and Physico as if the businesses of Ed Harry and Physico had been owned since 1 July 2004. See Sections 6.2 and 6.3 for further details.
10. Biron does not intend to pay a dividend for at least 18 months following completion of the Transaction. Biron will use any surplus cash generated to repay debt and for business expansion capital expenditure. The ability of the Company to pay dividends in the future will depend on a number of factors, including cash resources and the impact of the risk factors described in Section 7.
11. The undiluted earnings per share is based on 35,894,170 shares on issue.

CHAIRMAN'S LETTER

4 August 2005

Dear Prospective Shareholder,

On behalf of the Directors, it gives me great pleasure to offer you the opportunity to become a shareholder in Biron Capital Limited.

Biron is poised to enter an exciting new phase in its existence with the proposed entry into the apparel industry. Biron will enter both the wholesale and retail sectors of the market with its concurrent acquisitions of the Ed Harry men's retail group and the Physico women's wholesale group. To reflect the new direction of the Company, the Directors have proposed that the Company's name be changed from Biron Capital Limited to Biron Apparel Limited. This change is expected to become effective following the Shareholders Meeting to approve the acquisition of Ed Harry and Physico.

Funding for the acquisitions includes a combination of bank debt and the equity funds to be raised under this prospectus.

Ed Harry was established in 1986 and is now Australia's largest independently owned specialty retailer of men's apparel (by number of company owned stores). It has more than 175 stores located in every mainland State and Territory of Australia, including all major Australian capital cities.

Physico was founded in 1993 and has since grown to become a significant Australian clothing company specialising in the sourcing and supply of ladies apparel and sleepwear to the major department and specialty chains in Australia and New Zealand. Physico has operations in China which export men's, ladies and children's apparel to volume retailers in Europe, Canada, Russia and South Africa.

The acquisitions of Ed Harry and Physico will create a vertically integrated apparel group, with a strong presence in the Australian market. The Directors expect significant synergies to result from the creation of a vertically integrated business model. Most of the expected benefits are likely to stem from improved gross profits from the leveraging of Physico's wholesaling capabilities across the combined group, and from a reduction in corporate overheads.

The Directors of Biron believe the future growth prospects for the Company are strong. Both Ed Harry and Physico have identifiable organic growth opportunities; Ed Harry has the opportunity for continued retail store rollout while Physico has the potential to further expand its offshore wholesaling activities and expand its womenswear supply chain expertise into menswear. In addition to expected strong organic growth, the Directors will also consider growth by acquisition, if the Board views those acquisitions as positive for shareholder value, however there are no additional acquisitions contemplated at this stage.

The Board and senior management team of Biron will include individuals with comprehensive experience in the retail and wholesale textile markets. Importantly, the founders of both Ed Harry and Physico will remain active in the merged business and will become significant equity stakeholders in Biron, ensuring their future commitment to the growth of the Company.

The Board recommends that you read this Prospectus thoroughly and assess the risks involved. Should any issue be unclear or uncertain as to how to deal with this Prospectus, please consult your financial adviser or stockbroker.

On behalf of the Board, I invite you to participate as a shareholder of Biron.

Yours sincerely,

John Corr
Executive Chairman

1. INVESTMENT HIGHLIGHTS

The information in this section is a summary only. It should be read in conjunction with the information in the remainder of this Prospectus

1.1 Overview of Biron

Biron is an Australian public company listed on the ASX. Prior to the announcement of the results of a strategic review in March 2004, Biron had been a provider of finance predominantly for commercial real estate projects, with a particular focus on the mezzanine debt requirements of property owners and developers.

On 7 March 2005, Biron announced its in principle agreements to acquire the Ed Harry mens apparel retail business and the Physico Clothing Company Pty Ltd womens apparel wholesale business.

If approved by Shareholders, these acquisitions will transform Biron into a vertically integrated apparel business with over 175 retail stores as well as an established wholesale infrastructure, including an office in China. Pro Forma 2005 revenues of the combined entity are in excess of $120 million.

Biron will hold a Meeting of Shareholders on 8 September 2005 to approve the Transaction, including the acquisition of Ed Harry and Physico. At this Meeting, a resolution will be put to shareholders to change the name of Biron from Biron Capital Limited to Biron Apparel Limited.

The Biron Board will be expanded to include Mr David Greenblo, the current managing director of Physico, and Mr Neil Brine, the current managing director of Ed Harry. It is expected that Mr Argyle will leave the Board at Completion. Mr Greenblo will assume the role of Managing Director and Mr Brine will become the Executive Director – Retail for Biron.

For further information in relation to the businesses being acquired by Biron, refer to Section 4.

1.2 Key Investment Features

An investment in Biron Shares offers the following key investment features:

Vertical Integration Merger

Ed Harry and Physico are highly complementary businesses. Physico has an under-utilised wholesaling and importing infrastructure, whilst Ed Harry does not currently import product directly, in contrast to many of its vertically integrated peers.

Strong Organic Growth Opportunities

Biron has strong organic growth prospects on both the retail and wholesale sides of the combined entity. Retail growth is likely to be driven by continued store rollout, particularly in NSW and QLD where Ed Harry is relatively under represented. The wholesale business has significant organic growth opportunity through increased export activity from China and through increased volumes resulting from becoming a part of a vertically integrated model.

Attractive Price Earnings Ratio Relative to Peers

This capital raising is being priced at an historical price to earnings ("PE") ratio of 6.7 times, based on pro forma 2005 EBIT and adjusted for the Directors' estimate of ongoing interest and tax expenses. This PE ratio is calculated on an undiluted basis and excludes any potential synergy benefits.

Established National Retail Brand

Ed Harry is a national retail brand, represented in all states and territories with the exception of Tasmania. With over 175 stores, Ed Harry is able to benefit from having reached critical mass while still having a strong store rollout profile.

Diversified Retail Brands

Ed Harry's retail brands are well diversified by lifestyle category (eg. classic daywear, fashion dresswear), customer demographic and price point.

Balance of Own Label and Third Party Labels

In addition to company owned brands, Ed Harry has a portfolio of retail brands, some of which are exclusive to Ed Harry or provided on an exclusive line basis.

Experienced Board and Senior Management

The Board of Biron will be well balanced and will include members with comprehensive experience in the apparel retail and wholesale industries. In addition, the Board includes members with a strong legal and finance background. Both the vendors of Ed Harry and Physico intend to remain actively involved in the business.

Equity Incentives for Senior Management

Collectively, senior management of Biron will hold over 37% of the ordinary equity of the Company. In addition, senior management will also hold a significant component of Performance Shares in the Company. These equity interests are strong incentives for senior management to grow shareholder value.

1.3 Summary of the Proposed Transaction

The purpose of this Prospectus is to raise $9 million in cash through the issue of 15 million Shares to enable the Company to proceed with the acquisitions of Ed Harry and Physico. The Acquisition Agreements for Ed Harry and Physico were entered into on 18 July 2005 and 3 August 2005 respectively. Details of the Ed Harry and Physico businesses are set out in Section 4. The cash raised is to be applied for the purposes specified in the Application of Funds table below.

This Prospectus is also to offer:

- 11.3 million shares in partial consideration for the acquisition of Ed Harry and Physico and for Transaction fees;
- 11.3 million Performance Shares with a hurdle based on Biron EBITDA exceeding $7 million in any of the 2007 – 2010 (incl.) financial years in partial consideration for the acquisition of Ed Harry and Physico;
- 1.0 million 60 cent Options to be issued to Directors of Biron;
- 3.0 million 72 cent Options to be issued to the Debt Underwriter.

The Performance Shares do not carry any voting rights or economic entitlements, other than the their automatic conversion to ordinary shares if the Biron EBITDA exceeds $7 million in either the 2007, 2008, 2009 or 2010 financial years.

The Offer under this Prospectus is subject to and conditional upon the passage of the Essential Resolutions at the Meeting of Shareholders and upon Completion occurring. Unless both of these conditions are fulfilled and unless the Minimum Subscription is reached, and the ASX Condition is fulfilled, no securities (other than the 60 cent Options) will be issued under this Prospectus. Refer to Section 8 for further details of conditions precedent for the Transaction.

The following is a summary of the key commercial terms of the Transaction.

Biron has agreed to acquire Ed Harry for the following consideration:

- $9 million in cash on Completion of the Transaction; plus
- $6 million of subordinated vendor finance; plus
- $6 million of deferred consideration, contingent upon the achievement of certain profitability hurdles for the Ed Harry Business; plus
- 3.3 million Shares; plus
- 3.3 million Performance Shares with a hurdle based on Biron EBITDA exceeding $7 million in either the 2007, 2008, 2009 or 2010 financial years.

Ed Harry will have a minimum net tangible asset value of $4.6 million at Completion.

Biron has agreed to acquire Physico for the following consideration:

- 6.0 million Biron shares issued at $0.60 per share; plus
- 8.0 million Performance Shares with a hurdle based on Biron EBITDA exceeding $7 million in either the 2007, 2008, 2009 or 2010 financial years.

Physico will have a minimum net tangible asset value of $3.6 million on Completion, including approximately $5.1 million of third party finance and shareholder loans.

The table below summarises the consideration payable for the acquisition of Ed Harry and Physico.

Acquisition	Cash	Vendor Finance	Deferred Consideration	Biron Shares	Performance Shares
	$	$	$	number	number
Physico Acquisition				6,000,000	8,000,000
Ed Harry Acquisition	9,000,000	6,000,000	6,000,000	3,333,333	3,333,333
Total				9,333,333	11,333,333

The requirement to raise $9 million is to contribute to the funding of the cash component of the Ed Harry acquisition. A bank debt facility is being arranged to fund the remaining requirement, including working capital and the costs associated with the Transaction. The funding of the cash component of the Transaction is as follows:

Source of funds	$m
Senior Debt Facility drawdown[1]	8.0

Shares offered under this prospectus	9.0
Existing cash resources[2]	3.0
Total	20.0

Application of funds	**$m**
Cash consideration for acquisition of Ed Harry [3]	9.0
Cash available for working capital[4]	1.9
Reimbursement of Capital expenditure incurred prior to Completion[5]	0.9
Repayment of existing Physico loans[6]	5.1
Transaction Costs[7]	3.1
Total	20.0

1. The Company is arranging total Senior Debt Facilities of $22.0 million, of which $8.0 million is available to be drawn at Completion.
2. Immediately prior to Completion, Biron is expected to have approximately $3.0m of surplus cash.
3. The Company is required to pay the vendor of Ed Harry $9.0 million on Completion of the Transaction.
4. This represents an estimation of cash at bank immediately following Completion.
5. Under the terms of the Ed Harry Acquisition Agreement, Biron is obliged to reimburse the vendor of Ed Harry for capital expenditure incurred from 1December 2004 to Completion.
6. Under the terms of the Physico Acquisition Agreement Physico will repay Physico shareholder loans of $3.1 million and third party finance of approximately $2.0 million.
7. Transaction Costs are comprised of capital raising costs of $1.0 million, asset acquisition costs of $1.7 million and bank establishment fees of $0.4 million.

1.4 Overview of the Business

Ed Harry

Ed Harry was established in 1986 and is now Australia's largest independently owned specialty retailer of men's apparel (by number of company owned stores). It has more than 175 stores located in every State and Territory of Australia (except Tasmania), and has approximately 660 employees.

Ed Harry's clothing range has a defined target market of men aged between 25 years and 45 years.

Products have a strong 'commercial' fashion element and a high quality to price ratio. They are focused toward casual wear and to a lesser extent evening dressing and formal wear.

Physico Clothing Company

Physico was founded by David Greenblo and Colin Elterman in 1993 and it has since grown to become a major Australian clothing company specialising in the sourcing, and supply of ladies apparel and sleepwear to the major department and specialty chains in Australia and New Zealand.

Physico has operations in China which export men's, ladies and children's apparel to volume retailers in Europe, Canada, Russia and South Africa.

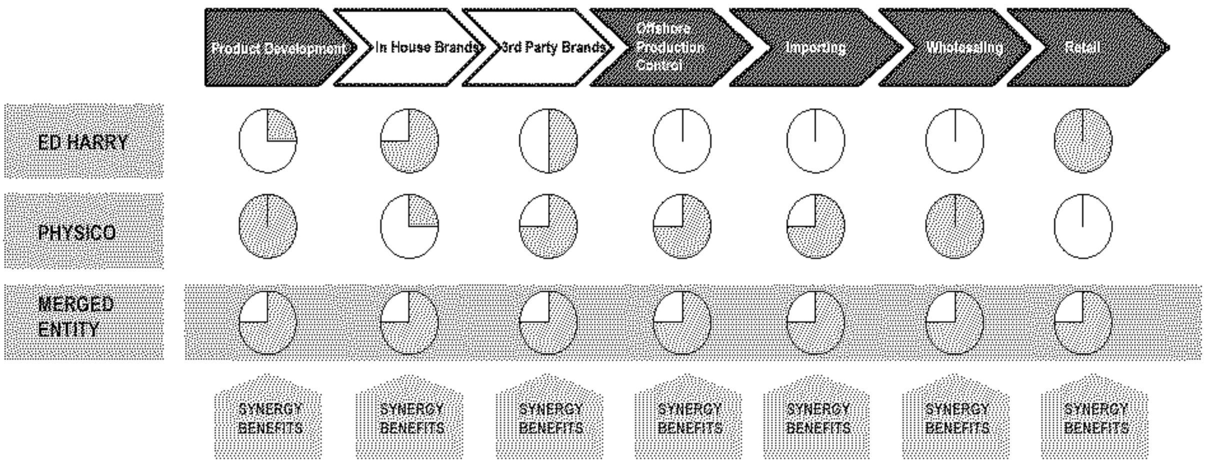
Physico operates from its 7,000m^2 office, showroom and distribution centre in Alexandria, Sydney, from its sourcing office and showroom in Nanjing, China and sales office in South Africa.

Profile of the Combined Group

The Directors of Biron expect the combining of Ed Harry and Physico to create a substantial vertically integrated apparel operation that will to generate significant synergy benefits over the next one to three years.

The key opportunity for the combined entity is supply chain improvement. Unlike many Australian retailers, Ed Harry does not directly import, but sources most if its product from domestic suppliers. Physico's core competencies include importation and wholesaling.

The diagram below is a schematic representation of the relative importance of key activities undertaken by Ed Harry, Physico, and the combined entity post Transaction. This shows the complementary nature of the two businesses.



The Directors believe the merging of Ed Harry and Physico to create a vertically integrated business model should create value by:

- Allowing Biron to capture increased wholesale gross profit as the Company leverages the Physico wholesale infrastructure across the Ed Harry Business;
- Providing Ed Harry with a means to buy direct from offshore (via Physico), thereby accessing cheaper product;
- Combining management expertise from the retail and wholesale spheres to better service customers; and
- Achieving cost savings from increased scale of operations as a result of merging two businesses.

Financial Performance

As synergy benefits are, by their nature, difficult to estimate and highly variable, the Directors have not provided a forecast of these benefits. Set out in the table below are the Summarised Proforma Consolidated Historical and Forecast Statements of Financial Performance for Biron and the Trading Entities. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

Biron Pro forma Statement of Financial Performance *$000's unless otherwise stated*	FY 2004 [1]	FY 2005 [2,3,4,5,6]
Revenue	119,601	121,135
EBITDA	5,478	6,343
Depreciation & Amortisation	842	953
EBIT	4,636	5,390
NPAT		3,237
EPS (cents per share) (Undiluted) [7]		9.0
P/E (times)		6.7
Number of retail stores	170	179

Notes

1. The Summarised Proforma Consolidation Historical Statement of Financial Performance for the financial year ended 30 June 2004 has been extracted from the Entities' financial reports and normalised to exclude non-recurring items.

   In particular, given that Biron's principal activities of the provision of secured mortgage finance were discontinued during FY2005, the results of those activities for FY2004 have been excluded in preparing the Summarised Proforma Consolidated Statement of Financial Performance. Listed public company costs of $600,000 have however been allowed in the results for FY2004.

2. The Summarised Proforma Consolidated Forecast Statement of Performance for FY2005 is derived from the Proforma Consolidated Historical Financial Information for the eight months ended 28 February 2005 and Directors forecasts for the four months ended 30 June 2005 as if the Trading Entities were acquired as at 1 July 2004. Listed public company costs, estimated at $600,000 per annum, have been included. Expected synergy benefits and additional costs arising from aggregating the Trading Entities have not been included.

3. Notional borrowing costs of $765,000 have been assumed for FY 2005, based on assumed average annual borrowings of $9,000,000 at an average interest rate of 8.5% p.a.

4. FY 2005 includes income tax at the corporate rate of 30%.

5. The FY2005 Statutory Financial Results of Biron will differ from the Summarised Proforma Consolidated Forecast Statement as the acquisition of the Trading Entities will only be effective from 1 July 2005.

6. The Proforma Consolidated Forecast Financial Information is based on a number of best estimate assumptions and proforma adjustments as described in Section 6.3.

7. The undiluted earnings per share is based on 35,894,170 shares on issue.

Capital and Ownership Structure

There are three key components to the Biron equity capital structure, post transaction: Ordinary Shares, Performance Shares and Options.

The following table summarises the proposed capital and ownership structure of the Company, following Completion of the Transaction.

Description		Expanded capital	% of Total Undiluted	% of Total Diluted	Excluding Performance Shares		Excluding Performance Shares and Investec Options	
Existing Biron Shareholders	*	9,560,837	19.8%	18.6%	9,560,837	23.9%	9,560,837	25.9%
Ed Harry Consideration	*	3,333,333	6.9%	6.5%	3,333,333	8.3%	3,333,333	9.0%
Physico Consideration	*	6,000,000	12.4%	11.7%	6,000,000	15.0%	6,000,000	16.3%

Public (ex capital raising)	*	6,666,667	13.8%	13.0%	6,666,667	16.7	6,666,667	18.0%
Physico Cash Subscription	*	8,333,333	17.3%	16.3%	8,333,333	20.9%	8,333,333	22.6%
Transaction Shares	*	2,000,000	4.1%	3.9%	2,000,000	5.0%	2,000,000	5.4%
Total ordinary shares		35,894,170	74.4%	70.0%	35,894,170	89.9%	35,894,170	97.3%
Directors' Options	*	1,000,000	2.0%	1.9%	1,000,000	2.5%	1,000,000	2.7%
Ed Harry Performance Shares	^	3,333,333	6.9%	6.5%		0.0%		0.0%
Physico Performance Shares	^	8,000,000	16.6%	15.6%		0.0%		0.0%
Total Expanded Shares		48,227,503	100.0%	94.1%	36,894,170	92.5%	36,894,170	100.0%
Debt Underwriter Options	*	3,000,000		5.8%	3,000,000	7.5%		0.0%
Existing Options		9,778		0.0%	9,778	0.0%	9,778	0.0%
Total shares - Fully diluted		**51,237,281**		**100.0%**	**39,903,948**	**100.0%**	**36,894,170**	**100.0%**

Collectively referred to herein as **"Ordinary Shares"**: 38,403,948 Biron Shares (including Investec Options)
^ Performance Shares are issued shares which automatically convert to ordinary shares if theBiron EBITDA exceeds $7 million in the 2007 – 2010 (incl.) financial years.

Risks

There are a number of factors, both specific to Biron and of a general nature, which may impact upon the operating and financial performance of the Company and affect the outcome of an investment in the Company.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, should consider the assumptions underlying the forecasts and the risk factors in Section 7.

2 DETAILS OF THE OFFER

2.1 Key Dates

Important dates	
Opening date for receipt of Applications pursuant to the Offer	11 August 2005
Closing Date for receipt of Applications pursuant to the Offer	2 September 2005
Date of Shareholder Meeting	8 September 2205
Completion Date for Physico / Ed Harry Acquisitions	12 September 2005
Anticipated Date of Issue of securities the subject of this Offer	12 September 2005
Expected dispatch of Shareholder holding statements	13 September 2005
Anticipated Date of ASX Quotation of Shares the subject of this Offer – week commencing	12 September 2005

*5.00pm Australian Western Standard Time

Note:
All dates are subject to change and accordingly are indicative only. In particular, the Company and Tricom have the rights to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Application forms as soon as possible. The Company and Tricom reserve the right to accept late Applications either generally or in particular cases.

2.2 Description of the Offer

This Prospectus constitutes an Offer of 15 million Shares for subscription in cash at a price of 60 cents per Share in cash payable in full on Application to raise in cash $9 million before costs of the Issue, on the terms and conditions set out in this Prospectus.

$4 million of the Offer comprises the Public Offer and the Physico Vendors are contractually bound to procure subscribers for $5 million of the Offer.

This Prospectus also constitutes an Offer of the Acquisition Securities and Options on the terms and conditions set out in this Prospectus.

Key offer statistics	
Issue Price	$0.60
Number of shares available under the Offer [1]	15 million
Number of shares issued as consideration for Acquisitions [2]	11.3 million
Total number of shares on issue post Transaction	35.8 million
Total proceeds from the Offer [3]	$9.0 million
Market capitalisation [4]	$21.5 million
Number of Performance Shares issued [5]	11.3 million
Number of Options issued [6]	4.0 million

Notes:

1. Comprising Public Offer of 6.6 million shares and 8.3 million shares for which Physico Vendors have undertaken to procure subscription.
2. Comprising 6.0 million shares and 3.3 million shares issued in part consideration for Physico and Ed Harry Acquisitions respectively, and 2.0 million shares issued for corporate advisory services in relation to the Transaction.
3. Comprising a fully underwritten Public Offer of $4.0 million and an offer of $5.0 million as described in 1 above.
4. Market capitalisation is based on issue price of $0.60 and excludes Performance Shares.

5. Performance Shares were issued in part consideration for business acquisitions. They convert to ordinary shares if the Biron EBITDA exceeds $7 million in any of the 2007 – 2010 (incl.) financial years.
6. Comprises 1.0 million Options to be issued to Directors and 3.0 million Options to be issued to the Debt Underwriter.

2.3 Purpose of the Offer

The purpose of this Prospectus is to raise $9 million in cash through the issue of 15 million Shares to enable the Company to proceed with the acquisition of Ed Harry and Physico. The Acquisition Agreements for Ed Harry and Physico were entered into on July 18 2005 and 3 August respectively. Details of the Ed Harry and Physico businesses are set out in Section 4. The cash raised is to be applied for the purposes specified in the Application of Funds table below.

This Prospectus is also to offer:

- 11.3 million shares in partial consideration for the acquisition of Ed Harry and Physico and for Transaction fees;
- 11.3 million Performance Shares in partial consideration for the acquisition of Ed Harry and Physico;
- 1.0 million 60 cent Options to be issued to Directors of Biron;
- 3.0 million 72 cent Options to be issued to the Debt Underwriter.

The Performance Shares do not carry any voting rights or economic entitlements, other than their conversion to ordinary shares if theBiron EBITDA exceeds $7 million in any one of the 2007 – 2010 (incl.) financial years.

2.4 How to Apply for Shares

Applications must be for a minimum of 3,340 Shares at the price of 60 cents per Share. Applications for more than 3,340 Shares must be in multiples of 1,000 Shares.

Applications can be made in the following manner:

- By completing an returning a hard copy Application Form which is attached to this Prospectus in accordance with the Application Form instructions (for hard copy Applications) and on the Application Form itself.
- By printing a copy of the online Prospectus and completing and returning a copy of the online Application Form in accordance with the instructions set below (for Hard Copy Applications) and on the Application Form itself.
- Cheques should be made payable to "Biron Apparel Limited Share Offer" and crossed Not Negotiable.
- Completed Application forms and cheques for the relevant amount should be posted or delivered to:

  Computershare Investor Services Pty Limited
  Level 5
  115 Grenfell Street
  Adelaide SA 5000

A duly completed Application Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form. Applications may be lodged from 9.00am on the Opening Day and will remain open until 5.00pm on the Closing Day, subject to the right of the Directors to close the Offer at any time without prior notice.

No brokerage or stamp duty is payable by the Applicants in respect of their application for Shares under this Prospectus. The amount payable on Application will not vary during the Offer and no further amount is payable on allotment. Application money will be held in trust in a subscription account until allotment. The subscription account will be established and kept by Biron on behalf of the Applicants.

2.5 Exposure Period

No Application under this Offer can or will be processed until after the period of 7 days from the date of lodgement of the Prospectus with ASIC or if that period is extended by ASIC by notice in writing, 14 days from the date of lodgement ('Exposure Period'). No preference will be conferred on Applications received during the Exposure Period.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Examination during the Exposure Period may result in the identification of deficiencies in this Prospectus and in those circumstances, any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act, 2001.

2.6 Allotment and Allocation

Biron will proceed to allocate Shares as soon as possible after the Closing Date subject to the satisfaction of the ASX Condition reaching the Minimum Subscription and Completion occurring. Biron reserves the right, in consultation with the Underwriter, to allocate to any Applicant a lesser number of Shares than that applied for, or to decline any Application. Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Closing Date. No interest will be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation being made after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the number of Shares allocated to them do so at their own risk.

2.7 Acceptance of Applications

An Application constitutes an offer to acquire Shares on the terms and conditions set out in this Prospectus. Biron reserves the right to:

- Reject any Application in the Retail Offer, including but not limited to Applications that have been incorrectly completed, or are accompanied by cheques that are dishonoured; and
- Reject or aggregate Applications which appear to be multiple Applications by the same party.

If an Application is rejected or accepted in part only, the relevant part of the Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

2.8 ASX Listing

Within seven (7) days after the date of this Prospectus, Biron intends to apply for a quotation of Shares to be issued under this Prospectus on the ASX. If granted, quotation of the Shares will commence as soon as practicable after allotment of Shares to

Applicants. It is the responsibility of the Applicants to determine their allocation of Shares prior to trading.

If the application for admission to quotation of the Shares to the ASX is not made within the said seven (7) days or the Shares are not admitted for quotation within three (3) months after the date of this Prospectus then the issue of Shares will not proceed and the Application Monies will be returned to the applicant.

As and when the Options are exercised and Conversion of the Performance Shares occurs, the Company will apply to the ASX for the resultant Shares that are issued to be admitted to the Official quotation, in accordance with the requirements of the Listing Rules.

The fact that ASX may grant quotation of the Shares offered under this Prospectus is not to be taken in any way as an indication of the merits of the Company or the securities offered pursuant to the Prospectus.

2.9 Minimum Subscription

The Minimum Subscription under this Prospectus is $9 million in cash. No securities will be allotted under this Prospectus (other than 60 cent Options) unless this condition is fulfilled.

2.10 Underwriting

The Public Offer component of the Offer contained in this Prospectus (i.e. to the extent of 6,666,667 Shares - $4 million) has been underwritten by Tricom. Details of the Underwriting Agreement and the circumstances under which the Underwriter is able to terminate its obligations are set out in section 8.

2.11 CHESS

Biron participates in the Securities Clearing House Electronic Subregister System know as CHESS. CHESS is operated by the ASX's Securities Clearing House ("SCH") in accordance with the ASX Listing Rules and the SCH Business Rules. Under CHESS, Biron will not be issuing certificates to investors who elect to hold their Shares and Options on the CHESS sub-register. After allotment of Shares and grant of Options, Shareholders will receive a CHESS statement.

The Chess statements, which are similar in style to bank account statements, will set out the number of Shares allotted and Options granted to each Shareholder pursuant to this Prospectus. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESS. Further statements will be provided to holders which reflect any changes in their shareholding in Biron during a particular month.

2.12 Rights and Liabilities Attaching to the Shares

The Shares which are the subject of this Prospectus will, upon allotment, rank pari passu in all respects with Company's Existing Shares except for the voluntary restrictions on disposal on certain of the Shares to be issued to certain of the Physico Vendors described in Section 8.

2.13 Rights and Liabilities Attaching to the 60 cent Options

A summary of the rights and liabilities attaching to the 60 cent options is set out in Section 8.7.

2.14 Rights and Liabilities Attaching to the 72 cent Options

A summary of the rights and liabilities attaching to the 72 cent Options is set out in Section 8.8.

2.15 Rights and Liabilities Attaching to the Performance Shares

The rights and liabilities attaching to the Performance Share are set out in Section 8.5.

2.16 Market Prices of Shares on ASX

The highest, lowest and closing market sale prices of Shares on the ASX during the period from 1 June 2004 to the day prior to the lodgement of this Prospectus with ASIC are:

	Price	Date
High	70 cents	15 March 2005
Low	19.4 cents	8 June 2004
Last	54 cents	2 May 2005

2.17 Expenses of the Offer

The total estimated expenses of the Offer are $3.095 million, comprised of $1.43 million in capital raising costs (including legal and accounting fees related to the Capital Raising) and borrowing costs, as well as $1.665 million in stamp duty, and legal and accounting fees.

2.18 Taxation

Investors should seek and rely on their own taxation advice regarding an investment in the Company.

2.19 Electronic Prospectus

This Prospectus may be viewed online at www.biron.com.au. Applicants using the Application Form attached to the electronic version of this Prospectus must be residents of Australia. No Application will be accepted if sent in electronic form.

Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus.

2.20 Investor Enquiries

If you require assistance to complete the Application Form or have any queries relating to the receipt and processing of your Application you should contact the Share Registry, Computershare Investor Services Pty Limited, on 1300 556 161.

If you require assistance and/or have any queries relating to the Prospectus and the Offer, you should contact an appropriately qualified adviser.

3 INDUSTRY BACKGROUND

3.1 Industry Overview

Biron, through its acquisition of Ed Harry and Physico, will become a vertically integrated apparel group, focused on the Australian market. The majority of the Company's revenues will be derived from two industries: apparel retailing and apparel wholesaling. The apparel wholesaling industry primarily performs a procurement and distribution service to the apparel retailing industry. Some other retailers have also adopted a strategy of developing a wholesale division to supply their retail division, thereby organically creating a vertically integrated business model.

Ed Harry operates in the men's apparel segment of the apparel retailing industry and Physico operates in the general apparel wholesale industry.

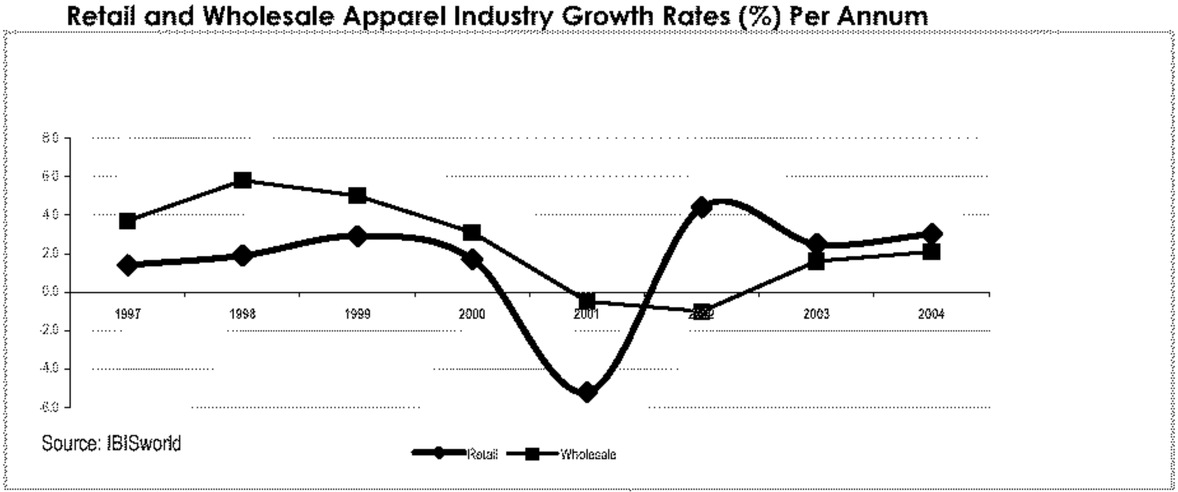
The apparel retail and apparel wholesale industries are closely linked. In particular, they share some key demand drivers, including the following:

- Household disposable income – An increases in income generally leads to greater expenditure on consumer products;
- Consumer confidence – Consumer confidence is recognised as being a leading indicator of demand for apparel products;
- The price of apparel relative to other goods - As the price of clothing falls relative to other products consumer demand for apparel may be stimulated;
- Population size - Increases in population levels generally leads to greater demand for clothing and apparel;
- Fashion - Changes in fashion cycles tend to stimulate demand for apparel items; and
- Seasons and weather - Consumers purchase different products for different seasons and weather conditions, which impacts demand cycles throughout each year. and
-

The apparel retailing and apparel wholesaling industries are discussed in more detail below:

3.2 Apparel Retailing

Retail and Wholesale Apparel Industry Growth Rates (%) Per Annum



Background

The Australian apparel retailing sector encompasses businesses involved in sourcing products from wholesalers or direct from manufacturers and selling these products directly to consumers. Goods sold by retailers are generally not altered significantly following their procurement. Retailers tend to devote significant resources to advertising and marketing, store management, new store site selection, product merchandising and inventory control.

Industry participants can source their products in a number of ways. These include own manufacture, contract manufacture, or purchase through a wholesaler or brand owner.

Products can be sourced locally or from overseas, the latter being predominantly from Asia. Ed Harry has historically sourced most of its products from domestic wholesalers.

For imports, the level of clothing tariffs and exchange rates will affect the cost of the goods. Since 1990, import tariffs in Australia in relation to clothing have fallen from 55% to 17.5% as at 1 January 2005. This has reduced the landed cost of products for many Australian retailers.

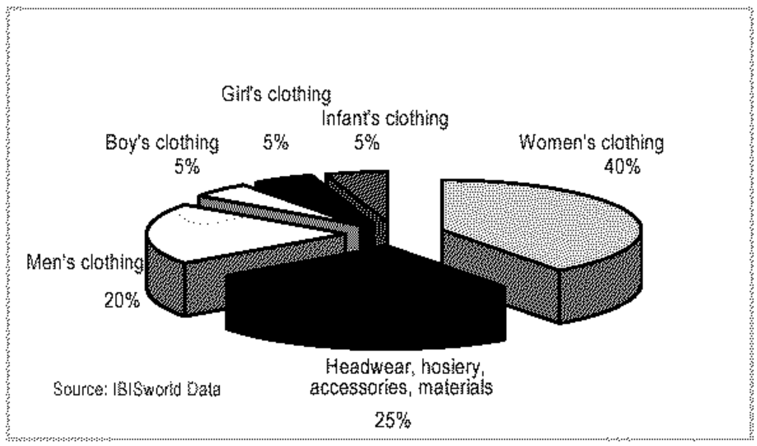
The majority of clothing imported from Asia is priced in United States dollars and consequently Australian imports are exposed to movements in the A$/US$ exchange rate. The appreciation of the Australian dollar in recent years has served to reduce the A$ and NZ$ cost of purchases which should have benefited importers of clothing.

Physico has historically reduced its exposure to currency movements by placing buying orders when selling orders have been received. This matching process ensures Physico does not carry material currency risk. Currency risks in relation to Biron are discussed further in Section 7.

Industry Structure

The retail apparel markets in Australia are highly fragmented and a majority of the industry is accounted for by small independent stores. Men's apparel, the sub sector in which Ed Harry participate, accounts for approximately 20% of the total retail sector, as shown in the diagram below.

Industry Segmentation by Product



The apparel retail sector comprises a wide range of retail formats including specialty retail apparel chains, full service department stores, discount department stores and single store operations. Store locations include major shopping centres, prime retail strips, country towns and resort villages. In Australia, specialty apparel stores account for a majority of women's and men's clothing sales.

Apparel demand is influenced by many factors, including general economic conditions (including GDP growth, interest rates and employment levels) and consumer sentiment.

This apparel industry is a relatively mature industry, as evidenced by moderate growth rates. Competition in the industry is strong exacerbated by external competition from department stores which now account for a significant share of total retail sales in women's and men's clothing. Despite strong competition, however, some smaller operators have been able to achieve strong gross profit margins.

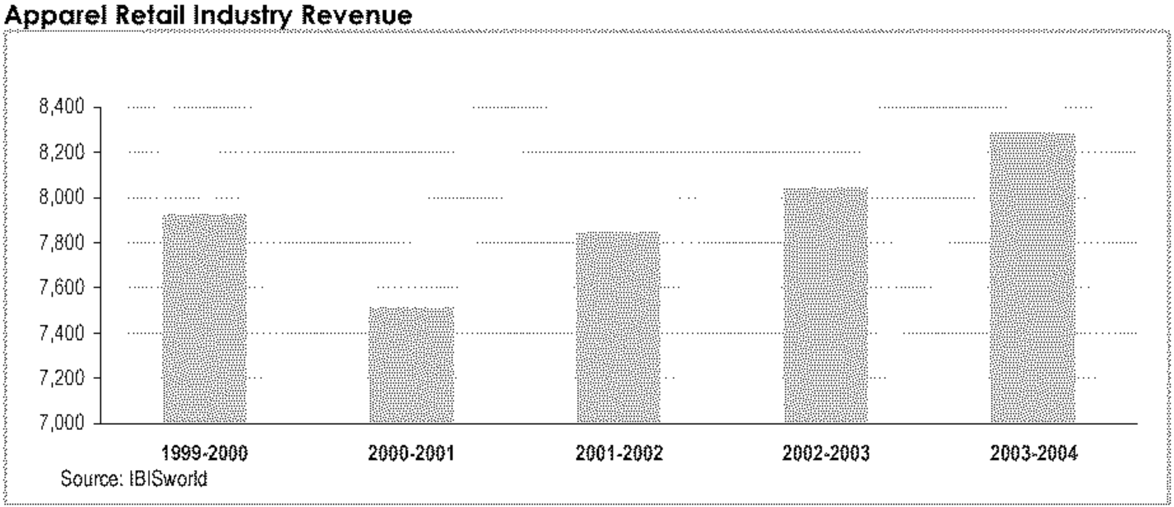
Scale is an important source of advantage for apparel retailers. For example, chain stores currently have an advantage over independent stores in the form of greater buying power and lower rent to sales ratios. The trend towards greater vertical integration may again disadvantage the independent store operator, as chain stores will have greater control over their supply chain and be able to reduce costs through the elimination of the supplying intermediaries.

Industry Growth

Industry analysis of the Clothing Retailing Industry in Australia during 2003-04 (source: IBISWorld) shows:

- Industry revenue increased by 3.0% in 2003-04 to $8283 million;
- Historic industry growth has been modest. Over the past five years, industry revenue has increased at an average rate of 1.2% per annum. Over the past three years, industry revenue has strengthened and the average rate of growth has been 3.3% per annum.

Apparel Retail Industry Revenue



3.3 Apparel Wholesaling

Background

The apparel wholesaling industry consists of businesses engaged in purchasing apparel products and on selling those products to retailers. Retail customers include department stores, independent retail chains and boutique retail stores. Clothing products are often modified or rebranded by the wholesaler as part of the value adding wholesaling process. Key activities undertaken by apparel wholesalers include managing outsourced manufacturing processes, importing and exporting, and warehousing and distribution. The wholesalers' relationships with manufacturers and retailers are important business drivers for operators within the apparel wholesaling industry.

The historical distinctions between clothing manufacturers, wholesalers and retailers are breaking down mainly at the larger end of the market. Some large retailers are increasingly dealing directly with local and overseas manufacturers, thus bypassing the traditional wholesaling business for a large proportion of their clothing stock.

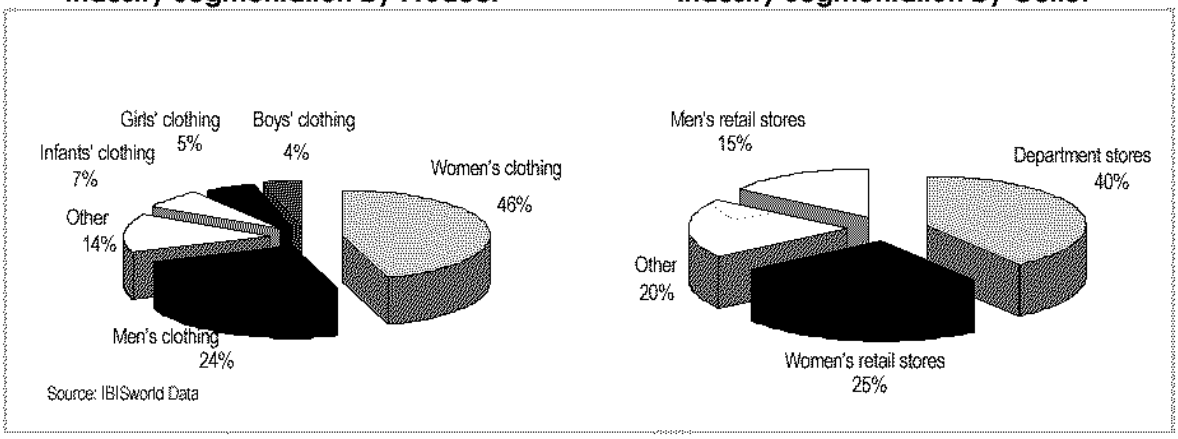
Industry Structure

Australian Bureau of Statistics (ABS) data as at June 2004 estimates that there were approximately 2,015 enterprises operating as clothing wholesalers in Australia. These businesses are primarily involved in the distribution of clothing products to retailers. The industry is characterised by a high level of integration in which many operators are also involved in the manufacturing and/or retailing of clothing products. There are also specialist wholesalers who act purely as the distributor from manufacturers to retailers. Some operators are also involved in the design of the product and will generally outsource the manufacturing process.

The apparel wholesaling industry is highly fragmented with no single participant holding more than a 10% share of the market.

The diagrams below show segmentation of the apparel wholesaling industry by product and by retail outlet. The major market for wholesalers is the retailers such as department stores, specialty men's, women's stores and children's stores. Other retail stores that may be part of this segment can be sports and surfwear retail stores. Men's clothing, the product sub market in which Ed Harry participates accounts for approximately 24% of total industry sales.

Industry Segmentation by Product **Industry Segmentation by Outlet**



Margins within this industry tend to vary widely between operators. Margins may be driven by factors such as type of merchandise and typical order size. Stock turns for a particular product line is also an important driver, with higher stock turn lines generally priced at a lower margin. Larger operators within the apparel wholesaling industry may benefit from scale by achieving lower per unit product transportation and storage costs.

Profitability within the apparel wholesaling industry has been under pressure due to price competition in recent years.

Industry Growth

Industry analysis of the Clothing Wholesaling Industry in Australia during 2003-04 (Source: IBISWorld) shows:

- The industry reported revenue of $4.56 billion. This represents an increase of 2.1% from the previous fiscal year
- Industry growth has been modest, with total sales revenue increasing at a compound average growth rate of 4.2% for the 10 years to 30 June 2004.

Apparel Wholesale Industry Revenue

Source: IBISworld

The apparel wholesale industry is a mature industry and this is reflected by the moderate historic sales growth rates experienced. Industry revenue is highly dependent upon demand in the clothing market, which is in turn dependent upon the overall level of economic activity. In addition to macroeconomic factors, growth rates have been curtailed by two key trends:

- Price competition within the industry, resulting from a large number of participants in a fragmented market; and
- The trend towards retailers by-passing wholesalers and establishing new channels for sourcing products from overseas suppliers.

These trends may increase consolidation activity in the apparel wholesaling sector, both between wholesalers and between wholesalers and retailers as part of vertical integration strategies.

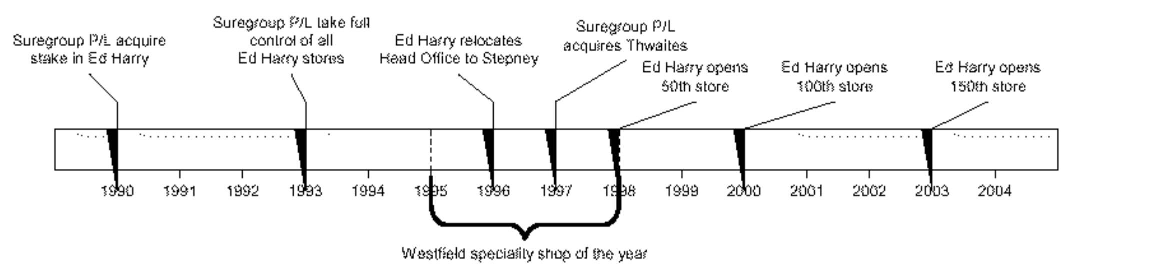
4 BUSINESS OVERVIEW

4.1 Background - Ed Harry

Overview

Ed Harry was established in 1986 with a small store in Victoria Square (Adelaide). Suregroup Pty Ltd acquired a stake in the business in 1990, before taking full control in 1993. Since then, the business has grown to a network of over 175 stores.

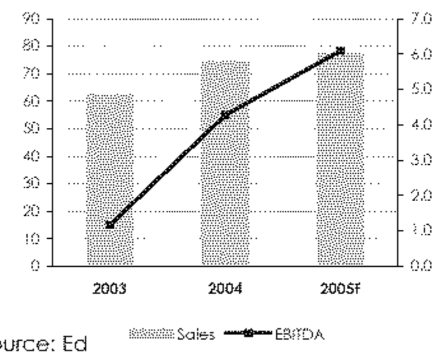
Ed Harry Development Milestones

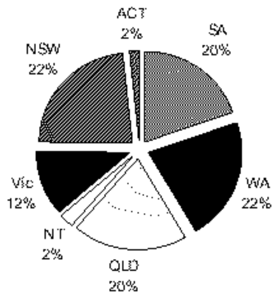


Source: Ed Harry

Ed Harry is now Australia's largest independently owned specialty retailer of men's apparel (by number of company owned stores). It currently has over 175 company owned stores across Australia, and has identified opportunities for the roll out of an additional 130 stores. The diagram's below shows the track record of sales and EBITDA growth achieved by Ed Harry.

Ed Harry Unaudited Sales and EBITDA ($m) **Ed Harry Number of Stores by State**





Source: Ed

Ed Harry retails men's fashion apparel to a double generation target market of males aged 25 years and 45 years with an underlying value for money proposition across four lifestyle categories (classic day, fashion day, classic dress, formal dress).

Ed Harry offers customers a broad range of casual apparel including: suits, shirts, tops, pants, jeans, shorts, t-shirts, underwear and other accessories. Ed Harry sells 'own branded' products, including: Contemporary, Jonathan Adams, Easy Street, Tribute, Mogul, Mancini, Eds, EdTek and Easy Surf. It also sells well known third party brands such as: Tarocash, Lee Cooper, Quarterback, Essential, Point Zero, Back Bay, Yarra Trail, Farah, Aussie Male, Bracks, Mod Culture, Blueprint and Angry Minds. Some of these third party brands are supplied exclusively to Ed Harry, or are supplied on an exclusive line basis.

Ed Harry's head office is in Adelaide, South Australia. The business has approximately 660 employees approximately one third of which are full time, with the remainder being casual.

Business Model

Ed Harry's business model is distinguished by a number of key attributes, including:

- An established national retail brand with a reputation for selling products with a high quality to price ratio;
- Sells a range of products including company owned and third party brands within four lifestyle categories and across different price points;
- Has a portfolio of third party brands, some of which are exclusive to Ed Harry or are supplied on an exclusive line basis (i.e. products are developed specifically for Ed Harry);
- The ability to establish new stores in smaller catchment areas, and adopting a strategy of opening clusters of stores in particular regions, to achieve economies of scale;
- A distinctive store appearance with flexible layout that encourages multiple unit sales and focuses on female shoppers, which comprise 60% of Ed Harry's customers;
- An experienced management team and retail staff, who have been given the responsibility to make 'real' decisions reflecting a strong 'owner' mentality amongst staff;
- Strong alliances with key suppliers, which enables ranges to be revisited and corrected in-season to meet product demand; and

The retail sector and business community has recognised the achievements of Ed Harry through the following awards:

- Westfield Specialty Store of the Year 1995-1998;
- Consecutive years as one of the BRW fastest growing private companies 1996-1999;
- Ernst & Young Entrepreneur of the Year Finalist 2003; and
- Australia Day Council Business Award Certificate of Business Achievement in 2000.

Product Range and Brands

Ed Harry has established a strong position in the Australian men's apparel retail sector. Ed Harry's product range contains a mixture of own branded (approximately 70% sales) and third party brands (approximately 30% sales). Products are focused towards casual wear and to a lesser extent relaxed formal wear, covering both day and evening dressing.

Ed Harry's products have a 'commercial' fashion element and the highest possible quality to price ratio.

Whilst the early success of the business was based on "wide choice and best value", a new market focus, based on "best choice and best value", has been established. This has allowed for better purchasing, presentation and a clear market position with the introduction of company owned branded merchandise, and the joint development of exclusive lines for some third party fashion labels.

Selected Ed Harry Own Brands | **Selected Third Party Brands**

Ed Harry has successfully positioned its brands and products within four discreet lifestyle categories:

Classic Daywear	Fashion Daywear	Classic Dresswear	Fashion Dresswear
Yarra Trail (E)	Point Zero (E)	Mancini (O)	Tarocash (R)
Back Bay (R)	Easy Street (O)	Bracks (R)	Mod Culture (R)
WFTW (E)	Mogul (O)	Baloucci (R)	Jonathon Adams (O)
Tribute (O)	David & Goliath (R)	Christopher George (R)	
Contemporary (O)	Angry Minds (R)	Aussie Male (R)	
Eds (O)	Blue Print (R)	Essential (E)	
EdTek (O)	Lee Cooper (R)		
	Easy Surf (O)		
	Eat My Dirt (new) (E)		

O – Company owned brands
E – Third party brands exclusive to Ed Harry or products supplied on exclusive line basis
R – Third party brands, where products bought from supplier range

Approximately 20% of total sales come from non-season products (which trade from season to season) with the remainder of sales coming from seasonal products.

Market Position

Ed Harry operates in the Australian men's clothing retail sector, which according to IBISWorld, generated turnover of around $1.5 billion (or 19% of the total clothing retail sales) in FY2003.

The business sells quality products with a commercial fashion element, and an underlying value for money proposition across all segments and price points (i.e. the highest possible quality to price ratio).

Ed Harry's clothing range appeals to men aged between 20 years and 55 years, with a defined target market of men between 25 years and 45 years. Ed Harry is the largest independently owned specialty menswear retailer in Australia, (by number of company owned stores), and shares the menswear segment with:

- Other specialist menswear retailers
- Department stores; and
- Unisex retailers.

Product Sourcing and Distribution

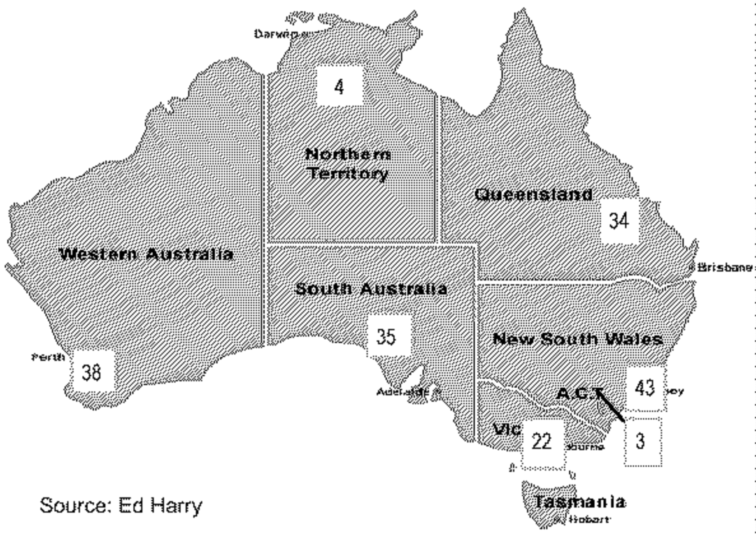
Ed Harry develops the majority of its merchandise in-house with the support of its 6 major suppliers (all Australian based). Ed Harry's products are predominately manufactured in China, using established and reliable manufacturers. Approximately

90% of stock (by volume) is delivered direct into store, and 10% is delivered into store from Ed Harry's warehouse located at head office. All of Ed Harry's products are paid for in Australian Dollars.

Stores

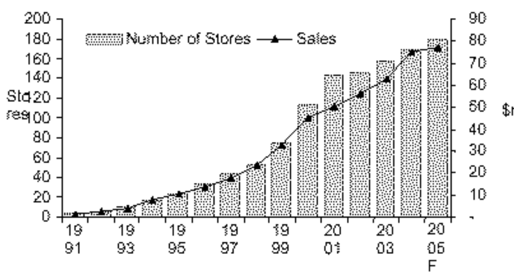
Ed Harry currently has over 175 stores located in all mainland States and Territories in Australia with a strong presence in regional areas. The diagram below illustrates the geographic distribution of the Ed Harry stores.

Ed Harry Store Information



Source: Ed Harry

Ed Harry Store and Sales Growth Analysis



Ed Harry Store and Industry by State

Source: Ed Harry

Ed Harry's retail stores range in size from 72 m^2 to 250 m^2, with a target store size of around 120 m^2.

The majority of Ed Harry's stores are leased with terms of 5 years to 6 years. Landlords include Westfield, Lend Lease, Gandel Group, Stockland and Centro.

Information Technology

The Directors of Biron and Ed Harry management view information gathering, analysis and dissemination as an important part of the core to Ed Harry's future development. Consequently, Ed Harry has recently invested heavily in the future by implementing integrated Windows based management systems (Retail Directions, Time Target, Finance One). These systems are currently being implemented and cover all aspects of Ed Harry's supply chain, the sales process (including POS), Payroll and Financial Control. As part of the continuing drive for best practice and future proofing, Ed Harry stores are on line 24 hours a day, 7 days a week, using the latest Virtual Private Networking systems. Having the VPN has delivered several benefits including enhanced speed and accessibility of key sales and inventory data by all personnel across Australia (in real time); and the ability to better analyse and act on stock movements/trends in particular regions. The Directors anticipate that the system roll out will be achieved over the next 12 months.

4.2 Background - Physico Clothing Company

Overview

David Greenblo and Colin Elterman founded Physico in 1993 and it has since grown to become a significant Australian clothing company specialising in the sourcing, manufacturing and supply of both branded and generic ladies apparel and sleepwear to the major department and specialty chains in Australia and New Zealand.

Physico has operations in China which, as well as supplying the needs of the Australian market, export men's, ladies and children's apparel to volume retailers in Europe, Canada, Russia and South Africa.

Physico established operations in China in 2000, in response to an identified need to secure a long term, cost effective supply network. In 2003 a major growth opportunity to supply South African retailers was identified.

A second Physico representative office may be opened in Shanghai in the near future to assist in servicing export customers.

Business Model

Physico operates from its 7,000m^2 office, showroom and distribution centre in Alexandria, Sydney as well as from its sourcing office and showroom in Nanjing, China and its sales office in South Africa.

Physico has two distinct business units: Physico Australia and Physico China. The majority of revenue is derived from Physico Australia's three operating divisions (Outerwear, Intima and Popstar), with Physico China's Export division comprising the remainder.

Physico focuses on efficient supply chain management and the timely delivery of quality product to its market segments. The Directors of Biron believe that this core competency, together with substantial product development and China sourcing capabilities, will allow Physico to continue to succeed as a mass-market clothing supplier in Australia.

A key part of Physico's strategy is to focus on commitment to servicing its customers and on a flexible approach to reacting and responding to the ever-changing fashion and basic needs of its competitive environment.

For the 2004 financial year Physico recorded $44.9m in revenue. The decline in Physico's revenue from $62.6m in FY2003 to $44.9m in FY2004 was attributable to a reduction in sales volumes resulting primarily from Physico's decision not to accept a number of low margin orders, as well as the loss of one large customer. Despite the decline in revenue for FY2004 compared to FY2003, Physico's gross margin increased during this period from 29% to 36%. The Company has forecast FY2005 revenue of $44.4m, as shown in the chart below.

Physico Sales ($m)

Source: Physico

Note: Physico's Sales and EBITDA are audited for the 2003 and 2004 Financial years and for the period from 1 July 2004 to 28 February 2005

Physico Australia

Physico's Australian business is comprised of three divisions: Outerwear, Intima and Popstar. The table below summarises the key attributes of each division: division description, product description, target market, and revenue contribution (%).

	Outerwear Division	**Intima Division**	**Popstar Division**
Division Description	Develops and sources fashionable ladies apparel in a range of knitted and woven fabrics	Designs, develops and sources sleepwear for both ladies and girls	High fashion, affordable merchandise for young women and girls
Product Description	Classic and contemporary garments that appeal to the mass market consumer	Generic sleepwear , licensed product for a specialty retailer and branded product under the company's own brand "Anywear Anytime" and "Pyjama Party"	Branded, close to the mark high fashion garments supplied under the Company's own brands of "Popstar" "Curve" and "Toile". "Popstar" and "Curve" are registered trademarks, and "Toile" is unregistered
Target Market	Consumers aged 18 to 65 across both traditional and large sizes	Mass-market female consumers of all ages and sizes. Merchandise is supplied to the major retailers and independent boutique stores	Young, fashion conscious ladies and teenagers aged 15 to 30, who prefer smaller sized merchandise. In addition an interpretation of the product is supplied to a major retailer for ages 7 to 14. Product is supplied to major retailers as well as independent boutique stores
Revenue Contribution (FY2005 forecast)	56%	19%	10%

Physico China

In 2000 the management of Physico recognised the need to respond to the changing manufacturing environment within Australia and its need to formalise its sourcing operation from off shore. Accordingly, Physico set up the Company's own sourcing and export office in Nanjing, China.

The infrastructure in China, is responsible for procuring and controlling approximately 80% of Physico's production requirement. In addition, through this capability, the Company has developed an export customer base to which it supplies both ladies and men's apparel on a Free On Board (FOB) basis. As a result of this, the Company has established a sales and design office in Cape Town, South Africa to service its customers in that region. The revenue generated from the Export Division is seen by management as the real growth opportunity for the company.

The Export Division has grown rapidly over the past 18 months and now comprises approxomately15% of total revenues.

The Company has secured its manufacturing capacity by developing strategic relationships with a number of factories. Physico has secured the substantial production capacity of four factories and is considering investing in its own factory to further expand it's manufacturing and export capability.

Physico currently employs 55 people in its China office. All financial transactions and reporting is administered and controlled by Head Office in Australia.

Physico supplies many of the major chain stores and department stores in Australia. With the exception of branded product which Physico markets to department stores and independent retailers, all of the Company's merchandise is developed specifically for the needs of individual customers. Physico has sales teams that concentrate only on specific customers and works with those customers in the development of unique product for that customers specific market segment.

Each sales team has a merchandise team in China to support them and shares the combined resources of the Company such as the graphic arts centre, China sourcing, quality assurance, shipping, warehousing, administration, IT and distribution.

This centralised support structure allows Physico the flexibility to increase volumes and revenues to existing customers whilst minimising cost increases associated with this growth.

4.3 Biron – the Merged Entity

Biron's acquisitions of Ed Harry and Physico will transform Biron into a vertically integrated apparel business with over 175 retail stores, and an established wholesale infrastructure, including an office in China. Pro Forma 2005 revenues of the combined entity are forecast to be in excess of $120 million.

The key opportunity for the combined entity is supply chain improvement. Unlike many Australian retailers, Ed Harry does not directly import, but sources most if its product from domestic suppliers. Physico's core competencies include importation and wholesaling.

The Directors believe the merging of Ed Harry and Physico to create a vertically integrated business model should create value by:

- Allowing Biron to capture increased wholesale gross profit as the Company leverages the Physico wholesale infrastructure across the Ed Harry Business;
- Providing Ed Harry with a means to buy direct from offshore (via Physico), thereby accessing cheaper product;
- Combining management expertise from the retail and wholesale spheres to better service customers; and
- Achieving cost savings from increased scale of operations as a result of merging two businesses.

Prospective investors should read the Risks set out in Section 7 carefully before considering an investment in the Company.

Strategy

Biron's strategy seeks to focus the Company on preserving the existing profitability of Ed Harry and Physico, while positioning the Company to benefit from expected synergies resulting from the merger of the two businesses. Biron's current strategy can be summarised as follows:

Phase 1 Integrate acquisitions, focus on continued retail store rollout;

Phase 2 Increase wholesaling activities and consider acquisitions;

Retail Growth Opportunities

The Directors of Biron believe there are a number of excellent growth opportunities for the Ed Harry brand, excluding the opportunities arising from its combination with Physico. Some of these growth opportunities are as follows:

- Continued store growth; the Biron Directors believe there is the potential to expand significantly the number of Ed Harry stores in Australia and New Zealand. The Company has identified opportunities for the roll out of an additional 130 new stores. The Company plans to roll out 15 new stores in the next 12 months. The focus of store rollout will initially be on New South Wales and Victoria, where Ed Harry is under represented on a pro rata population basis;
- Expansion and further refinement of the business' product range, including the introduction of new brands and development of new accessory ranges with suppliers (socks, ties, underwear, belts);
- Build on Ed Harry's existing brand awareness and profile through greater advertising and promotion; and
- An ability to leverage Ed Harry's cost structure as new stores are rolled out.

Wholesale Growth Opportunities

Physico has a number of growth opportunities other than the supply of menswear to Ed Harry. Although other domestic growth opportunities exist, Biron believes most of the opportunity for growth is in offshore markets. Key growth opportunities include:

- *Canada, the United Kingdom as well as other European countries* - Physico has been successful in establishing relationships with both retail and wholesale customers in these regions and believes that future revenue from such relationships is a growth opportunity for the Company. Physico has also recently entered into an exclusive arrangement with a UK based fashion company that supplies retailers at the volume, fashion forward end of the market and increased volumes are expected over the next twelve months.

- *South Africa* - Traditionally, South Africa has manufactured a large proportion of its own clothing requirements but with the reduction in tariffs and the globalisation of the apparel industry, retailers are focusing on China as a source of apparel. As a result, imports are rising. Physico has an opportunity to become a significant player in the South African market as it has already established relationships with two major customers and is currently shipping increasing volumes of merchandise to these customers.

- *United States* - The reduction of import quotas in the US may result in opportunities to supply more volume to US companies as they seek new sources of supply. Although Physico is beginning to establish relationships with customers, it does not expect to ship meaningful volume to the USA within the next twelve months.

- *Australia* - Whilst it is acknowledged that the wholesale market in Australia is becoming more competitive as a result of vertical integration, opportunities for growth remain, particularly through participating in the consolidation of the wholesaling industry through acquisition. Biron will look to make further 'bolt on' acquisitions in the apparel wholesaling industry, should attractive opportunities arise. Biron is also investigating innovative supply arrangements with other Australian wholesalers and retailers.

5 BOARD AND SENIOR MANAGEMENT

5.1 Changes to the Board of Directors

It is a condition of the Acquisition Agreements that Mr David Greenblo and Mr Neil Brine will be appointed as Directors at Completion and that Mr Gavin Argyle one of the Current Directors will resign from the Board. It is also expected that Mr Jeremy Shervington will leave the Board once a suitable replacement is found.

5.2 Profiles of Directors and Proposed Directors

John Corr - Executive Chairman – Age 48
LLB(Hons (Murdoch University)), B.Comm (University of Western Australia), BA (Murdoch University)

John Corr has more than 20 years experience as a merchant banking corporate finance specialist. His experience across both private and public companies includes stock exchange listings, local and cross border mergers and acquisitions and complex corporate restructuring. John has worked with several Australian listed companies and has been extensively involved in the stockbroking and investment banking sectors.

He is currently Chairman of Biron Capital Limited and Sundance Resources Limited. Following Completion John will retain his position as Director and Executive Chairman of the Company.

David Greenblo - Group Managing Director – Age 48
BA (Economics)(Hons) (University of Cape Town, South Africa)

David Greenblo immigrated to Australia in 1980.

He began his career in the apparel industry at Myer as a "Graduate Trainee" and has since held various management positions in both buying and stores including General Management positions at Cue Design, a vertically integrated retailer and Depict Fashions, a wholesale fashion supplier.

In 1987 David and Colin Elterman established a retail sporting goods chain which they built to ten stores and subsequently sold. In 1993 Physico Clothing Company was established and David, as Managing Director, has been instrumental in the growth and success of the business to date.

Conditional on his appointment as a Director, David will be appointed to the position of Managing Director of the Company.

Neil Brine - Executive Director – Age 54

Neil Brine has 40 years experience in the clothing industry and has been the key Executive in the development of the Ed Harry Business since 1990.

Prior to his involvement with Ed Harry, Neil's working career involved 18 years with the Sportscraft Group in Sales, Marketing and Product Development roles, ultimately leading to directorship in the consolidated Company and the appointment as Managing Director of Sportscraft's Menswear operations.

Over recent years Neil has assisted business SA in the development of young entrepreneurs in a mentoring role.

Conditional upon his appointment, Neil will become an Executive Director of the Company.

Jeremy Shervington - Non Executive Director – Age 48
B.Juris., LLB. (University of Western Australia)

Jeremy Shervington has almost 25 years experience as a lawyer and currently operates a Western Australian based legal firm. He specialises in the laws regulating companies and the securities industry in Australia.

Jeremy has since 1985 also served as a director of various ASX listed companies as well as a number of unlisted public and private companies.

He is currently a director of 4 ASX listed companies.

Gavin Argyle - Non Executive Director – Age 42
B.Com (University of Western Australia), MBA (Wharton Business School, University of Pennsylvania)

Gavin Argyle has 10 years experience in investment banking and stockbroking in Australia, including initiating, managing and completing share placements and initial public offerings for more than 30 companies.

Over the past 5 years, Gavin has also been a director of numerous private and public companies. He has extensive experience in the mining and investment industries, particularly in Western Australia. He has a significant knowledge and understanding of the financial criteria and methodology used in assessing investment proposals.

Gavin is currently Chairman of VirtualPlus Limited and a board member of Capital Investment Partners Pty Limited.

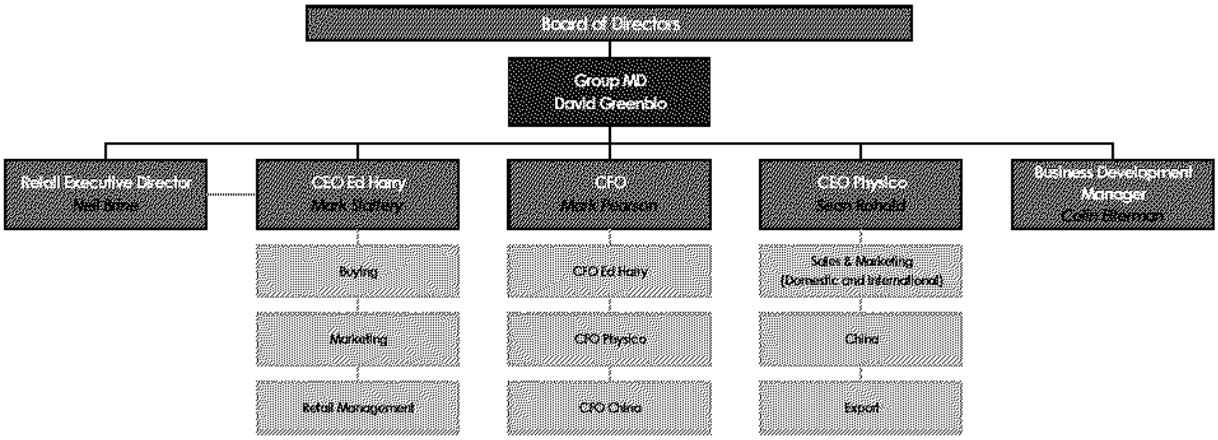
Gavin will relinquish his position following Completion.

5.3 Senior Management

The senior management team of Biron will comprise executives from both the Ed Harry and Physico businesses. In addition, Mark Pearson and Mark Slattery have agreed to join Biron as CFO of Biron and CEO of Ed Harry respectively. Neil Brine, the current Managing Director of Ed Harry, will be contracted to Biron for a minimum period of 18 months to provide ongoing assistance in managing and integrating the Ed Harry Business.

The diagram below summarises the proposed organisation structure for Biron.

Biron Group – Organisation structure



Mark Pearson – CFO Biron – Age 37
B.Comm (Newcastle University) MBA, MBL, MFin (Bond University)

Mark is a seasoned finance professional with over 15 years of financial, management and operational experience. His experience covers a broad range of industries covering professional services, construction, manufacturing and industrial services.

Having worked at Ernst & Young for 8 years, Mark achieved the level of Senior Manager before moving from the chartered environment. Mark subsequently accepted a position as the General Manager of Finance for a medium sized manufacturing operation. Over the next 4 years, he gained considerable commercial experience at an executive level. Additionally, Mark has undertaken extensive postgraduate studies in the areas of management, finance and law.

Mark's last role was as the Chief Financial Officer and Company Secretary for Cordukes Limited, an ASX listed public company. In this role Mark was responsible for all financial, administrative and compliance matters.

Mark Slattery – CEO Ed Harry – Age 39
B.Bus (Acc), CPA, A.S.I.A.

Mark Slattery has a great depth of experience within the fashion retail industry working in key management positions of 3 major Australian fashion businesses over the past 16 years.

The experience most relevant to his current role was derived in Mark's first role, where he spent 13 years with the Sussan Group. Over this time, Mark worked in a variety of roles, which allowed him to develop a complete understanding of successful retailing. Mark was exposed at both a detailed operational level and a high level senior management level.

In the past 3 and a half years, this prior experience has been complemented with 18 months at Gazal working on the international expansion of the Mambo division, and most recently Mark has spent two years with the Oroton Group heading the group's finance department.

Mark has developed a broad understanding of finance, accounting, supply chain IT, merchandise planning, retail operations, and to a lesser extent buying and marketing and sourcing.

Sean Rohald – CEO Physico – Age 35
B.Comm. B.Acc (University of Witwatersrand)

Sean Rohald is responsible for the control of the Physico business including full profit and loss accountability. Sean is an accountant and has 9 years of experience in the clothing industry. He held the position of Managing Director in a South African company with a similar structure to Physico.

Colin Elterman - Business Development Manager – Age 54
B.Comm (Hons Accounting) (University of Cape Town)

Colin Elterman has run many businesses both locally and internationally during his 30 year business career. Colin is responsible for new business development within the group.

6. FINANCIAL INFORMATION

6.1 BASIS AND METHOD OF PREPARATION

This section contains a summary of the Proforma Consolidated Historical and Forecast Financial Information for Biron, Ed Harry and Physico.

The Financial Information presented comprises the following:

- Statements of Financial Performance, comprising a summary of the Proforma Consolidated Historical Financial Performance for the years ended 30 June 2003 and 2004 and eight month period ended 28 February 2005 and a summary of the Proforma Consolidated Forecast Financial Performance for the year ending 30 June 2005;
- Key Best Estimate Assumptions used in the preparation of the forecast financial information, comprising both General and Specific Assumptions;
- Proforma Consolidated Statement of Financial Position as at 28 February 2005; and
- Notes to the Proforma Consolidated Statement of Financial Position;

Proforma Statements of Financial Performance

For the purpose of preparing the Proforma Statements of Financial Performance, it has been assumed that the shares in Physico and the business and assets of Ed Harry, all of which are to be acquired by Biron Capital with effect from July 2005, had been owned by Biron Capital since 1 July 2004.

However, neither the expected synergy benefits nor additional costs arising from the aggregation of the Trading Entities are included in the Proforma Statements of Financial Performance.

The Proforma Historical Statements of Financial Performance are reported as to the profit before interest and tax, as the entities to be acquired by Biron Capital operated under substantially different corporate structures, with different gearing, treasury and tax profiles.

Proforma Adjustments

In preparing the Proforma Consolidated Historical Financial Information, a number of adjustments were made to the financial reports of each of the Entities that were subject to either an audit or review engagement. This is to eliminate the effects of non-recurring items, and balances that will not remain as part of the Entities after the proposed acquisition and to reflect consistent accounting policies that will be applied across the Entities subsequent to their acquisition.

Audit and Review of Historical Financial Information

The Biron Capital financial reports for the 2003 and 2004 financial years were subject to an independent audit and the financial report for the eight month period ended 28 February 2005 was subject to an independent review.

The business of Ed Harry was previously carried out by Suregroup Pty Limited, as trustee for the Brine Family Trust. As such, the trust's financial statements were not subject to independent audit.

The Ed Harry financial reports for the 2003 and 2004 financial year and for the eight month period ended 28 February 2005 were however subject to an independent review.

Physico's financial reports for the 2003 and 2004 financial years and the eight month period ended 28 February 2005 were subject to an independent audit. Unqualified audit opinions were issued for the respective periods. The financial reports have been subject to an independent review.

Forecast Financial Information

The Proforma Consolidated Forecast Financial Information has been prepared with reference to a number of estimates and assumptions concerning future events. These include the Key Assumptions set out in Section 6.3. The Directors believe that the Proforma Consolidated Forecast Financial Information has been prepared with due care and attention. They consider the Best Estimate Assumptions as a whole to be reasonable as at the time of preparing this Prospectus. Both the Proforma Consolidated Forecast Financial Information and the Best Estimate Assumptions are by their very nature subject to significant inherent business, economic and political uncertainties and risks, many of which are outside of the control of the Directors and are not reliably predictable. Therefore, actual financial results are likely to vary from those forecast and variations may be materially positive or negative. As a result, neither the Directors nor the Company can give any assurance that the financial results set out in the Proforma Consolidated Forecast Financial Information will be achieved.

Given the brief forecast period, sensitivities relating to the forecast are not presented.

Additional Information and Support for Financial Information

Both the Proforma Consolidated Historical Financial Information and the Proforma Consolidated Forecast Financial Information should be read in conjunction with the Assumptions set out in Section 6.3 and the Risk Factors set out in Section 7.

6.2 STATEMENTS OF FINANCIAL PERFORMANCE

Set out in the table below are the Summarised Proforma Consolidated Historical and Forecast Statements of Financial Performance for Biron Capital and the Trading Entities. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

$'000s	Actual FY 2003 [1]	Actual FY 2004 [1]	Actual 8 Months to 28 Feb 05 [1]	Forecast FY 2005 [2 5 6]
Revenue	125,046	119,601	95,056	121,135
- Ed Harry	62,629	74,759	62,434	76,772
- Physico	62,417	44,842	32,622	44,363
EBITDA	1,309	5,478	6,048	6,343
- Ed Harry	1,064	4,291	4,532	5,720
- Physico	925	1,787	1,916	1,223
- Corporate costs	(600)	(600)	(400)	(600)
EBIT	367	4,636	5,309	5,390
- Ed Harry	334	3,791	4,032	5,120
- Physico	633	1,445	1,677	870
- Corporate costs	(600)	(600)	(400)	(600)
Borrowing costs(3)				765
Net Profit before Tax				4,625
Tax(4)				1,388
Net Profit after Tax				3,237
Undiluted earnings per share (cents)(7)				9.0

Notes

1. The Summarised Proforma Consolidation Historical Statements of Financial Performance for the financial years ended 30 June 2003 and 2004 and eight months ended 28 February 2005 have been extracted from the Entities' financial reports and normalised to exclude non-recurring items.

   In particular, given that Biron's principal activities of the provision of secured mortgage finance were discontinued during FY2005, the results of those activities for FY 2003 and FY2004 and eight months ended 28 February 2005 have been excluded in preparing the Summarised Proforma Consolidated Financial Performance. Annual listed public company costs of $600,000 have however been allowed in the Proforma historical results.

2. The Summarised Proforma Consolidated Forecast Statement of Performance for FY 2005 is derived from the Proforma Consolidated Historical Financial Information for the eight months ended 28 February 2005 and Directors forecasts for the four months ending 30 June 2005 as if the Trading Entities were acquired as at 1 July 2004. Listed public company costs,

estimated at $600,000 per annum, have been included. Expected synergy benefits and additional costs arising from aggregating the Trading Entities have not been included.

3. Notional borrowing costs of $765,000 have been assumed for FY 2005. These costs are based on assumed average annual borrowings of $9,000,000 at an average interest rate of 8.5% p.a.
4. FY 2005 includes income tax at the corporate rate of 30%.
5. The FY 2005 Statutory Financial Results of Biron Capital will differ from the Summarised Proforma Consolidated Forecast Statement as the acquisition of the Trading Entities will only be effective from July 2005.
6. The Proforma Consolidated Forecast Financial Information is based on a number of best estimate assumptions and proforma adjustments as described in Section 6.3.
7. The undiluted earnings per share is based on 35,894,170 shares on issue.

6.3 KEY ASSUMPTION USED IN THE PREPARATION OF THE FORECAST FINANCIAL INFORMATION

The forecast financial performance of each of the Trading Entities for FY 2005 has been based on the actual results to 28 February 2005 and the Director forecasts for the four months to June 2005.

Key assumptions for the period 1 March to 30 June 2005 include:

- Ed Harry
  - Sales and margins are based on results achieved for the four months ended 30 June 2005;
  - Expenses are based on management accounts to May 2005 and best estimate for June 2005, based on previous monthly expenditure.
- Physico
  - sales and margins for the period March to June 2005 are based on orders on hand at February 2005;
  - expenses are based on current monthly expenditure of Physico on a stand alone basis.

6.4 PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Set out in the table below is the financial position of Biron Capital and Proforma Consolidated Statement of Financial Position of Biron and the Trading Entities, as at 28 February 2005 which has been reviewed by Horwath (NSW) Pty Ltd. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

$'000s	Note refer 6.8	Proforma Consolidated	Actual
Current Assets			
Cash Assets	(i)	2,250	3,395
Receivables		6,321	
Inventories		9,944	-
Other		592	-
Total Current Assets		19,107	3,395
Non-Current Assets			

Property, plant & equipment		6,360	17
Intangibles	(ii)	24,071	-
Deferred borrowing costs		670	-
Other		128	-
Total Non-Current Assets		31,229	17
Total Assets		50,336	3,412
Current Liabilities			
Payables		8,121	31
Interest bearing liabilities	(iii)	1,000	-
Provisions		754	-
Total Current Liabilities		9,875	31
Non-Current Liabilities			
Provision		205	
Interest bearing liabilities	(iii)	7,048	-
Deferred settlement	(iv)	10,367	-
Option reserve		270	-
Total Non-Current Liabilities		17,890	-
Total Liabilities		27,765	31
Net Assets		22,571	3,381
Equity			
Contributed Equity	(v)	27,773	8,583
Accumulated losses		(5,202)	(5,202)
Net Equity		22,571	3,381

6.5 ASSUMPTIONS FOR THE PREPARATION OF THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Proforma Consolidated Statement of Financial Position of Biron Capital as at 28 February 2005 is based on the actual position of Biron Capital as at 28 February 2005, which has been extracted from the reviewed financial statements as at that date, adjusted as if the following transactions had taken place as at 28 February 2005:

- The acquisition of the business of Ed Harry, payable as to $9 million in cash, the issue of 3,333,333 ordinary shares in Biron Capital at 60 cents each $6 million by way of the Deferred Purchase Price, $6 million in vendor finance and 3,333,333 Performance Shares.

  The Deferred Purchase Price and vendor finance are shown in the Proforma Statement of Financial Position at their present values of $4,928,000 and $5,438,000 respectively.

  3,333,333 Performance Shares are included in the Proforma Statement of Financial Position at their estimated fair value of $1,300,000.

  The net assets of Ed Harry included in the Proforma Statement of Financial Position are based on the actual net assets at 28 February 2005, and adjusted to reflect only those net assets to be acquired by Biron Capital and the minimum net tangible assets to be delivered to Biron Capital pursuant to the Business Purchase Agreement, of $4.6 million.

The intangibles arising on this transaction are estimated at $18.07 million;

- The reimbursement to the vendors of Ed Harry for property, plant and equipment acquired since 1 December 2004,estimated at $950,000;

- The acquisition of the shares in Physico to be satisfied by way of issue of 6 million shares in Biron Capital at 60 cents each, and 8 million Performance Shares. The Performance Shares are included in the Proforma Statement of Financial Position at their estimated value of $3,120,000.

  The net assets of Physico included in the Proforma Statement of Financial Position are based on the actual net assets as at 28 February 2005, and adjusted to reflect the minimum net tangible assets to be delivered to Biron Capital pursuant to the Share Purchase Agreement of $3.6 million.

  The intangibles arising on this transaction are estimated at $3.12 million.

- The payment of incidental costs (including stamp duty and legal and accounting fees) associated with the acquisitions of Ed Harry and Physico, estimated at $1,665,000. These expenses have been capitalised as part of the cost of acquisition;

- The offer of Capital Raising Shares as outlined in the Prospectus being the issue of 15 million shares to raise gross proceeds of $9 million;

- The payment of expenses associated with the Capital Raising, estimated at $1, 030,000. These expenses have been charged against new equity raised;

- The payment of expenses associated with the Senior Debt Facility, estimated at $400,000. The cost is reflected in the Proforma Statement of Financial Position as a deferred borrowing cost;

- The repayment of the PPC Loan and Physico shareholder loans estimated at $5.1 million;

- Drawdown of $8 million from the Senior Debt Facility to settle the transactions outlined above;

- The issue of 2 million Shares in part payment of advisory fees. These costs have been capitalised as part of the cost of acquisition; and

- The issue of 3 million 72 cent Options in part payment of the borrowing costs. These options are reflected in the Proforma Statement of Financial Position as deferred borrowing costs and a liability, at their estimated fair value of $270,000.

6.6 FINANCING FINANCIAL FACILITIES

Biron Capital is in advanced stages of negotiating the Senior Debt Facility. For further information, refer Sections 8.2 and 10.

6.7 INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

From 1 July 2005, Biron Capital will be required to report under the new Australian Equivalents of International Financial Reporting Standards.

As the acquisition of Ed Harry and Physico will be completed after 1 July 2005, the material issues of conversion to AIFRS have been identified in preparing the Proforma Statement of Financial Position.

These include:

- Business Combinations;

  Regard has been had to AASB3: Business Combinations, under which consideration is to be given as to whether or not there has been a "reverse takeover", in this case by the Physico vendors. In the opinion of the Biron Directors, control of Biron is achieved by the Physico Vendors only after the Physico Vendors complete the Physico Subscription agreement, in other words the payment of cash for the issue of the Biron Shares and accordingly, the provisions of the Business Combinations standard do not apply. Alternatively, should the Business Combinations standard in fact apply, there would be an immaterial adjustment to the goodwill on consolidation arising from the acquisition of Physico and the contributed equity;

- Allocation of Purchase Price

  AASB 3 specifies the accounting treatment to be adopted by an acquirer with respect to the purchase of a business. The standard specifies that all business combinations should be accounted for by applying the purchase method. This method involves the acquirer recognising the acquiree's identifiable assets, liabilities, and contingent liabilities at their fair value at the acquisition date. In addition, any amount by which the value of consideration given exceeds the fair value of the identifiable assets, liabilities, and contingent liabilities acquired will be initially recognised as goodwill.

  In accordance with the standard, identifiable assets not only include tangible assets but also identifiable intangible assets. An identifiable intangible asset is defined as a non-monetary asset without physical substance and, as it relates to the acquisition of both Ed Harry and Physico, could include brand names, trademarks and customer lists.

  Consequently, in accordance with AASB 3, Biron, as the acquirer of Ed Harry and Physico must recognise the fair value of the identifiable intangible assets of the acquirees at the acquisition date but only if their fair value can be measured reliably.

  Determination of the amount of goodwill and identifiable assets will be made after the acquisitions have been completed, based on independent valuations of tangible and intangible assets where necessary.

- Goodwill

  Goodwill represents the difference between the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

  Under AASB 3, amortisation of goodwill is prohibited. Goodwill is capitalised to the statement of financial position and subjected to an annual impairment test. Goodwill is allocated to cash generating units and tested annually for impairment.

- Amortisation

Amortisation will be recognised on a straight line basis over the useful lives of the intangible assets, unless such lives are indefinite. Goodwill and intangible assets with indefinite lives will not be subject to amortisation but are tested for impairment annually. Other intangible assets will be amortised from the date they are available for use.

- Income Tax

  Under AASB 112 Biron will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

- Share Based Payments

  Under AASB2: Share Based Payments, equity based payments in the form of shares and options require expensing. Accordingly, the 3 million 72 cent Options to be issued in part payment of the transaction fees have been recognised, at a value of $270,000.

  Subject to the passage of the relevant Resolutions, the 60 cent options will be expensed in the year ended 30 June 2006, increasing employee benefits expenses and contributed equity by $359,000.

6.8 DETAILED NOTES TO THE ACTUAL AND PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Proforma $'000	Actual $'000
(i) Cash Assets		
Actual balance at 28 February 2005	3,395	3,395
Proceeds from Senior Debt Facility	8,000	-
Proceeds from Capital Raising	9,000	-
Payment to Ed Harry Vendor	(9,000)	-
Reimbursement for capital expenditure	(950)	-
Transaction and borrowing costs	(1,430)	-
Costs of acquisitions	(1,665)	-
Repayment of PPC Loan and Physico Shareholder Loans	(5,100)	-
Proforma Cash Assets	2,250	3,395
(ii) Intangibles		
Arising on acquisition of:		
- Ed Harry	18,066	-
- Physico	3,120	-
Transaction costs	1,665	-
Transaction costs – issue of shares	1,200	-
	24,071	
(iii) Interest Bearing Liabilities		
Current and Non Current		
Senior Debt Facility	8,000	-

Hire Purchase liability	48	-
	8,048	-

(iv) Deferred Settlement

At present value:		
Deferred Purchase Price [1]	4,929	-
Vendor finance [2]	5,438	-
	10,367	-

[1] face value = $6 million
[2] face value = $6 million

(v) Share Capital

(a) Ordinary Shares

	No	$'000
Balance at 28 February 2005	9,560,837	8,583
Capital Raising	15,000,000	9,000
Physico consideration	6,000,000	3,600
Ed Harry consideration	3,333,333	2,000
Transaction shares	2,000,000	1,200
	35,894,170	24,383
Transaction costs		(1,030)
		23,353

(b) Performance Shares

Physico consideration	8,000,000	3,120
Ed Harry consideration	3,333,333	1,300
	11,333,333	4,420

The Performance Shares have been valued using the modified binominal model valuation methodology.

(c) Options

Options	No	Value $'000
60 cent options	1,000,000	359
72 cent options	3,000,000	270
Existing options	9,778	-
	4,009,778	629

6.9 Forecast Financial Information

The Directors commissioned Horwath (NSW) Pty Ltd to review the forecast statement of financial performance and the key underlying assumptions contained in Sections 6.2 and 6.3 and the Directors received written confirmation from Horwath (NSW) Pty Ltd that in its opinion there is no reason to believe that the assumptions do not provide reasonable grounds for the preparation of the forecast financial information, that the forecast financial information meets professional standards for reporting requirements and that there is no reason to believe that the forecast financial information is unreasonable.

7. RISK FACTORS

7.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its proposed involvement in the clothing wholesale and retail industries. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

There are a number of risks, both company specific to Biron and general investment risks, which may materially and adversely affect the future operating and financial performance and financial condition of Biron and the value of the Company.

While some of these risks can be mitigated by the use of appropriate safeguards and systems, many of them are outside the control of the Company and its Directors. There can be no guarantee Biron will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate. This Section describes risks associated with an investment in the Company. Prospective investors should note that this list of risks might not be exhaustive.

Prior to making an investment decision, prospective investors should read this Prospectus in its entirety and carefully consider the following risk factors. Investors should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

The Shares issued under this Prospectus carry no guarantee with respect to the profitability of the Company, the payment of dividends, return of capital or the price at which the Shares may trade on the ASX.

The following summary, which is not exhaustive, represents the major risk factors which potential investors need to be aware of.

7.2 Specific Risks

Vertical Integration and Offshore Procurement

There has been a recent trend in Australia towards vertical integration. Vertical integration occurs where a retail business and a wholesale business combine, usually through a retail business acquiring a wholesale business. Biron's proposed acquisition of Ed Harry and Physico is an example of vertical integration. Physico's wholesale customers may perceive Physico as a competitor following its merger with Ed Harry and therefore source products elsewhere adversely impacting Physico's earnings. Similarly, if any of Physico's wholesale customers decide to source some or all of their product direct from offshore sources, Physico's revenues and profitability may be adversely impacted.

Merger and Integration Risk

A key driver of Biron's future success is likely to be the success of the integration between Ed Harry and Physico, the two businesses being acquired by Biron. The integration challenges include the consolidation of operating and technology processes, the elimination of duplicate corporate expenses and maximising cross selling opportunities. The ability of the newly combined group to realise these challenges as soon as possible will impact the future profitability of Biron. For a variety of reasons, the integration process may not proceed as expected and this may result in the profitability of Biron being adversely affected. There is also a risk that some of Physico's current customers perceive that the combination of Physico with Ed Harry will reduce Physico's reliance on external customers and therefore reduce the customers' ability to negotiate purchase pricing and terms with Physico. This may cause existing customers to purchase less volume from Physico. Biron is committed to ensuring Physico's offering and service levels remain attractive to all third party customers following its acquisition of Physico.

Key Customer Relationships

The apparel wholesaling industry is characterised by large, relatively low margin orders. These orders are placed by the customer's product buying managers. To the extent that buyers with whom Physico has a strong relationship leave the retail industry or become employed by customers unwilling to source product from Physico, Biron's revenues and profitability may decline.

Customer Concentration

By definition, retail businesses have low customer concentration. However, wholesale businesses generally have relatively high customer concentration. Physico's five largest customers account for approximately 60% of Physico's sales (30% of Biron's sales). The loss of any one of Physico's largest customers may result in an adverse impact on the Company's revenues and profitability.

Competitive Environment

The Australian specialty apparel retail markets are highly competitive with a large number of market participants and few barriers to entry. Ed Harry's concepts compete for both target customers and store locations with a wide range of retail formats including local, national and international specialty apparel retail chains, full service national department stores, discount department stores and single store operations.

Although Ed Harry has demonstrated an ability to compete effectively in these markets, there can be no assurance that the actions of existing or new competitors or changes in consumer preferences will not have a material adverse effect on Biron's performance.

Brand and Fashion

The apparel retail industry is subject to rapid and occasionally unpredictable changes in customer preferences. Biron's success in each of its brands depends upon the Company's ability to identify and respond to movements in fashion trends, and to develop appealing merchandise in popular sizes on a timely basis. If Biron misjudges consumer trends or fails to sell stock at anticipated prices, lower sales and margins could result. In addition, customers' perceptions that one or more of Biron's formats is no longer able to offer fashionable products and reasonable prices, may also adversely impact the reputation of Biron's brands.

Supply Chain and Product Sourcing

Both Ed Harry and Physico have established an extensive and reliable supply chain that allows them to procure and deliver products to customers in a timely and efficient manner. The efficiency of Biron's supply chain management assists in managing working capital levels, in particular, inventory levels and the reliability of delivery to customers. Disruption to any aspect of the Company's supply chain could have a material adverse effect on Biron's operational and financial performance.

Ed Harry sources its product from wholesalers locally, however all of the products purchased by Physico are presently sourced from China from a number of different suppliers located in different regions throughout China. This makes Biron vulnerable to the political and economic environments in this country. Negative political or economic developments in China could have a material adverse effect on the Company's ability to source product at competitive prices.

Foreign exchange rate

Physico currently sources all of its product offshore, predominantly from China. While short term foreign exchange rate risk is mitigated by Physico matching the timing of its offshore purchase orders with domestic customer orders, a sustained depreciation in the A$ / Chinese Yuan exchange rate could make the A$ price of Physico's products more expensive, thereby reducing demand and potentially profits.

While Ed Harry does not currently source any of its produce from offshore, it may also be susceptible to a decline in the A$/Yuan, and the A$/US$. Such a depreciation of the A$ may increase the cost of the wholesale product purchased by Ed Harry and thereby decrease demand and gross profit margins in respect of those products.

Biron does not currently engage in foreign exchange hedging and does not intend to do so in the foreseeable future.

Supplier Concentration

Ed Harry sources more than 80% of its stock from its ten largest suppliers. The single largest supplier accounts for greater than 20% of Ed Harry's total purchases. Should one or more of Ed Harry's largest suppliers become unable or unwilling to supply Ed Harry, Ed Harry's profits may be materially impacted until such time as normal supply arrangements are reinstated.

Relationship with Landlords

Ed Harry has more than 175 retail stores and 1 warehouse, all operated on a leasehold basis. While leases are distributed across landlords, with no one landlord having greater than 20% of leases, maintenance of strong relationships with landlords is an important aspect of the Company's business.

Although the majority of the leases are governed by State and Territory Retail Tenancy legislation which obliges landlords to consent to assignments of lease to financially sound parties with reasonable retail experience, (which Biron has through its Ed Harry and Physico personnel), certain of the leases require the landlords' consent for Biron to continue as a tenant following a change of control in the Company. If some or all of these consents are not provided, it may have an adverse impact on the Company.

Given that the Company's future growth prospects depend in part upon its ability to increase sales at existing stores, refurbish existing stores, open new stores at new locations, develop new concepts and continue to operate stores on a profitable basis, any adverse change in Biron's relationships with landlords could increase the Company's costs or adversely impact the ability of the Company to operate stores in preferred locations.

Whilst the Company generally enters into medium-term leases typically for a period of five years, the Company can give no assurance that it will be able to renew leases on acceptable terms.

Failure to renew leases on acceptable terms could result in the loss of revenue and profitability.

Loss of Key Personnel

Biron's success depends to a large extent on its key personnel who play an important role in the business, in particular the senior management team discussed in Section 5.3. In addition to the senior management team, sales managers holding strong customer relationships perform a critical role in the business in terms of both winning new business and maintaining existing business.

Whilst efforts are made to retain the services of key employees, the loss of key personnel could have a material adverse effect on Biron's earnings or growth prospects. The Company may not be able to recruit replacements within a short timeframe.

All members of the senior management team are subject to fixed term service contracts as described in Sections 8.2 and 10. The Directors believe that as subsidiaries of a listed Company, Ed Harry and Physico will be assisted in attracting and retaining key personnel.

Funding/Cost of Borrowing

It is possible that Biron's expansion as referred to below will be funded by a combination of debt and equity. Biron, as a borrower of money, is potentially exposed to adverse interest rate movements that may increase the financial risk inherent in its business. Whilst this risk may be partially reduced due to interest rate hedging as outlined in Sections 8.2 and 10, there remains residual exposure both now, and at the expiry date of the existing interest rate swaps. Biron's ability to raise finance by way of equity funding will be dependent on its own performance and the performance of local and international stock markets and investor sentiment which may be negative at any given time.

Expansion Plans

The continued growth of the Company, its revenue and profitability is to a certain extent dependent upon opening new stores and upgrading existing ones. This expansion is dependent upon the Company's ability to successfully identify suitable sites, negotiate acceptable lease terms and open new stores on time. Additionally, although the Company employs strict financial criteria prior to committing to the opening of new stores and the refurbishment of existing stores, there can be no assurance that these stores will meet established targets.

Seasonality

Biron's sales are subject to some seasonal fluctuations. There is typically increased demand in the period leading up to Christmas and the Company experiences a peak in sales and profitability in December. Any significant decrease in sales during this period could have a material adverse effect on the Company's financial performance.

Intellectual Property Conflicts

The designs used in Biron's branded products may be similar to the designs of other designers and retailers. On occasion, other designers and retailers have alleged that Biron's products infringe on their intellectual property rights.

Biron cannot guarantee that claims will not be brought against the Company in the future. In the event that the Company is unable to satisfy or defend any such claim, the financial position of the Company may be adversely affected.

Information Technology

Biron has invested significantly in the development of information systems designed to assist the Company in monitoring and maximising profits, whilst allowing loss-making situations to be identified and rectified. While the Company will make every effort to ensure that these systems are maintained and improved to best meet the demands of the market, system failures may negatively impact on the Company's performance.

Foreign Revenue / Quota Regimes

The operations of Biron post Completion will encompass the Physico operations in China. As such Biron will face the uncertainties inherent in any foreign jurisdiction in terms of possible, unpredictable changes to revenue laws including, in particular, the possible increase in or imposition of export taxes and/or quotas on textiles and clothing.

7.3 General Risks

Macroeconomic Factors

Biron, like most other retailers and wholesalers, is affected by general business cycles and economic conditions including interest rates, inflation, disposable income levels, consumer sentiment, population growth and population demographics.

Changes in general macroeconomic factors may result in consumers changing spending patterns or their level of consumption, which may have a material adverse impact on Biron and its earnings.

Stock Market Fluctuations

The price of the Biron shares on ASX may rise or fall due to numerous factors, including:

- General economic conditions, including inflation rates and interest rates;
- Variations in the local and global market for listed stocks, in general, or for industrial, textile and clothing or retail stocks, in particular;
- Changes to government policy, legislation or regulation;
- Inclusion or removal from major market indices;
- The nature of competition in the markets in which Biron operates; and
- General operational and business risks.

In particular, the share prices for many companies have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions, acts of terrorism and the general state of the economy. Such market fluctuations may materially adversely affect the market price of Biron shares.

No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors. None of Biron, its Directors or any other person guarantees Biron's market performance.

Liquidity and Realisation

There can be no guarantee that an active market in Biron shares will develop or that the price of the shares will increase. There may be relatively few potential buyers or sellers of the shares on ASX at any time. This may increase the volatility of the market price of the 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.

Taxation

Any change to the current rate of company income tax in jurisdictions where Biron operates will impact on Shareholder returns. Any changes to the current rates of income tax applying to individuals and trusts will similarly impact on Shareholder returns. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact on future NPAT of the Company and the level of dividend franking.

Other Risks

The future viability and profitability of the Company is also dependent on a number of other factors affecting performance of all industries in Australia and not just the clothing industries, including, but not limited to, the following:

- Recruitment of suitable key staff;
- General currency exchange rate fluctuations;
- The strength of the equity and share markets in Australia and throughout the world;
- General economic conditions in Australia and China and their major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- Financial failure or default by a participant in any of the Company projects or other contractual relationships to which the Company is, or may become, a party. In particular the Company is reliant upon an indemnity given by an independent third party against liability for any potential GST that might be imposed in relation to a transaction that the Company was party to as part of the finance business it previously carried on;
- Insolvency or other managerial failure by any of the contractors used by the Company in its activities;
- Political and environmental considerations, as well as the social and economic processes under way in China may adversely impact business operations; and
- Industrial disputation or social unrest in Australia and overseas.

Speculative Nature of the Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares and Options offered under this Prospectus.

Therefore, the Shares, Performance Shares and Options that may be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, interest, returns of capital or the market value of those Securities.

8. ADDITIONAL INFORMATION

8.1 The Background to the Shareholder Meeting

The Offer under this Prospectus is subject to and conditional upon the passage of the Essential Resolutions at the Meeting and upon Completion occurring. Unless this occurs and unless the Minimum Subscription is reached and the ASX Condition is fulfilled, no securities will be issued under this Prospectus other than the 60 cent Options.

The Essential Resolutions are resolutions to authorise the Transaction to occur, the issue of the Capital Raising Shares and the Transaction Shares.

8.2 Material Contracts

The contracts (including, in the case of the Senior Debt Facility, proposed contracts) that are regarded as material for the purposes of this Prospectus are:

(a) Ed Harry Acquisition Agreement;
(b) Physico Acquisition Agreement;
(c) Enbee Facility Agreement;
(d) Underwriting Agreement
(e) Senior Debt Facility; [refer Section 8.2(e) and Section 10]
(f) Suregroup Consulting Agreement; [refer Section 10]
(g) Greenblo Services Agreement; [refer Section 10]
(h) Rohald Services Agreement; [refer Section 10]
(i) Elterman Services Agreement; [refer Section 10]
(j) Slattery Services Agreement; [refer Section 10]
(k) Pearson Services Agreement (refer Section 10).

The essential terms of the above contracts are described below and in Section 10:

(a) Ed Harry Acquisition Agreement

Under the Ed Harry Acquisition Agreement the Company has agreed to acquire the Ed Harry Business from the Effective Date for a consideration comprising the payment of $15 million in cash (subject to adjustment as described hereunder), the issue of 3, 333, 333 Shares at an issue price of 60 cents each, 3,333,333 Performance Shares at Completion and the payment of a Deferred Purchase Price of $4 million in cash provided the EBIT Hurdles are achieved and the payment of a Deferred Purchase Price of $2 million in cash provided the EBITDA Hurdle is achieved.

The Ed Harry Acquisition Agreement includes provision for the payment by the Company at Completion by way of a reimbursement to Suregroup of certain capital expenditure outlaid by Suregroup on the Ed Harry Business during the period from 1 December 2004 to the Business Day immediately prior to the Completion Date. It is currently estimated that this will involve a payment of approximately $950,000.

It is a requirement of the Ed Harry Acquisition Agreement that, to the extent that the net tangible assets of the Ed Harry Business at the Completion Date are less than $4.6

million, there will be an adjustment to the purchase price payable which will be achieved by an appropriate reimbursement by Suregroup to the Company. The Ed Harry Acquisition Agreement prescribes the method of calculation and composition of net tangible assets for this purpose and, importantly, provides that the value of stock of the Ed Harry Business on the Completion Date will, subject to certain qualifications, be calculated as the lower of Suregroup's cost and its net realisable value with a proviso that the maximum value attributable to stock on Completion Date is to be $9 million.

It is a provision of the Ed Harry Acquisition Agreement that at Completion, Suregroup will procure that the Enbee Loan Facility is made available to the Company.

It is a term of the Ed Harry Acquisition Agreement that, as from Completion, the Company and Suregroup will enter into the Suregroup Consultancy Agreement pursuant to which Suregroup will procure that the services of Mr Neil Brine are provided to the Company as the chief executive officer of the Ed Harry Business on a full time basis for 6 months from Completion, on a half time basis for the next 6 months thereafter in a senior capacity and on a quarter time basis for the ensuing 6 months thereafter in a senior capacity.

The Ed Harry Acquisition Agreement imposes "restraint of trade" restrictions in respect of Suregroup and Mr Brine.

Mr Neil Brine has provided a limited guarantee and indemnity of and in respect of the obligations of Suregroup under the Ed Harry Acquisition Agreement. The amount recoverable under the guarantee/indemnity is limited to $2.5 million.

Pursuant to the Ed Harry Acquisition Agreement the Lessor and Ed Harry have entered into the Property Lease in respect of premises situated at 16 Nelson Street, Stepney in South Australia from which head office functions (including warehouse, administration, sales, marketing, buying and general management) of the Ed Harry Business will be operated.

Completion Date under the Ed Harry Acquisition Agreement is expected to be on or about 30 August 2005 but the parties to the Ed Harry Acquisition Agreement have agreed to effect all necessary adjustments to ensure that the net cash movement arising pursuant to the conduct of the Ed Harry Business from 1 July 2005 is for the account of Biron.

There are various other provisions of the Ed Harry Acquisition Agreement including extensive warranties that reflect the arms length negotiations that preceded their execution.

(b) Physico Acquisition Agreement

Under the Physico Acquisition Agreement, the Company has agreed to acquire Physico for consideration comprising the issue of 6 million Shares and the issue of 8 million Performance Shares to the Physico Vendors in the Agreed Proportions.

It is a requirement of the Physico Acquisition Agreement that at Completion the Physico Vendors procure that $5 million of Application moneys is lodged with Biron together with duly executed Applications for 8,333,333 of the Shares offered under this Prospectus. Between 60% and 90% of these 8,333,333 Shares (i.e. between 5 million and 7.5 million Shares) will be subscribed for by the Physico Vendors Group.

In fulfilment of the above obligations under the Physico Acquisition Agreement, the Physico Vendors will be required to procure that non-associated third parties subscribe for between 3,333,333 (maximum) and 833,333 (minimum) of the Shares offered by this Prospectus.

It is also a provision of the Physico Acquisition Agreement that Biron will advance the PCC Loan Sum to PCC on the condition that the PCC Loan Sum is used to payout all Physico Shareholder Loans and all of the PCC Loan.

The Physico Acquisition Agreement also contains provisions requiring that at Completion Invertex enters into a voluntary escrow agreement with the Company under which one half of the total of 1,995,000 Shares to be allotted to Invertex at Completion (997,500 Shares) will be restricted from disposal for 12 months from Completion and that Leantale and Rohald also execute voluntary escrow agreements in relation to all of the Shares allotted to them at Completion (a total of 2,295,500 Shares) for an escrow period of 12 months from Completion.

It is a requirement of the Physico Acquisition Agreement that to the extent that the net tangible assets of the Physico Group at the Completion Date are less than $3.6 million, the Physico Shareholders must pay to PCC, in the Agreed Proportions, the shortfall amount within 5 Business Days after the date on which the final calculation of the net tangible asset position is determined. Conversely, if the net tangible assets of the Physico Group exceed $3.6 million Biron must pay the excess (up to $200,000 maximum) to the Physico Vendors.

The Physico Acquisition Agreement prescribes the method of calculation and composition of net tangible assets for this purpose and provides for disputes to be resolved by reference to an independent firm of chartered accountants.

The Physico Acquisition Agreement contains undertakings by the Physico Indemnifiers that from Completion until 28 February 2007, none of the Physico Indemnifiers will allow any encumbrances to exist in respect of their respective assets other than certain encumbrances agreed by Biron, and that Invertex and Leantale will maintain net tangible assets of at least $1,050,000 each and that Clothold will maintain net tangible assets of at least $900,000. These undertakings by the Physico Indemnifiers will in turn be supported by personal undertakings respectively given by Mr Elterman (for Invertex), Mr Greenblo (for Leantale) and Mr Gary Burg (a director of Clothold) (for Clothold) whereby they each undertake to remain directors of the relevant company until 28 February 2007 and to procure that the relevant company complies with its obligations in the terms described above.

It is a further term of the Physico Acquisition Agreement that as from Completion the Rohald Services Agreement, the Greenblo Services Agreement and the Elterman Services Agreement are entered into with the Company.

Completion Date under the Physico Acquisition Agreement is expected to be on or about 30 August 2005 but the parties to the Physico Acquisition Agreement have agreed to effect all necessary adjustments to ensure an economic effect that consistent with Completion having occurred on 1 July 2005.

There are various other provisions of the Physico Acquisition Agreement including extensive warrants and indemnities that reflect the arms length negotiation that preceded their execution.

(c) Underwriting Agreement

Under the Underwriting Agreement, the Underwriter has agreed to Lead Manage the Public Offer and underwrite $4 million of the Public Offer.

Under the terms of the Underwriting Agreement, the Underwriter will receive from the Company an underwriting fee of $220,000 equivalent to 5.5% of the gross proceeds of the Public Offer.

The Underwriter must pay any commissions and fees due to any sub-underwriters or brokers appointed by it. The Company must pay, or reimburse the Underwriter for, the reasonable costs, charges and expenses of and incidental to the Public Offer.

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct, negligence, breach of statutory duty or material breach in relation to the Public Offer or the Transaction Documents the Company has unconditionally and irrevocably undertaken to keep the Underwriter and certain affiliated parties indemnified from losses suffered in connection with the Public Offer and the Transaction Documents.

The Underwriter may terminate its underwriting obligations at any time before the issue of the shares under the Prospectus if any one or more of the termination events set out below occurs:

- either the All Ordinaries Index or the S&P/ASX 200 Index of the ASX falls by an amount that is 10% or more of the level at the close of trading on the date of this agreement and remains below that level for a period of three consecutive business days;

- there is introduced or there is a public announcement of a proposal to introduce into the Parliament of Australia or any state of Australia a new law, or the Reserve Bank of Australia or any Commonwealth or state authority, adopts or announces a proposal to adopt a new policy which does or is likely to prohibit or regulate the Public Offer, capital issues or stock markets or materially adversely affect the taxation treatment of the shares offered under the Prospectus;

- ASX makes any official statement to any person or indicates to the Company or the Underwriter before the closing date for the Public Offer that the ASX approval is refused or not granted, other than subject to customary conditions to quotation or the ASX approval is subsequently withdrawn, qualified or withheld;

- the ASX suspends official quotation of the Company's shares except on or after the General Meeting Date until 22 September 2005;

- the Company does not provide a closing certificate or the requisite notices under the agreement in the in the time required, or any notice or a certificate given under this agreement is false, misleading, deceptive or inaccurate;

- except as contemplated by the Notice of Meeting, the Company alters its capital structure without the prior written consent of the Underwriter;

- the Company or a related body corporate of the Company undertakes or takes any step to undertake a buyback of shares without the prior written consent of the Underwriters

- the Company or a related body corporate of the Company passes or takes any step to pass a resolution under section 254N of the Corporations Act without the prior written consent of the Underwriter;

- except as contemplated by the notice of meeting, the Constitution of the Company or any other constituent document of the Company or a related body corporate is amended without the prior written consent of the Underwriter;

- the Company or a related body corporate seeks the approval of shareholders under section 260B of the Corporations Act without the prior written consent of the Underwriters
- the Company withdraws the Prospectus or the Public Offer;
- any of the following notifications are made:
- ASIC issues an order under section 739(1) of the Corporations Act;
- ASIC makes an interim order under sections 739(3) or 739(4) of the Corporations Act that is not revoked within three business days;
- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Prospectus; or
- there occurs a new circumstance that has arisen since the Prospectus was lodged that would require a supplementary or replacement prospectus to be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document with the content and within the time reasonably required by the Underwriter;
- a change in the board of directors of the Company occurs without the prior written consent of the Underwriter;
- a change in the board of directors (including any executive directors) of the Company occurs without the prior written consent of the Underwriter; or
- a director of the Company or a Related Body Corporate is charged with an indictable offence relating to a financial or corporate matter;
- an insolvency event occurs with respect to the Company or a Related Body Corporate;
- the Company or a Related Body Corporate charges or agrees to charge the whole or a substantial part of its business or property;
- the Company does not pass the Shareholder Approvals on the General Meeting Date;
- there is a material omission from the Company's Transaction Documents or there is a material statement in the Transaction Documents or the Due Diligence Report or any other information supplied by or on behalf of the Company to the Underwriter in relation to the Company, or the Public Offer that is or becomes false or misleading and which the Company does not properly make disclosure to the ASX to rectify;*
- the Company does not comply with sections 708 or 708A of the Corporations Act in a material respect;*
- any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company;*

- a judgement in an amount exceeding $100,000 is obtained against the Company and is not set aside or satisfied within seven days;*

- any distress, attachment, execution or other process of a Governmental Agency in an amount exceeding $100,000 is issued against, levied or enforced on any of the assets of the Company and is not set aside or satisfied within seven days;*

- a general moratorium on commercial banking activities in Australia is declared by the Reserve Bank of Australia, there is a disruption in commercial banking or security settlement or clearance services in Australia, or trading in all securities quoted or listed on the ASX is suspended or limited in a material respect for more than one day on which the ASX is open for trading;*

- a significant or material contract of the Company is without the prior written consent of the Underwriter breached by the Company, terminated, altered or amended in any way or found to be void or voidable;*

- the Company is in default of any of the terms and conditions of the agreement or breaches any warranty or covenant given or made by it under this agreement and that default or breach is either incapable of remedy or is not remedied within five business days after it occurs;*

- any one or more events in the Timetable is delayed by more than five Business Days without the consent of the Underwriter;*

- the Company or any Related Body Corporate fails to comply with a clause of its Constitution, a statute, the Listing Rules, any policy or guideline of ASIC or any other requirement, order or request made by or on behalf of ASIC or any governmental agency or any agreement entered into by it;*

- the Company or a Related Body Corporate disposes or agrees to dispose of the whole or a substantial part of its business or property or ceases or threatens to cease to carry on business without the prior written consent of the Underwriter;*

- there is a significant outbreak of hostilities not presently existing or a major escalation in existing hostilities involving any one or more of the following: the Australia, the United Kingdom, the United States of America, any member of the European Union, the People's Republic of China, Russia, Japan, Israel or any member country of the Organisation of Petrol Exporting Countries;*

- the offer documents or any aspect of the Public Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;*

- there is a material omission from the Prospectus which is not adequately addressed in any other offer document or the Prospectus contains a false or misleading statement, a statement which becomes false or misleading or a forecast which becomes incapable of being met or unlikely to be met in the projected time, the Prospectus does not comply with section 710(1) of the Corporations Act;*

- any statement by the Company in the Prospectus which relates to future matters is or becomes incapable of being met; or*

- public information is made by or on behalf of the Company without the prior approval of the Underwriter.*

In the case of the termination events marked with an asterisk (*), the Underwriter may not terminate the agreement unless it has reasonable and bona fide grounds to believe, and does believe, that (i) the event has or is likely to have a material adverse effect on the Public Offer or (ii) the event could give rise to a liability of the Underwriter under the Corporations Act.

(d) Enbee Facility Agreement

Under the Ed Harry Acquisition Agreement, Enbee (or its nominee) which is a company controlled by Mr Neil Brine is required to advance $6 million to the Company at Completion. The essential term of the Enbee Loan Facility are as follows:

(a) Facility proceeds are to be used only for the purpose of partially funding the acquisition of the Ed Harry business and of funding the borrower's working capital requirements (including capital expenditure on the Ed Harry Business) in the ordinary course of its business. The Enbee Loan Facility must not be used to make any payment, prepayment or repayment under the Senior Debt Facility. The Enbee Loan Facility must not be used to fund any distributions (including dividends, share buy-backs, capital returns, payments on shareholder loans and management fees, payments of principal, interest and other amounts to any shareholder or director or officer of the borrower or any group member, deposits or redemptions of any redeemable preference shares) to shareholders or related bodies corporate of, or providers of subordinated debt to, the borrower or any group member.

(b) The term is to commence on the Completion Date and terminate on 30 June 2008.

(c) No interest will accrue from the commencement of the term until and including 30 June 2006. On and from 1 July 2006, each quarter interest will accrue on the then outstanding balance on a daily basis, on the basis of a 365 day year at the rate of interest equal to the Commonwealth Bank of Australia Business Overdraft Monthly Index Rate which applies on the first day of the relevant quarter. Interest will be compounded on the last day of each quarter.

(d) Repayment terms will be - No repayments of interest or principal until 1 July 2006. After 1 July 2006, repayments of capitalised interest and principal are to be made quarterly in arrears on the last day of each quarter [September, December, March, June]. Repayments of principal are to be made in 8 equal instalments for the period 1 July 2006 to the end of the term of the Facility on 30 June 2008. On each date for repayment of principal, the capitalised interest accrued in the preceding quarter will also be payable in full.

(e) Financial Covenants - The borrower must comply with the financial covenants set out in the Senior Debt Facility Documentation.

(f) Default - The events of default and the potential events of default (howsoever described) set out in the Senior Debt Facility Documentation will apply.

(e) Senior Debt Facility

The Company is currently in negotiation with Westpac in relation to the provision of financial accommodation to the Group as from Completion. As those negotiations stand as at the date of this Prospectus the Company expects that the financial accommodation comprising the Senior Debt will take the form substantially as contemplated in the definition of Senior Debt Facility in Section 10 and that the Senior Debt Documentation will include the provision of security to the Senior Debt Provider in the form substantially as contemplated by the definition of Senior Debt Securities in Section 10.

8.3 Tax Considerations

The Company is taxed in Australia as a Public Company.

Because of the widely diverse range of possible tax consequences for individual investors investing in or disposing of securities, investors in securities under this Prospectus should seek their own tax advice in relation to any investment. Neither the Company nor any of its officers or advisers take any responsibility for the tax consequences of investing in securities under this Prospectus or disposing of such securities.

8.4 Rights Attaching to Shares

There is only one class of share on issue in the Company being fully paid ordinary shares. The rights attaching to Shares in the Company are:

- Set out in the constitution of the Company, a copy of which is available for inspection at the registered office of the Company during normal business hours; and
- In certain circumstances, regulated by the Corporations Act, the Listing Rules, the SCH Business Rules and the general law.

The following is a summary of the principal rights of the holders of Shares in the Company.

Voting

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the Chairman of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than five percent of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and may be declared by the Directors.

Transfer of Shares

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of shares, other than a proper SCH transfer (as defined in the Corporations Act), where permitted by the Listing Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of shares or other securities.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Liquidation Rights

On listing the Company will have only one class of shares on issue, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the shares under Offer pursuant to the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

8.5 Terms of Issue and Rights and Liabilities of Performance Shares

The terms of issue and rights and liabilities attaching to the Performance Shares are as follows:

(a) **Repayment of Capital**
Unless and until the Performance Shares are converted into Shares, no Performance Share will entitle its holder to any repayment of capital made by the Company;

(b) **Participation in Surplus Assets and Profits**
Unless and until the Performance Shares are Converted into Shares, no Performance Share will entitle its holder to any right to participate in surplus assets or profits of the Company;

(c) **Dividends and Other Distributions**
Unless and until Performance Shares are Converted into Shares, no Performance Share will entitle its holder to receive dividends or any other distributions of capital from the Company;

(d) **Voting**
Unless and until Performance Shares are Converted into Shares, no Performance Share will entitle its holder to any right to cast any vote at any meeting of the members of the Company, other than in respect of any question, proposal or resolution which relates to the rights attaching to that Performance Share in which event each Performance Share will entitle its holder to one vote;

(e) **Conversion**

On the Conversion Date, each Performance Share will Convert, subject to paragraph (f), to one Share, which Share will, at the time of Conversion and without any further act, have the same rights as, and rank equally with, other Shares on issue. The Company will apply for the quotation of each such Share within the time frame specified in the Listing Rules;

(f) **Changes in Circumstances**

(i) **Reconstruction**
If any reorganisation of the issued capital of the Company takes place before the Conversion Date, the number of Shares into which the Performance Shares will Convert will be reorganised as follows:

(1) in a consolidation of capital - the number of Shares must be consolidated in the same ratio as all other Shares;
(2) in a sub-division of capital - the number of Shares must be sub-divided in the same ratio as all other Shares;
(3) in a return of capital – the number of Shares must remain the same;
(4) in a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where Shares are cancelled – the number of Shares must remain unaltered;
(5) in a pro-rata cancellation of capital - the number of Shares must be reduced in the same ratio as all Shares;
(6) in any other case - the number of Shares must be reorganised so that the holders of Performance Shares will not receive a benefit that holders of Shares do not receive (this does not prevent a rounding up

of the number of Shares to be received if the rounding up is approved at the Shareholders meeting which approves the reorganisation); and in all other respects the terms relating to the Conversion of the Performance Shares will remain unchanged;

(ii) **Bonus Issue**
If prior to the Conversion Date, there is a bonus issue to the holders of Shares, the number of Shares into which the Performance Shares will convert will be increased by the number of Shares which the holders of Performance Shares would have received if they had been issued the Shares before the record date for the bonus issue;

(iii) **New Issues**
Subject to the Listing Rules, the holders of Performance Shares may only participate in a new issue of Shares or other Securities if the Performance Shares have Converted to Shares on or before the date for determining entitlements to the issue. The Company must ensure that for the purposes of determining entitlements to any such issue, the record date in respect of that issue will be at least 10 ASX Business Days after the issue is announced.

8.6 Terms of Issue of 60 cent Options

The terms and conditions of the 60 cent Options will subject to the passage of the relevant Resolutions be as follows:

(a) Each Option entitles the holder to subscribe for and be allotted one Share in the capital of the Company when exercised. The Options will not be quoted on ASX;
(b) The Options are exercisable at any time on or before 5.00pm Perth time 5 years from the date of the Meeting;
(c) The exercise price of each of the Options is $0.60 (60 cents);
(d) Subject to the Corporations Act, the Constitution and the Listing Rules, the Options are transferable;
(e) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options does not affect the holders' right to exercise the balance of any Options remaining;
(f) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing fully paid ordinary shares. The Company will apply for admission to quotation by ASX of all Shares issued upon the exercise of Options within 3 business days after the date of the allotment of those Shares;
(g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of securities to shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue;
(h) In the event of any reorganisation (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company on or prior to the expiry date of the Options, the rights of the Optionholder will be varied to the extent

necessary to comply with the applicable Listing Rules at the time of the reorganisation;

(i) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to the exercise of the Options so that, upon exercise of the Options the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Options have been exercised prior to the books closing date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues.

8.7 Terms of Issue of 72 cent Options

The terms of issue of the 72 cent Options are as follows:

(a) each Option is exercisable between 18 months after the Completion Date and 5 years after the Completion Date;
(b) The Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 5,000 must be exercised on each occasion;
(c) The exercise price is 72 cents in cash;
(d) The Options can be transferred;
(e) The Optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the Options in which case the Optionholder will be afforded the period of at least 9 Business Days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
(f) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
(g) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on Optionholders which are not conferred on Shareholders;
(h) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
(i) At any time during the period that the 72 cent Options are exercisable the holder of all of the 72 cent Options can by 30 days written notice to the Company elect to forfeit all of the 72 cent Options and in that event at the end of the 30 day notice period the Company will cancel all the 72 cent Options and pay the holder of all of the 72 cent Options $500,000 in exchange for the delivery of the certificate or holding statement in respect of all of the 72 cent Options;
(j) No application will be made for the 72 cent Options to be granted quotation by ASX.

8.8 Directors and Directors Interests and Fees

As at the date of this Prospectus, the Directors of the Company are:

- John Corr;
- Gavin Argyle;
- Jeremy Shervington.

The following table sets out the relevant interests in Shares and Options of each Director in the Company:

Director	Ordinary Shares	Existing Options	60 cent Options *
J Corr	600,000	-	600,000
G Argyle	30,000	-	200,000
J Shervington	Nil	-	200,000

* Subject to issue following the approvals of the relevant Resolutions at the Meeting.

Except as disclosed in this Prospectus no Director or Proposed Director holds, or during the last two years has held, any interest in:

- The formation or promotion of the Company;
- Property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- The Offer.

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director or Proposed Director to induce him or her to become, or to qualify as, a director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

The Current Directors are currently remunerated as follows:

Director	Base Remuneration ($ per annum)
J Corr	40,000
G Argyle	40,000
J Shervington	40,000

The minimum statutory superannuation payments are made in addition to the above fees.

The Board has agreed that each Director is entitled to charge a daily rate of $2,000 for executive time spent on behalf of the Company outside the ordinary course of Directors duties.

Approvals are being sought at the Meeting for the Current Directors to apply for up to 1,666,666 Shares under this Prospectus.

Mr Corr is a party to an executive service agreement with the Company under which he will, subject to Completion occurring, act in a corporate planning and development role for the Company for a minimum of 20 hours per week for a term of 1 year from the Commencement Date for a remuneration package comprising $240,000 per annum plus reimbursement for 2.5 days per week of office rental costs plus reimbursement of certain communication costs.

The Proposed Directors' interests are subject as supplemented below fully described elsewhere in this Prospectus.

Physico is a party to the Alexandria Lease. Physico Property Pty Ltd which is the lessor under the Alexandria Lease is controlled by Mr David Greenblo and Mr Colin Elterman.

Biron has agreed the Cost Sharing Arrangements with the Physico Vendors.

8.9 Interests of Professionals and Promoters

Except as disclosed in this Prospectus, no promoter, underwriter, or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or during the last two years has held, any interest in:

- The formation or promotion of the Company;
- Property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- The Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter, underwriter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

A Legal Firm controlled by Jeremy Shervington has acted as solicitors to the Offer and in that capacity have been involved in providing legal advice to the Company in relation to the Offer, the Notice of Meeting and the Transaction generally. The Company will pay approximately $50,000 to that firm. No legal fees have been paid by the Company to Jeremy Shervington in the last 2 years.

Messrs PricewaterhouseCoopers have acted as auditors to the Company during the last 2 years and have received professional fees of $34,000 during that period.

The Underwriter has entered into the Underwriting Agreement (refer Section 8.2(c)) and otherwise has had no interest and has performed no function of the nature described above in the last 2 years.

Horwath (NSW) Pty Ltd has carried out the reviews as described in Sections 6.4 and 6.9. The Company will pay approximately $100,000 in respect of those services.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

8.10 Consents and Disclaimers

Each of the parties referred to in this Section

- Does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section;
- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- Has not authorised or caused the issue of this Prospectus.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and to the references to them in the form and context in which they appear and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- Jeremy Shervington as solicitor to the Offer;

- PricewaterhouseCoopers as auditors to the Company consent to the inclusion in this Prospectus to the references to their reports on the prior audited and reviewed accounts of the Company in the form and context in which they appear;
- The Underwriter as the underwriter and broker to the Public Offer.
- Messrs Baskin Clarke, Chartered Accountants have consented to the inclusion in this Prospectus to the references to their reports on the audited accounts of Physico in the form and context in which they appear.
- Horwath (NSW) Pty Ltd consents to the references to it in this Prospectus and to the reviews carried out by it as described in Sections 6.4 and 6.9 in the form and context in which those references appear.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus including Westpac Banking Corporation, Computershare Investor Services Pty Limited and Investec. There are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

8.11 Forecasts

In view of the contents of ASIC Policy Statement 170, and the uncertainties that are inherent in the future operation of the Company as a combination of the operations of Ed Harry and Physico which have in the past operated completely separately the Board considers that the risks of including forecast financial information beyond that contained in Section 6 outweigh the potential benefits that such information might deliver to investors particularly given the quantum and level of assumptions that would need to be included in any such forecasts.

8.12 Litigation

To the knowledge of Directors, there is no litigation threatened against the Company and no litigation threatened by the Company. The Directors are not presently aware of any circumstances likely to give rise to any of the above. The Directors are aware of debt recovery actions currently on foot by Physico in the ordinary course of its business.

8.13 Corporate Governance

The corporate governance policies of the Board are set out in the Corporate Governance Statement by Directors Section in the 2004 Annual Report of the Company. During the 12 months after Completion it is intended that the Board will having regard to the ASX's principles of good corporate governance determine what, if any, amendments are required to those policies in light of the change in circumstances of the Company arising from the Transaction.

8.14 Other

Pursuant to Section 712 of the Corporation Act the documents referred to below that have been lodged with ASIC are taken to be included in this Prospectus:

(a) the Audited Financial Report of the Company for the year ended 30 June 2004 and the accompanying Directors' Report and Auditors' Report thereon;

(b) the half year financial report of the Company for the 6 months ended 31 December 2004 and the Directors' Report thereon.

The above documents are the financial statements and reports for the relevant periods lodged by the Company in accordance with Part 2M.3 of the Corporations Act.

The Company must give a copy of the above documents or part thereof free of charge to anyone who asks for them during the application period of this Prospectus.

9. DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that no statements made by the Directors in this Prospectus are misleading or deceptive and that in respect of any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 4 August 2005

....

Signed for and on behalf of
the Company
by John Corr

10. DEFINED TERMS

In this Prospectus unless the context or subject matter otherwise requires:

"Acquisition Agreements" means the Ed Harry Acquisition Agreement and the Physico Acquisition Agreement;

"Acquisition Related Offer" means the offer under this Prospectus of the Acquisition Securities;

"Acquisition Related Shares" means the Performance Shares and the 11,333,333 Shares to be issued in connection with the Acquisition Agreements;

"**Acquisition Securities**" means the Acquisition Related Shares and the New Options;

"Agreed Proportions" means:

Leantale – 33.25%
Invertex – 33.25%
Clothold – 28.5%
Rohald – 5%

"Alexandria Lease" means a lease of 7,000m^2 premises at Alexandria, New South Wales which Physico is the lessee of under a 7 year lease expiring in May 2008 from Ralph Property Pty Ltd (a company controlled by Messrs D Greenblo and C Elterman) under which the current rental is $480,000 per annum exclusive of GST and under which Physico pays all outgoings, rates and taxes, repairs and management fees;

"Applications" means an application for securities pursuant to this Prospectus on one of the application forms which is attached to this Prospectus and **"Application Form"** has a corresponding meaning;

"ASIC" means the Australian Securities & Investments Commission;

"ASX" means Australian Stock Exchange Limited (ACN 008 624 691);

"ASX Business Day" means a "business day" as defined in the Listing Rules;

"ASX Condition" means all of the requirements that the Company will be required to meet in order for ASX to agree to reinstate the Company's Shares to official quotation following the Meeting on the basis of the Completion of the Transaction;

"Biron EBITDA" means the statutory, audited and reported earnings before interest, tax, depreciation and amortisation of the Biron Group;

"Biron Group" and **"Group"** means Biron and all its subsidiaries from time to time;

"Board" means the Directors of the Company from time to time;

"Business Day" has the meaning ascribed to that term by the Listing Rules;

"Capital Raising" means an issue of 15 million Shares at 60 cents each (in cash) to raise $9 million in cash and **"Capital Raising Shares"** and **"Capital Raising Funds"** each has a corresponding meaning;

"Capital Raising Offer" means the offer under this Prospectus of the Capital Raising Shares;

"Cash Subscribers" means those entities that subscribe cash to the Capital Raising;

"Change of Control Event" means:

(a) the Company entering into a scheme of arrangement with its creditors or members or any class thereof pursuant to section 411 of the Corporations Act; or

(b) a Successful Takeover Offer; or

(c) a person or a group of associated persons having a relevant interest subsequent to Completion in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board in circumstances where such ability was not already held at Completion by a person associated with such person or group of associated persons.;

"Closing Day" and **"Closing Date"** means the date the Board closes the Offer;

"Clothold" means Clothold Pty Ltd ACN 083 113 455 which is owned by an Irish registered public company;

"Company" and **"Biron"** and **"Biron Capital"** means Biron Capital Limited ACN 009 087 469 and includes its wholly owned subsidiary EDH Pty Ltd ACN 113 520 853 which is the purchaser under the Acquisition Agreements and the lessee under the Property Lease;

"Completion" means completion of the Transaction under and as contemplated by the Acquisition Agreements in accordance with the terms thereof and **"Complete"** has a corresponding meaning;

"Completion Date" means the date Completion occurs, which is proposed to be on 12 September 2005;

"Conversion" means the automatic conversion of the Performance Shares to 11,333,333 Shares upon the Performance Hurdles being achieved;

"Conversion Date" means the earlier of:

(a) subject to paragraph (f) of the definition of "Performance Shares", the date which is 5 ASX Business Days after the earliest date on which the Biron EBITDA for any of the following periods is not less than $7,000,000:

  (i) the financial year ending 30 June 2007;
  (ii) the financial year ending 30 June 2008;
  (iii) the financial year ending 30 June 2009;
  (iv) the financial year ending 30 June 2010; and

(b) the date a Change of Control Event occurs;

"Cost Sharing Arrangements" means arrangements agreed to between the Company and the Physico Vendors whereby subject to Completion the Company will reimburse up to $75,000 of the advisory costs incurred by the Physico Vendors in connection with the Physico Acquisition Agreement where a benefit has been derived by Biron against production of appropriate invoices;

"Current Directors" means Messrs J Corr, G Argyle and J Shervington;

"Debt Underwriter" means Investec Bank (Australia) Limited ACN 071 292 594;

"Deferred Purchase Price" means:

(a) the sum of $4 million in cash payable by the Company to Suregroup in accordance with the terms of the Ed Harry Acquisition Agreement on the First Deferred Purchase Price Payment Date in the event that the EBIT Hurdles are achieved; and

(b) the sum of $2 million in cash payable by the Company to Suregroup on the Second Deferred Purchase Price Payment Date in the event that the EBITDA Hurdle is achieved;

"Directors" means the directors of the Company from time to time and **"Board"** has a corresponding meaning;

"EBIT Hurdles" means the Hurdle EBIT being not less than $4 million in each of the financial years ending 30 June 2005 and 30 June 2006;

"EBIT" means earnings before interest and taxation;

"EBITDA" means the earnings before interest. taxation, depreciation and amortisation of the Biron Group calculated for the purposes of determining whether the EBITDA Hurdle is achieved in accordance with the provisions of the Ed Harry Acquisition Agreement;

"EBITDA Hurdle" means the EBITDA being no less than $7 million in the financial year ending 30 June 2007;

"EDH" means EDH Pty Ltd ACN 113 520 853 a 100% owned subsidiary of the Company;

"Ed Harry Acquisition Agreement" means an agreement dated 18 July 2005 between Suregroup, EDH, the Company and Mr Neil Brine and will include, where the context requires any agreed variations thereto;

"Ed Harry Business" and **"Ed Harry"** means the mens' clothing apparel business owned and operated by Suregroup and the assets and liabilities of that business to be acquired by EDH pursuant to the Ed Harry Acquisition Agreement;

"Effective Date" means 1 July 2005;

"EH Consideration Shares" and **"EH Consideration Securities"** means the 3,333,333 Shares to be issued to Suregroup as part of the consideration for Ed Harry;

"Elterman Services Agreement" means an agreement between the Company and Mr Colin Elterman under which the Company agrees to employ Mr Elterman as "Business Development Manager" for an initial term of 1 year from the Completion Date for 30 hours per week in consideration of a remuneration package amounting to a total cost to the Company of $300,000 per annum;

"Enbee Holdings" means Enbee Holdings Pty Ltd ACN 092 822 690 and includes its nominee in respect of the Enbee Loan Facility;

"Enbee Loan" means the financial accommodation of $6 million to be made available under the Enbee Loan Facility;

"Enbee Loan Facility" means the term loan facility for the Enbee Loan to be made available to the Company by Enbee Holdings or its nominee;

"Enbee Securities" means the securities required by Enbee Holdings to be given by the Biron Group as set out in the above definition of "Enbee Loan Facility"'

"**Enbee Security Providers**" means Biron, ED Harry, the Physico Group and any other subsidiary of Biron;

"**EPS**" means earnings per Share;

"**Essential Resolutions**" means the resolutions required to be passed at the Meeting in order for Completion to occur;

"**Existing Options**" means the 9,778 Options exercisable at a price of $2.40 prior to 31 May 2006;

"**Existing Shares**" means the 9,560,837 ordinary fully paid shares in the capital of the Company issued as at the date hereof;

"**Finwave**" means Finwave Pty Ltd ACN 068 987 824;

"**First Deferred Purchase Price Payment Date**" means the later of 30 September 2006 and the date which is 3 Business Days after the Hurdle EBIT for the 2006 financial year is determined in accordance with the Ed Harry Acquisition Agreement;

"**FY**" means the financial year to 30 June in any year e.g. FY 2004 means the financial year ended 30 June 2004;

"**Greenblo Services Agreement**" means an agreement between the Company and Mr David Greenblo under which the Company agrees to appoint Mr Greenblo as Managing Director of Biron for an initial term of 3 years from the Completion Date with a remuneration package amounting to a total cost to the Company of $450,000 per annum;

"**Hurdle EBIT**" means the earnings before interest and tax of the Ed Harry Business calculated for the purpose of determining whether the EBIT Hurdles are achieved in accordance with the provisions of the Ed Harry Acquisition Agreement;

"**Invertex**" means Invertex Pty Ltd ACN 003 187 184 a company controlled by Mr Colin Elterman;

"**Investec**" means Investec Bank (Australia) Limited (ACN 55071292594) and its subsidiaries;

"**Issue**" means the issue of Shares, the Performance Shares and Options pursuant to the Offer;

"**Leantale**" means Leantale Pty Ltd ACN 003 332 821 a company controlled by Mr David Greenblo;

"**Lessor**" means an entity controlled by Mr Neil Brine, a Proposed Director in its capacity as lessor under the Property Lease;

"**Listing Rules**" means the official listing rules of ASX;

"**Meeting**" and "**Shareholders' Meeting**" means the meeting of Shareholders convened by the Notice scheduled for 8 September 2005;

"**Minimum Subscription**" means the receipt of valid subscriptions for 15 million Shares ($9 million) pursuant to this Prospectus;

"**New Options**" means the 72 cent Options and the 60 cent Options;

"**Notice**" means the notice of meeting issued by the Company to convene the Meeting;

"**NPAT**" means net profit after tax;

"**NPBT**" means net profit before tax;

"**Offer**" means the offer under this Prospectus comprising the Capital Raising Offer and the Acquisition Related Offer;

"**Offer Shares**" means the Shares offered under this Prospectus;

"**Opening Day**" means the day the Directors open the Offer;

"**Option**" means an option to subscribe for and be issued a Share;

"**Pearson Services Agreement**" means an offer that has been made to Mr Mark Pearson on behalf of Biron and accepted by Mr Pearson under which he will from Completion be appointed as the Chief Financial Officer of Biron on arms length negotiated terms;

"**PCC Loan**" means a loan owed by PCC to Scottish Pacific;

"**PCC Loan Sum**" means the amount owing in respect of the PCC Loan as at the Completion Date estimated as being $2 million as at 30 June 2005;

"**Performance Hurdle**" means the occurrence of the Conversion Date;

"**Performance Shares**" means 11,333,333 fixed shares in the capital of Biron with the rights attached thereto as set out in Section 8.6;

"**Performance Share Conversion**" and "**Conversion**" means the automatic conversion of the Performance Shares into 11,333,333 Shares immediately upon the Performance Hurdle occurring;

"**Physico**" and "**PCC**" means Physico Clothing Company Pty Ltd ACN 003 279 543 and includes the wholesale clothing business conducted by Physico and Finwave;

"**Physico Acquisition Agreement**" means an agreement between the Physico Vendors and the Company dated ( ) July 2005 for the acquisition of Physico by the Company and will include where the context requires, any agreed variations thereto;

"**Physico Cash Shares**" means between 5 million and 7.5 million of the Physico Underwritten Shares that are to be subscribed for by the Physico Vendors Group;

"**Physico China**" means Physico Clothing Company (China) Pty Limited ACN 091 861 451;

"**Physico Consideration Shares**" and "**Physico Consideration Securities**" means the 6 million Shares and the 8 million Performance Shares to be issued to the Physico Vendors and where the context allows includes either of those 6 million Shares or those 8 million Performance Shares;

"**Physico Group**" means each of :

(a) Physico;
(b) Finwave and each of its subsidiaries, Physico China, Physico Intima and Popstar;

"Physico Indemnifiers" means Leantale, Invertex and Clothold and excludes Rohald;

"Physico Intima" means Physico Intima Pty Limited ACN 068 494 226;

"Physico Shareholder Loans" means the following amounts owing by the Physico Group:

(a) $1,500,000 to Invertex;
(b) $1,653,000 to Clothold;

"Physico Vendors" means Leantale, Invertex, Clothold and Rohald;

"Physico Vendors Group" means those as yet unascertained entities within the Physico Vendors and certain as yet unascertained associates or contacts of the Physico Vendors who the Physico Vendors will procure to subscribe for between 5 million Shares ($3 million) and 7.5 million Shares ($4.5 million) out of the Physico Underwritten Shares;

"Popstar" means Popstar Pty Ltd ACN 076 005 733;

"Property Lease" means a lease between EDH and the Lessor for the lease of premises at 16 Nelson Street, Stepney, South Australia, comprising a total land area of approximately 2,200m^2 and an office and warehouse building with a combined area of approximately 1,100 m^2 for an initial term of 3 years commencing on the Commencement Date at an initial rental of $92,610 p.a.;

"Proposed Director" means each of Messrs D Greeblo and N Brine;

"Public Offer" means the offer of 6,666,667 Shares ($4 million) out of the Shares comprising the Capital Raising Offer;

"Related Body Corporate" has the meaning ascribed to it in the Corporations Act;

"Rohald" means Mr Sean Rohald;

"Rohald Services Agreement" means an agreement between the Physico and Mr Sean Rohald for the appointment of Mr Rohald as "Chief Executive Officer" for an initial term of 3 years from the Completion Date with an arms length negotiated remuneration package;

"60 cent Option" means an Option exercisable at 60 cents on the terms set out in Section 8.6;

"72 cent Option" means an Option exercisable at 72 cents on the terms set out in Section 8.7;

"Second Deferred Purchase Price Payment Date" means the earlier of 30 September 2007 and 3 Business Days after the final determination of EBITDA for the 2007 financial year in accordance with the Ed Harry Acquisition Agreement;

"Security" has the meaning given in the Listing Rules;

"Senior Debt" means the financial accommodation of up to $22 million to be made available to the Company pursuant to the Senior Debt Facility;

"Senior Debt Documentation" means all of the documents that will be required by the Senior Debt Provider to be entered into by the Security Providers in connection with the

Senior Debt Facility including, without limiting the generality of the foregoing, the Senior Debt Securities;

"Senior Debt Facility" means the various components of the financial accommodation comprising the Senior Debt which it is expected will comprise the following:

- A revolving working capital amortising term debt facility of $8 million;
- An amortising term loan of $4 million for payment of 4 million of the Deferred Purchase Price
- An amortising term loan of $2 million for payment of $2 million of the Deferred Purchase Price;
- A seasonal working capital facility of $4 million; and
- A$4 million leasing facility;

"Senior Debt Provider" means Westpac Banking Corporation or any other entity that the Company procures to provide the Senior Debt;

"Senior Debt Securities" means all securities which are required by the Senior Debt Provider to be entered into by the Security Providers in connection with the Senior Debt Facility which will include but not necessarily be limited to:

(a) Unlimited interlocking cross guarantees and indemnities between Biron and the other Security Providers;

(b) First ranking registered mortgages over all current real property assets (if any) of the Security Providers;

(c) First ranking fixed and floating charges over the current and future assets and undertakings of the Security Providers;

"Shares" means ordinary fully paid shares in the capital of the Company and **"Shareholders"** has a corresponding meaning;

"Slattery Services Agreement" means an agreement under which Mr Mark Slattery has agreed to act as the CEO of Ed Harry under a remuneration package reflective of that role that has been negotiated at arms length with the Company for the initial year which includes a fixed increase for the second year of employment;

"Successful Takeover Offer" means, as a result of a takeover bid to all Shareholders for their Shares:

(a) 50% of Biron's Shares being held by the bidder at the close of the takeover offer period; and

(b) There being a change of control of the Board;

"Suregroup" means Suregroup Pty Ltd ACN 050 020 981 a Company controlled by Mr Neil Brine in its capacity as trustee of the Brine Family Trust;

"Suregroup Consultancy Agreement" means an agreement between EDH and Suregroup under which Suregroup agrees to procure that the services of Mr Neil Brine are provided to EDH from the Commencement Date on the terms summarised in Section 8.2(a);

"Trading Entities" means Ed Harry and the Physico Group;

"Transaction" means the acquisition of Ed Harry and Physico and the other transactions contemplated by the Acquisition Agreements;

"Transaction Costs" means all cash costs incurred in relation to the Transaction, including capital raising costs and professional fees, stamp duty and other fees incurred in relation to the acquisition of Ed Harry and Physico, including stamp duty;

"Tricom" and **"Underwriter"** means Tricom Equities Limited ABN 92 067 161 755;

"Tricom Underwriting" means the underwriting arrangement between the Company and Tricom recorded in the Underwriting Agreement;

"Underlying Securities" means Shares that are issued upon exercise of Options or that are created upon the Performance Share Conversion;

"Underwriting Agreement" an agreement dated on or about 3 August 2005 between the Company and the Underwriter.

"Westpac" means Westpac Banking Corporation

11. CORPORATE DIRECTORY

BIRON CLOTHING LIMITED
ACN 009 087 469

DIRECTORS

John Corr
Executive Chairman

Gavin Argyle
Non Executive Director

Jeremy Shervington
Non Executive Director

PROPOSED DIRECTORS

David Greenblo

Neil Brine

COMPANY SECRETARY

Gabriel Chiappini

REGISTERED OFFICE

52 Ord Street
West Perth WA 6005

SOLICITOR TO THE ISSUE

Jeremy Shervington
52 Ord Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
ADELAIDE SA 5000

AUDITORS

PricewaterhouseCoopers
201 Sussex Street
SYDNEY NSW 2000

INDEPENDENT ACCOUNTANT

Horwath (NSW) Pty Ltd
ACN 001 263 332
1 Market Street
SYDNEY NSW 2000

ASX CODE: BIC

UNDERWRITER AND BROKER TO THE PUBLIC OFFER

Tricom Equities Limited
Exchange House
10 Bridge Street
SYDNEY NSW 2000

12. APPLICATION FORMS