

# Australian Renewable Fuels Limited

to be renamed

# Thorney Technologies Ltd

ACN 096 782 188

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## PROSPECTUS

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An invitation to apply for ordinary shares in Australian Renewable Fuels Limited ACN 096 782 188 (to be renamed Thorney Technologies Ltd).

Valid Applications under the Offer must be received by 5pm (AEST) on 20 December 2016.

The Offer contained in this Prospectus is subject to and conditional on the Company obtaining approval from its Shareholders for the Conditional Resolutions and the Company receiving confirmation from ASX of its successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

This is an important document and requires your immediate attention. You should read this document in its entirety prior to deciding whether or not to invest in the Company. You should seek professional financial, legal and taxation advice before making your decision.

Lead Manager and Authorised Intermediary

The logo for Bell Potter, featuring a stylized 'B' and 'P' above the text 'BELL POTTER' in a bold, sans-serif font.

Legal Adviser

**Arnold Bloch Leibler**  
Lawyers and Advisers

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## IMPORTANT NOTICE

### THIS PROSPECTUS

The Offer contained in this Prospectus is an invitation to purchase Shares in Australian Renewable Fuels Limited (to be renamed Thorney Technologies Ltd) ("**Company**"). This Prospectus is an important document and should be read in its entirety.

This Prospectus is dated 23 November 2016. A copy of this Prospectus was lodged with ASIC on that date. This is a replacement prospectus which replaced the prospectus dated 17 November 2016 and lodged with ASIC on that date ("**Original Prospectus**"). The Prospectus differs from the Original Prospectus in the following manner:

- a summary of the Investment Management Agreement has been included in Section 4 under the question "*What are the management arrangements with Thorney Management*";
- additional disclosure has been provided in Section 4 under the question "*What are the key risks associated with the Offer*" in relation to the Company's current intention in relation to borrowings in order to make investments, as well as taking out derivative positions;
- additional disclosure has been provided in Section 6 in relation to the Company's current intention in relation to borrowings in order to make investments, as well as taking out derivative positions;
- additional disclosure has been provided in Section 5.4 in relation to why the Independent Expert determined that the Investment Management Agreement was not fair but reasonable to Shareholders (as a whole) not associated with the Thorney Group, as well as why the Company has chosen to enter into the Investment Management Agreement and how its terms compare to other investment management agreements in the market; and
- a withdrawal right has been offered to any person who lodged an Application for Shares under the Original Prospectus before the date of this Prospectus.

The lodgement of a replacement Prospectus has also required certain references to "Prospectus Date" to be amended to refer to the "date of the Original Prospectus". No responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates is taken by ASIC or ASX. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

The Offer does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company and you should carefully consider these factors in the light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest. A number of key risk factors that you should consider are outlined in Section 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person is authorised to provide 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, its Directors, the Lead Manager, or any other person in connection with the Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into its possession should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

### WITHDRAWAL RIGHT

Applicants who lodged an Application for Shares under the Original Prospectus before the date of this Prospectus may withdraw their Application at any time prior to the Closing Date and be repaid their Application Monies. Should an Applicant wish to withdraw their Application under these circumstances they may do so by contacting Craig Smith, the Company Secretary, by telephone on +61 3 9921 7116, by facsimile on +61 3 9921 7100 or by email at [craig.smith@thorney.com.au](mailto:craig.smith@thorney.com.au).

### CONDITIONAL OFFER

The Offer contained in this Prospectus is subject to and conditional on the Company obtaining approval from its Shareholders for the Conditional Resolutions and the Company receiving confirmation from ASX of its successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules. If the Conditional Resolutions are not passed or the re-compliance requirements are not satisfied, the Offer will not proceed, no Shares will be allotted pursuant to this Prospectus and any Application Monies received by the Company will be returned in full as soon as reasonably practicable, without interest. Where relevant, this Prospectus assumes the Conditional Resolutions will be approved.

### RE-COMPLIANCE

This Prospectus has also been prepared for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-compliance following a change to the nature and scale of the Company's activities. If the Conditional Resolutions are passed by Shareholders, the Company's securities will remain suspended from quotation on ASX and will not be reinstated until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the re-compliance requirements for listing on ASX. The Company does not intend to issue any Offer Shares unless and until the ASX confirms that the Company will, upon issue of the Offer Shares, have re-complied with Chapters 1 and 2 of the ASX Listing Rules and that the Offer Shares will be quoted on ASX. If permission is not granted for the Offer Shares to be quoted within 3 months of the date of the Original Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, any Application Monies received by the Company will be returned in full as soon as reasonably practicable, without interest.

### ELECTRONIC PROSPECTUS

This Prospectus is available in electronic form at [www.arfl.com.au/prospectus.html](http://www.arfl.com.au/prospectus.html). This Prospectus is only available in electronic form to residents of Australia in Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

## INTERMEDIARY AUTHORISATION

The Company does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act. Accordingly, the Offer under this Prospectus will be made under an arrangement between the Company and Bell Potter (Authorised Intermediary) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

Bell Potter is also the Lead Manager and will manage the Offer on behalf of the Company. The Lead Manager and Authorised Intermediary's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor.

Bell Potter, as Lead Manager and Authorised Intermediary, cannot guarantee the success or performance of the Company or the returns (if any) to be received by investors. Bell Potter, as Lead Manager and Authorised Intermediary, is not responsible for, nor has caused the issue of, this Prospectus.

## FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date the Original Prospectus was prepared, were expected to take place. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. Forward looking statements should be read in conjunction with the risk factors set out in Section 6 and other information in this Prospectus.

The forward-looking statements in the Original Prospectus reflect the views held only immediately before the date of the Original Prospectus, unless otherwise stated. Other than as required by law, none of the Company or its Directors, officers or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Prospectus will actually occur. You are cautioned not to place undue reliance on those statements. Subject to the Corporations Act and any other applicable law, each of the Company and its officers, employees and advisers disclaims any duty to disseminate, after the date of the Original Prospectus, any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

## RESTRICTIONS ON DISTRIBUTION

The Offer is being made in Australia. The Prospectus does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer.

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

## DEFINITIONS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus are explained in the Glossary.

## PRIVACY

If you apply for Shares, you will provide personal information to the Company and the Registry. The Company and the Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Tax and company law requires you to supply some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988:

- The Lead Manager in order to assess your Application;
- The Registry for ongoing administration of the Register;
- The printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

The information may also be disclosed to members of the Company's group and to their agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

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

## COMPANY'S WEBSITE

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference.

## FINANCIAL AMOUNTS

All financial amounts contained in this Prospectus are expressed in Australian currency unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

## ENQUIRIES

If you have any questions regarding the Offer or the matters set out in this document, you may contact the company secretary, Craig Smith, by telephone on +61 3 9921 7116, by facsimile on +61 3 9921 7100 by email at [craig.smith@thorney.com.au](mailto:craig.smith@thorney.com.au) during the Offer Period.

Announcements made to ASX by the Company and other information relating to the Offer can be obtained from ASX's website at [www.asx.com.au](http://www.asx.com.au) (ASX code: ARW to be changed to TEK) or the Company's website at [www.arfl.com.au](http://www.arfl.com.au).

# 1 Investment Summary

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## 1.1 Offer Statistics

Offer Price Per Share under the Retail Offer, Priority Offer and Placement Offer	\$0.22
Shares on issue prior to the Offer (pre-consolidation)	41,956,145
Shares on issue after Share consolidation	420,080
Shares on issue prior to Offer (post Share consolidation and after issuance of maximum Consideration Shares)	27,824,171

	Minimum Subscription	Maximum Subscription	Over-Subscription
Total number of Shares available under the Offer	90,909,091	227,272,727	568,181,818
Total Proceeds from the Offer	\$20,000,000	\$50,000,000	\$125,000,000
Shares on issue at completion of Offer	118,733,262	255,096,898	596,005,989
Market capitalisation on completion of Offer at Offer Price*	\$26,121,317.64	\$56,121,317.56	\$131,121,317.58

\* Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price, based on maximum Consideration Shares.

## 1.2 How to invest

Applications for Shares can only be made by completing an Application in accordance with the instructions set out in Sections 7.10 and 7.12. Applications must be for at least 10,000 Shares (equivalent to \$2,200) and in multiples of 5,000 Shares (equivalent to \$1,100) thereafter.

### 1.3 Indicative Timetable

<b>Event</b>	<b>Date</b>
Record date to determine priority entitlements of Shareholders (and TOP Shareholders) under Retail Offer	16 November 2016 at 7:00 pm (AEST)
Lodgement of Original Prospectus with ASIC and copy provided to ASX	17 November 2016
Lodgement of re-admission application with ASX	17 November 2016
Placement Offer, Retail Offer and Priority Offer open	18 November 2016 at 9:00 am (AEST)
Lodge this Prospectus with ASIC and provide a copy to ASX	23 November 2016
2016 AGM held approving issue of Shares under Offer and other matters	9 December 2016
Effective date of Share consolidation (and shareholdings adjusted to reflect Share consolidation)	16 December 2016
Last date to issue holding statements to reflect Share consolidation	16 December 2016
Close of the Placement Offer, Retail Offer and Priority Offer	20 December 2016 at 5:00 pm (AEST)
Issue of Shares under the Placement Offer, Retail Offer and Priority Offer	21 December 2016
Holding statements issued for Shares issued under the Placement Offer, Retail Offer and Priority Offer	21 December 2016
Suspension of quotation ends and quotation of Shares issued under the Placement Offer, Retail Offer and Priority Offer commences on a normal settlement basis (subject to the close of the Offer and ASX confirmation of re-compliance with admission requirements)	23 December 2016

These times and dates are indicative only and subject to change, in particular the date for satisfaction of the conditions to the Offer (and consequently the dates for ending suspension of quotation for Shares and issue of Offer Shares) may occur after the dates indicated above. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to change any date, including to extend the closing date of the Offer, to close the Offer early, to accept late Applications either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the closing date will have a consequential effect on the issue date of Offer Shares and the re-commencement of trading of Shares on ASX. If the Offer is withdrawn, Application Monies will be returned in full as soon as reasonably practicable without interest.

# AUSTRALIAN RENEWABLE FUELS LIMITED

ACN 096 782 188

Dear Investor

As the current Chairman of Australian Renewable Fuels Limited (the “**Company**”), I welcome the proposal from the Thorney Group for the Company to become a listed investment entity focussed on investments in technology related businesses and other businesses with disruptive business models.

I am pleased that under the proposal, Mr Alex Waislitz, executive chairman of the private Thorney Group, will become the new chairman of the Company.

### About the Company and its future investment focus

- **Technology Focus:** The Company will be repositioned to have a broad and open investment mandate, focused on technology related businesses and other businesses with disruptive business models.
- **Experienced Manager:** The Company will appoint Thorney Management Services Pty Ltd, as investment manager. Thorney Management is also the investment manager of the listed Thorney Opportunities Ltd, which is an ASX-listed company with net tangible assets in excess of \$120 million<sup>1</sup>.
- **An absolute return focus:** The Company will pursue an absolute return focus over the medium to long term.
- **Exposure to listed and private businesses:** The Company will have flexibility to invest in a wide range of investment opportunities covering listed and private companies, and a wide range of different types of securities, from shares, to convertible notes and other instruments.
- **Exposure to Australian and global opportunities:** The Company will have the opportunity to invest in Australian and global business.
- **Investments across the business life-cycle:** The Company will have the opportunity to invest across all stages of the business life cycle from start up to well established businesses.

Investors in the Company will have the opportunity to invest alongside the Thorney Group who intend to participate in the Offer so as to hold approximately 20% of the Company's issued capital following the Offer. Thorney Group will be issued shares in exchange for transferring Seed Investments, as well as a cash contribution (to the extent it participates in the Offer). The purpose of seeding the Company with a portfolio of listed and unlisted investments, being the Seed Investments, is to provide the Company with an initial portfolio for the creation of potential returns and value.

### Thorney Group

The Thorney Group was established by Mr Alex Waislitz in the 1990's and invests across many asset classes, both in Australia and globally.

- **Technology investment experience:** Thorney Group has for many years invested in technology investment opportunities, both listed and private businesses, and Australian and global opportunities.

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<sup>1</sup> Based on Thorney Opportunities Ltd's Monthly Net Tangible Asset Backing Statement for October 2016 as announced to ASX on 7 November 2016. This was calculated by reference to the Net Tangible Asset backing per share (71.3 cents after tax), multiplied by 169,498,390 ordinary shares on issue.

- **Thorney deal flow and network:** Thorney Group has an extensive network in Australia and offshore, which generates extensive investment deal flow opportunities.
- **Exposure to offshore opportunities:** Thorney Group has a range of existing investments in technology businesses in overseas markets, notably in Israel and the United States. Thorney Group's network includes Israeli and Silicon Valley based venture capital firms, which generate investment opportunities.
- **Thorney team:** Thorney Group has an active team focussed on sourcing, evaluating and structuring investment opportunities, and monitoring and assisting investments on an ongoing basis. The team comprises a group of professionals whose experience includes funds management, investment banking and stock broking.

### **Thorney Group participation in Placement Offer and seeding of assets**

The Thorney Group intends to participate in the Offer so as to hold approximately 20% of the Company's issued capital following the Offer (see Section 5.6(c) of this Prospectus for more information in this regard).

Thorney Group has identified an initial portfolio of investments which it will transfer to the Company, subject to approval of Shareholders (see Section 11.5(d) of this Prospectus for more information in this regard). These investments are in 8 ASX-listed companies, and 2 unlisted companies. Thorney Group has been an investor in some of these companies for a long period, and in all cases Thorney Group is transferring a minority of the investment it holds in the relevant company. The transfer price paid by the Company will be the lower of the value as at 2 November 2016 and the average VWAP over 5 business days prior to the date on which the placement occurs under the Placement Offer. In this way, the Company obtains the benefit of any value increases from 2 November 2016, and Thorney Group bears the risk of any value decrease before transfer (see Section 11.5(d) of this Prospectus for more information). The transfer of Seed Investments represents a value of approximately \$6 million, and provides the Company with an initial portfolio of investments.

### **About the Offer**

Pursuant to this Prospectus, the Company is seeking to raise up to \$50 million at an issue price of \$0.22 per share, with the ability to accept oversubscriptions up to a further \$75 million.

The Offer has been structured as:

- A placement offer to professional and sophisticated investors; and
- A retail offer to the public with priority allocation being offered first to shareholders in the Company, and then to existing shareholders of Thorney Opportunities Ltd.

An investment in the Company is subject to a range of risks, including risks inherent in the proposed investment strategy of Thorney Management, the risk that the investments of the Company (including Seed Investments) will not perform as well as general risks such as economic conditions and changes in relevant taxation and legal policy. For more information about the key risks associated with an investment in the Company see Section 6.

Full details of the Offer are set out in this Prospectus, and investors are encouraged to read the entire Prospectus and obtain professional advice before investing under this Prospectus.

I look forward to welcoming you as a shareholder.



**Mr Alan Fisher**  
Chairman

### 3 Letter from Thorney Group

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Thorney Holdings Pty Ltd  
A.C.N. 006 262 835

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Dear Investor

I believe that we are in an exciting period, where new technologies, and new business models, provide many investment opportunities. These investment opportunities are across the life cycle of technology businesses - from early stage to mature, Australian-based and global, listed and private investments.

My private Thorney Group has for many years invested in technology-related investments, opportunities which have originated from both our own analysis and from our network. I am pleased that we are leading the re-launch of Australian Renewable Fuels Limited (the “**Company**”) as a listed investment company focussed on technology-related investments and providing investors with the opportunity to be Shareholders alongside the Thorney Group.

The Thorney Group intends to participate in the Offer so as to hold approximately 20% of the Company’s issued capital following the Offer.

I am the proposed Chairman of the Company. Thorney Management Services Pty Ltd, a member of the Thorney Group, is the proposed investment manager for the Company. The proposed investment manager will leverage off the resources of the Thorney Group team and our network, centred in Australia, and with links into Israel and the USA and elsewhere to identify, evaluate and monitor investments.

The proposal also includes the transfer of approximately \$6 million of Seed Investments from the Thorney Group to the Company. These investments (which were subject to an independent expert’s report for the purpose of the forthcoming Shareholders meeting) include eight ASX listed investments and two private investments, and which I believe provide the Company with potential investment upside. I encourage you to review the Prospectus including details of the seed investments.

An investment in the Company is subject to a range of risks, including risks inherent in the proposed investment strategy of Thorney Management, the risk that the investments of the Company (including Seed Investments) will not perform as well as general risks such as economic conditions and changes in relevant taxation and legal policy. For more information about the key risks associated with an investment in the Company see Section 6.

I encourage you to obtain professional advice and to read this document carefully and in its entirety before making your investment decision.

I thank the existing Board of the Company for their efforts in bringing this proposal to fruition.

I look forward to participating with you as Shareholders and to communicating with you on an ongoing basis. My aim is to keep Shareholders regularly informed: on the nature of the investments that we make, the thesis behind our investment decisions, and our perspective on opportunities and the relevant investment market dynamics.



Alex Waislitz  
Chairman

## 4 Answers to key questions about the Offer

Question and answer	Where can I find more information?
<p><i>What is the Offer?</i></p> <p>The Offer is an invitation to apply for Shares in the Company, comprising:</p> <ul style="list-style-type: none"> <li>(i) a placement of up to \$50 million at an issue price of \$0.22 per Share to sophisticated and professional investors, with the ability to accept oversubscriptions for up to a further \$50 million (the "<b>Placement Offer</b>"); and</li> <li>(ii) a \$25 million retail offering to the public at an issue price of \$0.22 per Share, with the ability to accept oversubscriptions provided that the total amount raised under the Offer does not exceed \$125 million (the "<b>Retail Offer</b>").</li> <li>(iii) as part of the Retail Offer, eligible Shareholders of the Company and eligible Thorney Opportunities Ltd ("<b>TOP</b>") shareholders on the register at 16 November 2016 at 7:00 pm (AEST) will be afforded priority to participate in the Retail Offer (the "<b>Priority Offer</b>").</li> </ul> <p>The Offer is subject to the raising of minimum offer proceeds of \$20 million.</p>	Section 7
<p><i>Who is the Thorney Group?</i></p> <p>The Thorney Group is a private investment group with investments across various classes including equities, property and debt instruments and across various geographies. The Thorney Group was founded by Alex Waislitz in 1992.</p>	Section 5.6(a)
<p><i>What is the Company's Investment Focus</i></p> <p>Under the Proposal, the Company will focus on both listed and unlisted technology investments and disruptive business models. This includes early stage technology businesses and established businesses. The Company will have the opportunity to pursue investments in Australia and global business across all stages of the business life cycle from start up to well established businesses, including listed investments and private investment opportunities.</p>	Section 5.5
<p><i>Can I participate in the Offer?</i></p> <p>The Offer is open to persons with a registered address in Australia.</p>	Sections 7.6, 7.7 and 7.8
<p><i>Am I eligible for the Priority Offer?</i></p> <p>Existing Shareholders of the Company and existing TOP shareholders who have a registered address in Australia and are shareholders on the register on 16 November 2016 at 7:00 pm (AEST) will be afforded priority to participate in the Retail Offer.</p>	Section 7.6
<p><i>How will the money raised be used by the Company?</i></p> <p>The funds to be raised will enable the Company to pursue new investments pursuant to the Investment Management Agreement, as well as to meet the working capital requirements and other expenses of the Company (including expenses of implementing the Proposal and raising</p>	Section 7.3

Question and answer	Where can I find more information?
<p>new capital).</p> <p>In addition, the Company will also use the proceeds of the funds raised under the Offer to repay the Thorney Loan.</p>	
<p><i>How do I apply for Shares under the Offer?</i></p> <p>You should complete your Application by following the instructions contained in Section 7.10 (for the Retail and Priority Offer) or Section 7.12 (for the Placement Offer), ensuring Application Monies are received by the Company by the Closing Date.</p>	<p>Sections 7.10 and 7.12</p>
<p><i>Is there a limit on the number of Shares that I can apply for?</i></p> <p>No.</p>	<p>Sections 7.10 and 7.12</p>
<p><i>Is there a minimum number of Shares that I have to apply for?</i></p> <p>Applications must be for at least 10,000 Shares (equivalent to \$2200) and in multiples of 5,000 Shares (equivalent to \$1100) thereafter.</p>	<p>Sections 7.10 and 7.12</p>
<p><i>When do I have to give the Company my Application?</i></p> <p>All Applications and Application Monies for Shares under the Placement Offer, Retail Offer and Priority Offer must be received by 5:00 pm (AEST) on 20 December 2016.</p> <p>Please note that these times and dates are subject to change by the Company.</p>	<p>Sections 7.10 and 7.12</p>
<p><i>How will allocations of Shares be made under the Offer?</i></p> <p>Applications for Shares under the Offer will be accepted at the discretion of the Company in consultation with the Lead Manager and Shares will be allocated in accordance with Applications that are accepted. The Company, in consultation with the Lead Manager, reserves the right to reject any Application for Shares under the Offer or to allocate any applicant fewer Shares than the number applied for, and reserves the right not to issue any of the Shares (having regard to the policy in Section 7.11 for the allocation of Shares under the Retail Offer).</p> <p>There is no guarantee that an applicant will be issued any or all of the Shares for which they apply.</p>	<p>Sections 7.11 and 7.13</p>

Question and answer	Where can I find more information?
<p><i>When do I have to pay for the Shares that I apply for? When will the Shares be issued?</i></p> <p>Shares must be paid for in full at the time an Application is made. Application Monies received from applicants for Shares under the Offer will be held in a separate account by or on behalf of the Company until those Shares are issued. No Shares will be issued until the conditions to the Offer are satisfied.</p> <p>It is expected that the issue of the Shares applied for under the Offer will take place on 21 December 2016 for the Placement Offer, Retail Offer and Priority Offer, however this is subject to change. It is expected that trading of the Shares on ASX will re-commence on 23 December 2016 on a normal settlement basis.</p> <p>If the Offer does not proceed or is withdrawn for any reason (including where the conditions are not satisfied), or if any Shares that are applied for by an applicant are not allocated to that applicant, the Application Monies with respect to those Shares will be returned in full as soon as reasonably practicable, without interest.</p>	<p>Sections 7.10 and 7.12</p>
<p><i>What are the conditions to the Offer?</i></p> <p>The Offer of Shares pursuant to this document is conditional on the Shareholders approving the Conditional Resolutions at the 2016 AGM of the Company scheduled to be held on 9 December 2016. Once the 2016 AGM has concluded, the Company will release an ASX announcement to confirm the outcome of voting at the 2016 AGM on its website (<a href="http://www.arfl.com.au">www.arfl.com.au</a>) and on the ASX website <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX code: ARW, which is proposed to be changed to TEK) or the Company's website at <a href="http://www.arfl.com.au">www.arfl.com.au</a>.</p> <p>The Company also requires confirmation from ASX that the Company has or will re-comply with the admission requirements of Chapters 1 and 2 of the Listing Rules following the issue of the Offer Shares.</p> <p>If the conditions are not satisfied, no funds will be raised pursuant to the Offer, no Shares will be issued pursuant to the Offer and all the Application Monies with respect to the Offer will be returned in full as soon as reasonably practicable, without interest.</p>	<p>Sections 5.3 and 7.4</p>
<p><i>Why is a general meeting of the Company required to be held?</i></p> <p>A number of the proposed actions under the Proposal require Shareholder approval, including the proposed change in nature and scale of the Company's activities, transactions with various related parties in the Thorney Group and a change to the Company's name.</p> <p>The Offer made pursuant to this Prospectus is conditional on the Conditional Resolutions being passed and on the Company receiving conditional approval for re-quotation on the ASX.</p> <p>The Offer is subject to the raising of minimum offer proceeds of \$20 million.</p>	<p>Section 5.3</p>
<p><i>What is the proposed shareholding of the Thorney Group in the Company?</i></p> <p>Thorney Holdings currently owns or has a relevant interest in approximately 26% of the Company.</p>	<p>Section 5.6(c)</p>

Question and answer	Where can I find more information?
<p>Thorney Group has expressed an intention to the Company to participate in the Offer such that, following completion of the Capital Raising, it will hold an interest of approximately 20% in the Company. However, the level of Thorney's participation in the Offer may vary and, accordingly, Thorney Group's interest in the Company may be higher or lower, but will not in any event exceed 29.88% in the Company immediately following completion of the Placement Offer (which will complete before the Retail Offer) and/or the Retail Offer.</p>	
<p><i>What are the Seed Investments?</i></p> <p>The Seed Investments are a number of listed and unlisted securities to be acquired by the Company from various Thorney Entities under the Asset Sale Agreement. The companies included in the Seed Investments represent a number of technology-orientated investments. The Company believes that these investments are suitable investments for the Company offering the potential for investment returns, and being a broad range of different businesses and different technology related investments.</p>	Section 11.5(d)
<p><i>What are the management arrangements with Thorney Management?</i></p> <p>Thorney Management will be appointed as the Company's investment manager pursuant to the Investment Management Agreement for the purposes of exclusively sourcing, investing, managing and reviewing all investments for the Company.</p> <p>For the purposes of carrying out its functions and duties under the Investment Management Agreement, Thorney Management has the powers in respect of the investment portfolio that it would have if it were the absolute owner of the investment portfolio and acting in its personal capacity, and the discretion to manage the portfolio and do all things considered necessary or desirable in relation to the portfolio.</p> <p>The Investment Management Agreement will have a fixed initial term of 5 years or, subject to shareholder approval and a waiver from ASX (which has been received), 10 years. During the term of the agreement, the Company is not able to appoint any other person to provide it with certain services without the approval of Thorney Management.</p> <p>Thorney Management will be entitled to a base management fee equal to 0.75% of the value of the gross assets of the Company that are managed by Thorney Management in each half financial year (plus GST) and a performance fee for each six month period, calculated as 20% of the increase in the net value of the investment portfolio.</p> <p>Thorney Management may terminate the Investment Management Agreement by giving the Company not less than six months' written notice following the third anniversary of the commencement of the Investment Management Agreement or by giving the Company not less than three months' written notice if there is a change of control of the Company. The Company may terminate the Investment Management Agreement by giving three months' prior written notice to Thorney Management following expiry of the initial term or any extended term following approval of the Shareholders to do so.</p> <p>In certain circumstances upon termination of the Investment Management Agreement, Thorney Management will be entitled to additional fees.</p>	Section 11.5(c)

Question and answer	Where can I find more information?
<p><i>Is the Offer underwritten?</i></p> <p>The Offer is not underwritten. The Offer is subject to the raising of minimum offer proceeds of \$20 million.</p>	<p>Section 7.20</p>
<p><i>Who is the Authorised Intermediary?</i></p> <p>Bell Potter Securities Limited is the Authorised Intermediary.</p>	<p>Section 7.15</p>

Question and answer	Where can I find more information?
<p><i>What are the key risks associated with the Offer?</i></p> <p>The future performance of the Company and the value of Shares may be influenced by a range of factors, many of which are outside the Company's control. Investors should carefully consider the risks (which are set out in more detail in Section 6) associated with an investment before deciding to accept the Offer. The key risks include:</p> <ul style="list-style-type: none"> <li>• The Company may not be able to implement its investment strategy profitably. The Company may not be profitable or generate returns.</li> <li>• The Company relies on its key personnel. A loss of key personnel may adversely impact the Company.</li> <li>• The investments made by the Company may not result in a return to the Company and its shareholders.</li> <li>• The value of the Company is in part dependent on the Seed Investments.</li> <li>• Some investments may be reliant on addition funding by private capital which may not be available and have limited revenue.</li> <li>• Future events may have a negative effect on the value of the investments and the Company.</li> <li>• The performance of the Company may be adversely effected if the Investment Management Agreement is terminated.</li> <li>• Borrowing funds to make an investment or taking out derivative positions may magnify the impact of any movements in the prices of the underlying investments of the Company. Currently Thorney Management does not have a policy in respect of borrowings or taking out derivative positions but will consider these positions on an ongoing basis. The Investment Management Agreement vests significant discretion in Thorney Management, and while Thorney Management does not currently intend to either borrow funds to make investments or take out derivate positions, it may decide to do so in the future, on a case by case basis. Further, the fee structure specified in the Investment Management Agreement incentivises Thorney Management to borrow funds to make</li> </ul>	<p>Section 6</p> <p>Section 6.2(a)</p> <p>Section 6.2(b)</p> <p>Section 6.2(c)</p> <p>Section 6.2(d)</p> <p>Section 6.2(e)</p> <p>Section 6.2(f)</p> <p>Section 6.2(g)</p> <p>Sections 6.2(h) and 11.5(c)</p>

Question and answer	Where can I find more information?
<p>investments, which may magnify the impact of any movements in the prices of the underlying investments of the Company.</p>	
<ul style="list-style-type: none"> <li>• The Company may, under the Investment Management Agreement, not be able to liquidate investments at their fair value.</li> <li>• The Company may not raise the required amount and therefore the availability of investments of the Company may be impacted.</li> <li>• ASX may not allow the Company to be re-listed or may require further materials before re-listing the Company.</li> <li>• Existing shareholder interests in the Company will be diluted upon issuing of the Shares under the Offer.</li> </ul>	<p>Section 6.2(i)</p> <p>Section 6.2(j)</p> <p>Section 6.2(k)</p> <p>Section 6.2(l)</p>
<ul style="list-style-type: none"> <li>• General risks including economic conditions in Australian and internationally, share market conditions, changes in policy and changes in relevant taxation and legal regimes.</li> </ul>	<p>Section 6.3</p>
<p><i>What is the Company's dividend policy?</i></p> <p>The investment mandate is focused on absolute returns, and it is expected many investments will be capital growth oriented. Depending upon the performance of investments and income earned by the Company, it is the current intention, where appropriate, dividends will be paid to Shareholders.</p>	<p>Section 9.7</p>
<p><i>What are the tax consequences of participating in the Offer?</i></p> <p>Investors should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. The Company cannot, and does not, offer any advice to any person relating to taxation implications of participating in the Offer.</p>	<p>Section 11.7</p>
<p><i>Who should I contact if I have any questions?</i></p> <p>If you have any questions regarding the Offer or the matters set out in this document, you may contact the Company Secretary, Craig Smith, by telephone on +61 3 9921 7116, by facsimile on +61 3 9921 7100 by email at <a href="mailto:craig.smith@thorney.com.au">craig.smith@thorney.com.au</a> during the Offer Period.</p> <p>Announcements made to ASX by the Company and other information relating to the Offer can be obtained from ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX code: ARW, which is proposed to be changed to TEK) or the Company's website at <a href="http://www.arfl.com.au">www.arfl.com.au</a>.</p>	<p>Section 7.23</p>

## 5 The Company

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### 5.1 Introduction

Investors have the opportunity to invest via this Prospectus into the Company as an ASX listed investment company, focussed on investments in technology related businesses and other businesses with disruptive business models.

### 5.2 Proposal

The Directors believe that one way to create Shareholder value is to recapitalise and reposition the Company as an ASX-listed investment entity.

- Technology focus: The Company will have a broad and open investment mandate, focused on technology related businesses and other businesses with disruptive business models.
- An absolute return focus: The Company will pursue an absolute return focus over the medium to long term. It is expected that many investments may be capital growth oriented.
- Exposure to listed and private businesses: The Company will have flexibility to invest in a wide range of investment opportunities covering listed and private companies, and a wide range of different types of securities, from shares, to convertible notes and other instruments.
- Exposure to Australian and global opportunities: The Company will have the opportunity to invest in Australian and global companies.
- Investments across the business life-cycle: The Company will have the opportunity to invest across all stages of the business life cycle from start up to well established businesses.
- An initial portfolio: The Company will commence with an initial portfolio of investments with a value of approximately \$6 million. The investments will be transferred from Thorney Group and comprise eight ASX listed companies, and two unlisted investments. The Company will, after the Offer hold cash (net of costs of the issue) for further investments and working capital as well as the Seed Investments (see 11.5(d) for more detail on the Asset Sale Agreement and Seed Investments).

The key terms of the Proposal are:

- (a) The Company will make a significant change to the nature of its activities by becoming an investment entity that focusses on technology investments and other disruptive business models.
- (b) Thorney Management, a member of the Thorney Group, will be appointed by the Company as its investment manager pursuant to an Investment Management Agreement (see Section 11.5(c)).
- (c) Pursuant to the Investment Management Agreement, Thorney Management will adopt a broad investment objective focussed on technology investments and other disruptive business models and to pursue an absolute return strategy over the medium to long term for the Company and its Shareholders.
- (d) Mr Alex Waislitz, founder and executive chairman of the Thorney Group, will be appointed as Non-executive Chairman of the Company; Mr Jeremy Leibler, partner at Arnold Bloch Leibler, will be appointed as a Non-executive Director of the Company; and Mr Craig Smith will resign as a Director of the Company following the close of the AGM but remain as Company Secretary (see Section 8.1).
- (e) Pursuant to the Asset Sale Agreement, the Company will acquire the Seed Investments from the Thorney Entities - which are investments in listed and unlisted technology companies - in consideration for the issuance of the Consideration Shares to Thorney Holdings (see Section 11.5(d)).

- (f) The Company will seek to raise up to \$50 million, with the ability to accept oversubscriptions for up to a further \$75 million under this Prospectus.
- (g) Prior to completing the Capital Raising, the Company will undertake a share consolidation of the existing Shares on issue on a 1 for 100 basis.
- (h) The Company will adopt a new constitution (see Section 11.4).
- (i) The Company will be renamed as “Thorney Technologies Ltd”.

### 5.3 Shareholder Approval

The Proposal outlined in Section 5.2 is subject to a number of shareholder approvals and the Company's 2016 AGM is scheduled to be held on 9 December 2016 to seek the necessary approval from Shareholders to proceed with the Proposal (“**Conditional Resolutions**”). If the Conditional Resolutions are not passed by Shareholders at this meeting (or such other meeting before 28 February 2017), the Offer will not proceed. Shareholders will be asked to approve the following resolutions:

Resolution 1: Adoption of Remuneration Report

As part of its ordinary business at the annual general meeting, the Company will be seeking the adoption of the Company's remuneration report for the year ended 30 June 2016.

Resolution 2-4: Election of Mr Alex Waislitz, Mr Jeremy Leibler, Mr Martin Casey

As part of its ordinary business at the annual general meeting, the Company will be seeking the election of Mr Martin Casey, Mr Alex Waislitz and Mr Jeremy Leibler as Directors.

Resolution 5: Adopt New Constitution

The Company is seeking a special resolution to repeal the existing Constitution and replace it with the New Constitution as summarised in Section 11.4.

Resolution 6: Change in Nature of Activities

The Company is seeking approval, for the purposes of ASX purpose of ASX Listing Rule 11.1.2 and for all other purposes, for the Company to make a significant change in the nature of its activities, including for the purposes of becoming an investment entity.

Resolution 7: Share Consolidation

The Company is seeking approval, for the purposes of Section 254H of the Corporations Act, Listing Rule 7.20 and for all other purposes, to undertake a share consolidation of the existing Shares on issue on a 1 for 100 basis.

Resolution 8: Change of Name\*

The Company is seeking a special resolution to change the name of the Company to 'Thorney Technologies Ltd'.

Resolution 9: Approval of Investment Management Agreement with Thorney Management\*

The Company is seeking approval to enter into the Investment Management Agreement with Thorney as outlined in Section 11.5(c).

Resolution 10: Approval of Asset Sale Agreement, Acquisition of Seed Investments from The Thorney Entities and Issue of Consideration Shares to Thorney Holdings under Asset Sale Agreement\*

Subject to the Shares being consolidated in accordance with resolution 7, the Company is seeking approval to enter into an asset sale agreement

with the Thorney Entities and the acquisition of Seed Investments from the Thorney Entities and the issue of up to 27,404,091 Shares (on a post-consolidated basis) to Thorney Holdings pursuant to the Asset Sale Agreement as described in Section 11.5(d).

**Resolution 11:** Approval of Issue of Shares to Thorney Holdings under Placement Offer and/or Retail Offer\*

Subject to the Shares being consolidated in accordance with Resolution 7, the Company is seeking approval to issue up to a maximum amount of 91,68,341 Shares (on a post-consolidated basis) to Thorney Holdings under the Placement Offer and/or the Retail Offer.

**Resolution 12:** Approval of Issue of Shares under Placement Offer to Other Sophisticated and Professional Investors\*

Subject to the Shares being consolidated in accordance with Resolution 7, the Company is seeking approval to issue up to 454,545,454 ordinary shares in the Company at the price of \$0.22 per share to sophisticated and/or professional investors under the Placement Offer.

**Resolution 13:** Approval of Issue of Shares under Retail Offer\*

Subject to the Shares being consolidated in accordance with Resolution 7, the Company is seeking approval to issue up to an amount equal to 568,181,818 less the number of ordinary shares issued under the placement offer shares in the Company at the price of \$0.22 per share.

**Resolution 14:** Appointment of Auditor

The Company is seeking a special resolution to appoint the firm Ernst & Young as auditor of the Company in place of Deloitte Touche Tohmatsu under Section 327B of the Corporations Act.

\*Resolutions 8 to 13 (inclusive) are conditional upon Resolution 6 being passed.

#### **5.4 Independent Expert's Report**

The Board has commissioned an independent expert, PKF Corporate Finance, to provide an independent expert report on the entry by the Company into the Investment Management Agreement (see Section 11.5(c) as well as the acquisition of the Seed Investments from Thorney under the Asset Sale Agreement (see Section 11.5(d)).

PKF Corporate Finance assessed the individual fairness of each of the Investment Management Agreement and the acquisition of the Seed Investments. However, as these transactions are inter-related with other components of the Proposal, PKF Corporate Finance assessed the fairness and reasonableness of the Proposal by considering the overall advantages and disadvantages of the Proposal together and by giving appropriate weighting to each element of the Proposal.

Overall, PKF Corporate Finance determined that the Proposal as a whole is not fair, but is reasonable, to Shareholders (as a whole) not associated with the Thorney Group.

PKF Corporate Finance determined that the acquisition of the Seed Investments is fair and reasonable to Shareholders (as a whole) not associated with the Thorney Group.

PKF Corporate Finance determined that the Investment Management Agreement is not fair but is reasonable to Shareholders (as a whole) not associated with the Thorney Group. PKF Corporate Finance reached the conclusion that the overall terms of the Investment Management Agreement are less advantageous to the Company than those of similar agreements, including the following:

- **Period of the agreement** - the Investment Management Agreement has an initial term of up to five (5) years, with options to extend for further terms of seven (7) years at the end of the initial term and each extension term, at the option of Thorney

Management. The Company has sought (and received) an ASX waiver to extend the initial term to 10 years. In the view of PKF Corporate Finance, this component of the Investment Management Agreement is not in line with industry practice and is favourable to Thorney Management.

- **Base fee** - the Investment Management Agreement provides for an annual base fee of 0.75% per each half year of gross assets, which falls within a range of industry practice, albeit at the high end of observations.
- **Performance fee** - the Investment Management Agreement provides for a performance fee of 20% of the growth in gross assets of the Company. At this level, the performance fee falls within an acceptable range when compared to industry practice. However, PKF Corporate Finance noted that the performance fee is not subject to any base performance benchmark which is in contrast to industry practice which typically impose a base level of performance before a manager becomes entitled to any performance fees.
- **Termination Fee** - the termination fee payable under the Investment Management Agreement is potentially up to:
  - the average base fee for the previous two (2) financial years multiplied by six (6); plus
  - the average performance fee for the previous two (2) years multiplied by three (3).

In the opinion of PKF Corporate Finance, the termination fee is higher than those termination fees observed for comparable investment management agreements.

The Independent Expert's Report compared the Investment Management Agreement to a number of comparable agreements, and observed as follows:

- of those funds which disclosed the terms of their investment management agreements, all had initial terms of five (5) years and only one of the funds had a waiver to increase the initial term to ten (10) years);
- where an option of renewal existed, extension was at the option of the company/fund rather than the manager;
- termination fees varied and included the following methods for calculation:
  - termination fee equal to 3 months of management fees;
  - termination fee equal to the aggregate management and performance fees paid to the investment manager in the 12 month period up to the date of termination; and
  - termination fee equal to 5% of the net tangible assets of the company/fund at the termination date, reduced by 1/60 for each calendar month elapsed between the commencement date of the relevant management term and the termination date;
- in respect of base management fees;
  - for fixed income funds, base management fees ranged between 0.18% and 0.89%, averaging 0.55%; and
  - for listed equity and other non-fixed income funds, base management fees ranged between 0.17% and 2.00%, averaging 1.01%; and
- in respect of performance fees:
  - for listed and other non-fixed income funds, approximately 45% of the agreements reviewed by PKF Corporate Finance incorporated a performance fee component;

- where such a component existed, performance fees ranged between 10.0% and 23.0%, averaging 18.39%;
- where such a component existed, approximately 68% of the agreements incorporated a performance fee of 20% or higher; and
- in all cases where such a component existed, it was only payable where a certain performance benchmark was achieved (with benchmarks varying and including fixed performance benchmarks and variable performance benchmarks linked to specified stock exchange indices or reserve bank cash rates).

Having regard to the above, whilst PKF Corporate Finance stated that it is difficult to quantify the exact impact given that they depend upon future outcomes, which cannot be accurately assessed, PKF Corporate Finance considered that these key elements of the Investment Management Agreement are less favourable to Shareholders (as a whole) not associated with the Thorney Group than general industry practice, than if the agreement had been entered into with an unrelated party. Accordingly, PKF Corporate Finance's opinion was that the Investment Management Agreement is "not fair" to Shareholders (as a whole) not associated with the Thorney Group.

Notwithstanding the Independent Expert's Report determination and observations described above, the Company has chosen to enter into the Investment Management Agreement because the Directors believe that doing so is in the best interests of the Company. The Directors have formed this belief having regard to the Company's recent external administration (see Section 5.7) and lack of alternative proposals to the Proposal from Thorney Group, the fact that the Company does not currently carry on any business activities (having divested or ceased all of its operations subsequent to being placed into administration), as well as Thorney Management's track record as investment manager of TOP (see Section 5.6(a)), having achieved net tangible asset annual growth after dividends of approximately 20% since Thorney Management was appointed the investment manager of TOP in November 2013.

## 5.5 Business Model

The Proposal, if approved, will involve a change in the strategic direction of the Company from that of a dormant biodiesel producer to an investment entity with a focus on technology investments and other disruptive business models.

Under the Investment Management Agreement, Thorney Management is to be appointed by the Company to source and manage investments for the Company.

The proposed investment strategy to be adopted by the Company, pursuant to the terms of the Investment Management Agreement, will be to pursue absolute returns over the medium to long term. This is to be achieved by Thorney Management seeking opportunities from a wide range of asset classes, including investments in:

- (a) securities, whether or not quoted on a securities exchange, including notes, options, partly paid securities and convertible notes;
- (b) warrants, options, and other derivative contracts as well as short positions and arrangements and other similar financial instruments and arrangements;
- (c) interests in unit trusts, managed investment schemes or joint venture arrangements;
- (d) participation in underwriting and sub-underwriting of securities and units;
- (e) foreign exchange transactions or other hedging arrangements;
- (f) corporate debt securities and other fixed interest securities;
- (g) cash and bank deposits; and
- (h) other financial products to manage the Company's investment portfolio.

Thorney Management will have a broad mandate to consider investment opportunities, with a focus on technology opportunities and disruptive business models. Investments may span the life cycle of business from venture capital, start up, early stage businesses and pre-IPO to listed securities and well established businesses. Investments may include:

- investments in businesses where technology plays a significant role in the business, to other businesses where technology may be an enabler of the business; and
- businesses (including well established businesses) and start-ups that adopt a new business model, including potentially a disruptive business model (regardless of whether technology plays a significant role).

The Company and Thorney Management may also consider investments in a wide range of opportunities including:

- investments listed on a recognized stock exchange;
- investments in unlisted securities;
- investments in a fund or other structure that in turn has an investment focus;
- investments in securities or a direct investment in an underlying business or asset; and
- investments whether Australian based or not.

The Company may, subject to the ASX Listing Rules, cease being an investment entity at some point in the future. The Company and Thorney Management may also pursue investments with an objective to exercise control over or manage an entity, in which it invests.

A summary of the Investment Management Agreement is contained in Section 11.5(c).

Under the Asset Sale Agreement, it is proposed that the Company will acquire the Seed Investments from the Thorney Entities. The Seed Investments to be acquired by the Company are as follows:

ASX-listed investments

- (a) 309,075 ordinary shares in Adacel Technologies Limited
- (b) 1,831,745 ordinary shares in OneVue Holdings Limited
- (c) 50,385 ordinary shares in Webjet Limited
- (d) 297,630 ordinary shares in NextDC Limited
- (e) 59,690 ordinary shares in Hub24 Limited
- (f) 293,335 ordinary shares in iSelect Limited
- (g) 1,001,595 shares of common stock in Updater Inc
- (h) 204,650 ordinary shares in Anantara LifeSciences Limited

Unlisted investments

- (i) 757,576 ordinary shares in Aglive Group Limited
- (j) 1,500,000 ordinary shares in Change Up Holdings Limited

Further details of the Seed Investments and the Asset Sale Agreement is set out in Section 11.5(d).

## 5.6 Thorney Group

### (a) About Thorney Group, Thorney Holdings and Thorney Management

The Thorney Group was founded in 1992 by Alex Waislitz. Mr Waislitz has acted as the executive chairman of the Thorney Group throughout this period, over which it has invested across a broad range of asset classes including equities, property and debt instruments.

Thorney Holdings is a member of the Thorney Group and has been a shareholder in the Company since 2 March 2011.

Thorney Management, a member of the Thorney Group, was incorporated on 18 July 2013. Thorney Management holds an Australian Financial Services Licence ("AFSL") to enable it to provide the services under the Investment Management Agreement.

Thorney Management has also been the investment manager of ASX-listed Thorney Opportunities Ltd ("TOP") since November 2013. As at 31 October 2016, the net tangible assets of TOP were \$0.713 per share representing annual growth after dividends of approximately 20% since Thorney Management was appointed the investment manager of TOP.

Under the Investment Management Agreement, Thorney Management has an obligation to ensure that it has available resources to perform its functions. Thorney Management does not have its own employees or resources, but will utilise the resources of the Thorney Group, including leveraging off the team within Thorney Group in order to satisfy the obligations under the Investment Management Agreement. The Thorney Group has an extensive investment network in both Australia and overseas markets, notably the USA and Israel.

### (b) Investment Management team of Thorney Group

The following are key employees of Thorney Group, who have involvement in Thorney Group's equities portfolio. It is expected that the resources of the Thorney Group will be relevant for Thorney Management to perform its services under the Investment Management Agreement.

As at the date of this Prospectus, employees of the Thorney Group with involvement in the management of Thorney Group's private investment portfolio were:

#### **Alex Waislitz**

Alex founded Thorney Group in 1992, and is executive chairman. Prior to establishing Thorney Group, Alex had a number of operational roles within the Pratt Group of companies having worked for Robert Holmes à Court in New York early in his career. Alex has been the key driver in Thorney Group's growth into a large, diversified, private investment house with interests in equities, property and other investments.

#### **Peter Landos**

Peter joined Thorney Group in 2000, and is the chief operating officer of the Thorney Group. Prior to joining Thorney Group, Peter worked for an international investment bank specialising in public company mergers and acquisitions, having commenced his career with an international accounting firm. Peter is chairman of Adacel Technologies Ltd and a non-executive director of Gale Pacific Ltd.

#### **Craig Smith**

Craig joined Thorney Group in 2008, and is the chief financial officer and company secretary of the Thorney Group. Prior to joining the Thorney Group, Craig held a number of finance and operational roles, including with a

stockbroking firm and with a listed public company. Craig is currently a Non-executive Director and Company Secretary of the Company.

**Avee Waislitz**

Avee commenced with Thorney Group in 1994. Prior to joining Thorney Group, Avee commenced his career with a major financial institution in business banking. Avee is part of the investment management team at Thorney Group.

**John Cathcart**

John joined Thorney Group in 2004. Prior to joining Thorney Group, John held roles as a research analyst with a number of stockbroking firms, was responsible for the banking relationship for several large resources companies for a large investment bank and commenced his career as a mining geologist with a large Australian resources company. John is part of the investment management team at Thorney Group.

**Margaret Ross**

Margaret commenced with Thorney Group in 2005. Prior to joining Thorney Group, Margaret worked as a research analyst at a number of stockbroking firms. Margaret is part of the investment management team at Thorney Group.

**Dean Higgins**

Dean joined Thorney Group in 2006 and is chiefly responsible for trading and execution of equities trades at Thorney Group. Prior to joining Thorney Group, Dean worked at a number of international investment banks in a variety of trading and equity capital markets roles.

**Jeremy Davis**

Jeremy commenced with Thorney Group in 2012 and is a member of the investment management team. Prior to joining Thorney Group, Jeremy worked for several funds management organisations over a period of 16 years. Jeremy commenced his career with an international accounting firm.

**Martin Pretty**

Martin joined Thorney Group in 2013. Prior to joining Thorney, Martin has acted as a research analyst at a number of stockbroking firms, as well as a financial journalist with a major Australian financial newspaper. Martin is part of the investment management team at Thorney Group. Martin is a non-executive director of Centrepont Alliance Limited.

The Thorney Group will continue to manage, and invest in its own equities portfolio and other investments, in addition to Thorney Management performing its role under the Investment Management Agreement. Also, there is no restriction on Thorney Management at a future time performing investment management services for other parties, in addition to its role under the Investment Management Agreement.

(c) Thorney Group's Shareholding in the Company

Thorney Holdings has been a Shareholder in the Company since 2011. As at the date of this Prospectus, Thorney Holdings owns or has a relevant interest in 26.88% of the Company (rounded to the second decimal place).

Thorney Group has expressed an intention to the Company to participate in the Offer such that, following completion of the Offer, it will hold an interest of approximately 20% in the Company. However, the level of Thorney's participation in the Offer may vary and, accordingly, Thorney Group's interest in the Company may be higher or lower, but will not in any event exceed 29.88% in the Company immediately following completion of the Offer.

Accordingly, the Company is seeking Shareholder approval at the 2016 AGM to issue up to a maximum of 91,684,341 Shares to the Thorney Group under the Offer (in addition to the approval for the issue of the Consideration Shares to Thorney Holdings). If, for example, the Company raises the maximum amount of \$125 million under the Offer, and Thorney Group participates to the maximum extent approved by Shareholders, then the Thorney Group's shareholding in the Company immediately following completion of the Offer (and the issuance of the Consideration Shares) will be approximately 20%.

The following table is provided for illustration purposes. It highlights the effect of the Offer (in three different scenarios - minimum subscription of \$20 million, maximum subscription of \$50 million and oversubscription of \$125 million) and the issuance of the Consideration Shares on the share capital of the Company, on the assumption that the Thorney Group will hold approximately 20% of the issued capital following completion of the Proposal.

	<b>\$20 million Minimum Subscription</b>	<b>\$50 million Maximum Subscription</b>	<b>\$125 million Over- Subscription</b>
<b>Shares held by Thorney</b>			
Post Share consolidation (at 1 for 100)	112,766	112,766	112,766
Thorney Group participation in Offer*	-	23,502,523	91,684,341
Consideration Shares issued for Seed Investments (maximum)**	27,404,091	27,404,091	27,404,091
<b>Total Thorney Shares</b>	<b>27,516,857</b>	<b>51,019,380</b>	<b>119,201,198</b>
	23%	20%	20%
Post Share consolidation - Shareholders not associated with the Thorney Group	307,314	307,314	307,314
New Shares issued under the Offer to Shareholders not associated with the Thorney Group	90,909,091	203,770,204	476,497,477
<b>Total Shares on issue</b>	<b>118,733,262</b>	<b>255,096,898</b>	<b>596,005,989</b>
<b>Thorney cash and Seed Investment contribution</b>			
Thorney Group participation in Offer*	-	\$5,170,555	\$20,170,555
Seed Investments**	\$6,028,900	\$6,028,900	\$6,028,900
<b>Total Thorney contribution</b>	<b>\$6,028,900</b>	<b>\$11,199,455</b>	<b>\$26,199,455</b>

\*Assumes that Thorney Group participates in the Offer such that, following completion of both the Placement Offer and the Retail Offer, it will hold an interest of approximately 20% in the Company. Thorney Group's interest in the Company following completion of the Offer may be higher or lower.

\*\*The actual number of Consideration Shares, and the value of the Seed Investments is determined in accordance with the formula described in Section 11.5(d). The number of Consideration Shares to be issued to Thorney Holdings will not exceed 27,404,091 Shares. In respect of the value of the Seed Investments, the Company will obtain the benefit of any increases in the share price of the listed securities from 2 November 2016. If the share price for any particular listed investment decreases from 2 November 2016 to the completion date, the Company will obtain the benefit of the lower price.

(d) Thorney Group and the Company

The Thorney Group is a diversified investment company with exposure across various asset classes and geographies. Following implementation of the Proposal, the Thorney Group will continue to pursue its own investment strategy and hold investments separate from the Company. Thorney Management currently provides services to TOP and may provide services to other persons that are the same as or similar to the services to be provided to the Company under the Investment Management Agreement.

Thorney Management, pursuant to the Investment Management Agreement, will be responsible for the identification and management of investments for the Company and will have a broad discretion to do so. In certain circumstances Thorney Management may make investments for the Company in which members of the Thorney Group also invest, or have previously invested. However, Thorney Management has no obligation to recommend any investment for the Company which Thorney Management or any or any other client of Thorney Management or member of the Thorney Group invests in and Thorney Management may give advice and take action in the performance of its duties for other clients which differ from advice given and action taken in respect of the Company's investment portfolio.

(e) Investment philosophy of Thorney Management

Under the Investment Management Agreement (summarised in Section 11.5(c)), Thorney Management has a very broad investment mandate, and wide investment discretions. It is expected that Thorney Management will adopt an initial focus on both listed and unlisted investments that provide exposure to technology investments and disruptive

business models. This is expected to include investments exposed to early stage technology businesses as well as to established businesses with potential growth opportunities, and to Australian based investments and offshore based investments. It is expected that Thorney Management will adopt an investment focus of seeking to identify investments where value can be unlocked or grown, or both.

Thorney Management's objective will be to construct and manage a portfolio of investments to seek absolute returns over the medium to long term for the Company's Shareholders.

Thorney Management may consider investments in a wide range of opportunities including:

- investments listed on a recognized stock exchange;
- investments in unlisted securities;
- investments in a fund or other structure that in turn has an investment focus;
- investments in securities or a direct investment in an underlying business or asset; and
- investments whether Australian based or not.

Under the Investment Management Agreement, Thorney Management and the Board may agree, from time to time, particular investment parameters or decisions that should be referred to the Board for its input and consideration. However, in the absence of agreement on this from time to time, Thorney Management's investment mandate under the Investment Management Agreement is broad.

## **5.7 The Company's background and administration**

The Company was founded in May 2001 and was listed on the ASX in May 2005. The Company previously operated as biodiesel producer, however this business suffered financially and was placed into administration in January 2016. The Company's administrators entered into a Deed of Company Arrangement, which was funded by a loan from Thorney Group and the Company subsequently came out of administration on 22 September 2016. See Section 11.5(a) for further information on the Deed of Company Arrangement.

Since 22 September 2016, the Company has remained suspended from the official list of the ASX, with essentially no assets or operations. The Company has a loan from the Thorney Group which has continued to fund the Company since 22 September 2016. See Section 11.5(e) for more information on the Thorney Loan.

The ending of the administration extinguished all the pre-existing liabilities of the Company, other than several claims which were identified as continuing (see Section 11.5(a) for further information).

Once the Company reverted from administration, control was handed to its board of Directors comprising Mr Alan Fisher, who has been a Director since 2014, and Mr Martin Casey and Mr Craig Smith who were both appointed as the Company's administration was being finalised and ending.

Since 22 September 2016, the Directors have pursued a proposed transaction with the Thorney Group, which has culminated in this Prospectus. The Company recently announced that it had entered into an Implementation Deed with Thorney Holdings to pursue the Proposal. The Thorney Group has held a 26.88% shareholding in the Company, as well as having funded the Deed of Company Arrangement and ongoing working capital.

The Company currently has 41,956,145 Shares on issue (which are proposed to be consolidated before the issue of new Shares).

The Company's Shares remain suspended from the official list of ASX.

## **5.8 Funding of the Company**

The Company currently has no operations. Refer to Section 9 for further information regarding the Company's financial position.

Assuming that \$50 million of new capital is raised under the Capital Raising, and the total costs and expenses incurred by the Company in connection with the Proposal do not exceed \$2.5 million, the Company is expected to have total deployable new capital of approximately \$47.5 million following the Capital Raising. The deployment of this new capital will be the responsibility of Thorney Management, pursuant to the Investment Management Agreement.

See Section 7.3 for further information on the Company's proposed use of Offer proceeds.

## **5.9 Status as a Listed Investment Company**

If the Conditional Resolutions are approved by Shareholders, it is intended that the Company will qualify as a listed investment company ("**LIC**") under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90.0% of the portfolio value must comprise certain permitted investments as defined in Section 115.290(4) of the Income Tax Assessment Act 1997.

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of another company or trust that is not another listed investment company), financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

## 6 Risk Factors

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### 6.1 Introduction

An investment in the Shares being offered under this Prospectus is not risk free. The worst case scenario is that most or all of the investment could be lost.

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Company. Prior to making any decision to accept the Offer, investors should carefully consider the following risk factors applicable to the Company.

The risks described below are not to be taken as exhaustive. The specific risks considered and others not specifically referred to may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Careful consideration should be given to the risk factors set out in this Section, as well as the other information contained in this Prospectus and the Applicant's own knowledge and enquiries, before an investment decision is made. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. There are also general risks associated with any investment in Shares. Prospective investors should specifically consider the risk factors contained within this Section and the other information contained in this Prospectus in light of their own personal circumstances and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

### 6.2 Risks Specific to an Investment in the Company

In addition to the general market and economic risks noted above, investors should be aware of the risks specific to an investment in the Company. The major risks are described below.

#### (a) Investment Strategy

The risks inherent in the investment strategy that Thorney Management will pursue for the Company pursuant to the Investment Management Agreement. If the Conditional Resolutions are approved, the success and profitability of the Company will depend almost entirely on the ability of Thorney Management to identify, execute and manage investments which increase in value over time. The performance fees payable to Thorney Management under the Investment Management Agreement may create an incentive for Thorney Management to make investments that are riskier or more speculative than would be the case in the absence of any performance fees.

In addition, the investments made by Thorney Management on behalf of the Company may be in businesses that are in the early stages of development. These early-stage businesses may not have well-developed business strategies in place, may not yet be in a position of profitability, and may not generate consistent revenue. As such, there is a risk that the investments will not deliver returns for Shareholders.

Investments made by Thorney Management may be made by way of derivatives, whether as part of a hedging strategy or as an investment for the purposes of pursuing absolute investment returns. Derivative transactions can be volatile and may create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

#### (b) Retention of Key Personnel within the Thorney Group

The risk that following the implementation of the Proposal the Thorney Group may not be able to retain, nor replace, key investment management personnel and thus the experience and expertise of those people will not be available to the Company through its

relationship with Thorney Management. The ongoing involvement of Mr Alex Waislitz is a critical factor in the performance of the Thorney Group.

(c) Investment Returns

The risk that the investments pursued and managed by Thorney Management pursuant to the Investment Management Agreement may not result in an absolute return to the Company and Shareholders, and may result in a reduction in the net asset value of the Company and potentially in the value of Shares in the Company.

There is also a risk that Thorney Management may not deploy the capital of the Company on a timely basis thereby reducing the investment returns of the Company. There is the risk that the investments of the Company (including Seed Investments) will not perform.

(d) Lack of diversification

The risk that the investment portfolio of the Company managed by Thorney Management pursuant to the Investment Management Agreement may be less diversified than the investment portfolios of other listed entities investing in international and Australian entities. As such there is a risk that any other investment may take time to execute and the value of the Company will be dependent on the underlying Seed Investments acquired under the Asset Sale Agreement.

While Thorney Management is authorised to pursue a broad investment policy, it is expected that the Company's investment portfolio will be concentrated on investments in businesses with a technology focus and other disruptive business models. This concentration risk means that the portfolio may underperform relative to the performance of other asset classes or industries.

(e) Additional funding needs for investments

There is a risk that, given the investment portfolio may include investments in early stage businesses and unlisted investments, those businesses may be reliant on private capital to fund ongoing operations, and there is no certainty that private funding may be available as a source of capital on an ongoing basis.

In addition, some of the investments may have limited revenue and may operate at a loss. These investments may require ongoing funding and/or positive operational developments, neither of which may occur. Accordingly, there are a number of risks relating to such businesses, including the risk of insolvency, poor performance and/or not being able to demonstrate or realise future value or investment returns.

(f) Future events

The risk that future events may have a negative effect on the value of all types of investments within a particular market, including the investment portfolio of the Company managed by Thorney Management pursuant to the Investment Management Agreement. These events may include changes in economic, social, technological or political conditions, as well as market sentiment.

While Thorney Management is authorised to pursue a board investment policy, it is expected that the Company's investment portfolio will be concentrated on investments in businesses with a technology focus other disruptive business models. This concentration risk means that the portfolio may underperform relative to the performance of other asset classes or industries.

(g) Termination of the Investment Management Agreement

The risk that the Investment Management Agreement between Thorney Management and the Company may be terminated in certain circumstances, and another party may be responsible for the management of the Company's capital. The financial performance of the Company may be different in these circumstances.

(h) Borrowings

The risk that Thorney Management may under the Investment Management Agreement expose the Company's investment portfolio to an investment by way of borrowings or an investment in financial products such as derivatives which give the effect of using borrowings. Currently Thorney Management does not have a policy in respect of borrowings or taking out derivative positions but will consider these positions on an ongoing basis. The Investment Management Agreement vests significant discretion in Thorney Management, and while Thorney Management does not currently intend to either borrow funds to make investments or take out derivative positions, it may decide to do so in the future, on a case by case basis.

Further, the fee structure specified in the Investment Management Agreement incentivises Thorney Management to borrow funds to make investments, which may magnify the impact of any movements in the prices of the underlying investments of the Company (see Section 11.5(c)). Actual or effective borrowing will magnify the impact of any movements in the prices of the underlying investments of the Company. It may also create theoretically unlimited losses and positions that cannot be hedged.

(i) Liquidity of investments

The risk that Thorney Management may under the Investment Management Agreement include unlisted equity investments and derivative contracts and other financial instruments in the Company's investment portfolio, which are not traded in an organised public market and which may be illiquid. As a result, the Company may not be able to promptly liquidate some of its investments in these instruments at an amount close to their fair value in order to respond to specific events.

(j) Capital raising risk

The Offer is not underwritten. The capital raising under the Offer is subject to the raising of minimum offer proceeds of \$20 million. There can be no assurance that the Company will raise the amount available under the Capital Raising. The investment strategy that Thorney Management will pursue under the Investment Management Agreement may be impacted by the amount of funds raised under the Capital Raising, and may be required to forgo investment opportunities having regard to the funds that are available for investment.

In order to comply with ASX's re-admission requirements, the Company is required to hold net tangible assets of \$15 million after deduction of the costs of the Capital Raising.

(k) Risk of prolonged suspension of the Company's Shares and de-listing

The Proposal does not in itself guarantee that trading in the Company's Shares on ASX will recommence. The lifting of suspension from trading on ASX will likely only occur following shareholder approval being obtained and completion of the Proposal and completion of the Offer.

There is a risk that ASX will require further materials and satisfaction before re-admitting the Company to the official list. Such would delay the Company's shares from recommencing trading.

There is also a risk that if the Proposal is not approved, or if the Company does not satisfy the conditions under Chapters 1 and 2 of the Listing Rules, ASX will de-list the Company from the official list.

(l) Residual liabilities

The Company's Deed of Company Arrangement extinguished all claims (including contingent claims) that existed as at the date of appointment of administrators to the Company (other than as outlined in Section 11.14). Provided a right to recover existed pre-administration, the claim was extinguished by the deed even if it was yet to be formally adjudicated or determined. In the event the Company has caused or contributed to environmental harm prior to the administrators' appointment, it is possible that it may

remain liable to contribute, or be entirely responsible for, the remediation. Whether such liability has been extinguished by the Deed of Company Arrangement will depend on the timing and nature of any damage and the application of the relevant State environmental legislation.

(m) Dilution

The issue of Shares pursuant to the Offer will result in a dilution to the interests of the existing Shareholders in the Company.

### 6.3 General Risks

General risks that may impact significantly on the Company following the implementation of the Proposal, and the performance and price of the Shares in the Company include:

- (a) economic conditions in Australia and internationally;
- (b) investor sentiment and share market conditions;
- (c) changes in fiscal and monetary policy;
- (d) changes in relevant taxation and other legal regimes; and
- (e) availability of credit.

## 7 Details of the Offer

### 7.1 Description of the Offer

This Prospectus constitutes an offer by the Company to issue a minimum of 90,909,091 Shares and a maximum of 227,272,727 Shares, with the ability to issue up to 568,181,818 Shares (based on over-subscriptions) at an issue price of \$0.22 per Share payable in full on application. The Company is seeking to raise a minimum of \$20 million and a maximum of \$50 million with the ability to accept further oversubscriptions provided that the total amount raised under the Offer does not exceed \$125 million (before costs and expenses).

All Shares offered for subscription under this Prospectus will rank equally with each other and with existing shares on issue.

### 7.2 Purpose of the Offer

The purpose of the Offer is to:

- provide the Company with working capital and flexibility to seek investment; and opportunities in the technology sector; and
- pay the costs of the Offer and repay the Thorney Loan.

### 7.3 Offer Proceeds

The proceeds of the Offer will be used by the Company as follows:

	Minimum Subscription	Maximum Subscription	Over-Subscription
Repayment of Thorney Loan	\$590,000	\$590,000	\$590,000
Pay the costs of the Offer	\$1,057,600	\$1,634,600	\$3,397,850
Provide working capital, additional investment and expansion capital	\$18,352,400	\$47,775,400	\$121,012,150
<b>Proceeds</b>	<b>\$20,000,000</b>	<b>\$50,000,000</b>	<b>\$125,000,000</b>

The funds to be raised will enable the Company to pursue new investments pursuant to the Investment Management Agreement, as well as to meet the working capital requirements and other expenses of the Company (including expenses of implementing the Proposal and raising new capital).

In addition, pursuant to the terms of the Deed of Company Arrangement entered into by the Company on 25 May 2016, the Company will also use the proceeds of the funds raised under the Offer to repay the Thorney Loan - refer to Section 11.5(e) for further information.

Assuming that \$50 million of new capital is raised under the Capital Raising, and the total costs and expenses incurred by the Company in connection with the Proposal do not exceed \$2.5 million, the Company is expected to have total deployable new capital of approximately \$47.5 million following completion of the Offer. The deployment of this new capital (as well as the Company's existing capital) will be the responsibility of Thorney Management, pursuant to the Investment Management Agreement.

## **7.4 ASX quotation and re-compliance with chapters 1 and 2 of the ASX Listing Rules**

The Company is currently admitted to the ASX Official List.

The Proposal represents a significant change to the nature and scale of the Company's activities. Accordingly, the Company is seeking Shareholder approval in connection with the Proposal for the purposes of rule 11.1.2 of the ASX Listing Rules. The Company has convened its 2016 AGM to be held on 9 December 2016 to approve the Conditional Resolutions, including the making of the Offer and the completion of the Proposal. The Offer contained in this Prospectus is subject to receiving that approval (at that meeting, or at a subsequent Shareholders' meeting), amongst other things.

Additionally, the Company is seeking to re-satisfy the requirements in chapters 1 and 2 of the Listing Rules. Chapters 1 and 2 set out the rules relating to the admission of an entity to the Official List and quotation of the entity's securities on the securities exchange operated by ASX.

Once the 2016 AGM has concluded, the Company will release an ASX announcement to confirm the outcome of voting on its website ([www.arfl.com.au](http://www.arfl.com.au)) and on the ASX website [www.asx.com.au](http://www.asx.com.au) (ASX code: ARW, which is proposed to be changed to TEK).

The Company's Shares are currently suspended from trading and will not be reinstated until ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As such, the Shares may not be able to be traded for some time after the close of the Offer.

The Company applied to ASX within 7 days after the date of the Original Prospectus for official quotation of the Shares offered under the Offer on ASX.

While the Company anticipates that it should meet the requirements for re-admission on completion of the Offer, re-admission and quotation of the Shares is ultimately at the discretion of ASX and so there is no guarantee that re-admission or quotation will occur. Re-admission and quotation of the Shares will only occur once the Offer has closed.

If ASX does not grant permission for quotation of the Shares offered under the Offer within three months after the date of the Original Prospectus, or such longer period as permitted by the Corporations Act, the Offer Shares will not be allotted or issued. In those circumstances, Application Monies will be refunded to the Applicant as soon as practicable (without interest).

## **7.5 Offer Structure**

The Offer comprises:

- a Placement Offer, to raise up to \$50 million, with the ability to accept up to a further \$50 million in oversubscriptions; and
- a Retail Offer and a Priority Offer (which forms part of the Retail Offer), to raise \$25 million, with the ability to accept oversubscriptions provided that the total proceeds raised under the Offer do not exceed \$125 million.

The Company, in consultation with the Lead Manager, will determine the allocation of Shares in the Placement Offer, Retail Offer and Priority Offer.

All Shares offered for subscription under this Prospectus will be allotted at the Offer Price and will rank equally with each other and with existing shares on issue.

## **7.6 Priority Offer Eligibility**

The Priority Offer is open to existing Shareholders of the Company and existing TOP shareholders on the register on 16 November 2016 at 7:00 pm (AEST) who have a registered address in Australia. If applicable, the Company's Shareholders will receive an allocation in priority to TOP shareholders.

Applicants under the Priority Offer will be required to include their existing SRN/HIN for their Company Shareholding or TOP shareholding on their completed Application Forms.

### **7.7 Retail Offer Eligibility**

The Retail Offer is open to all investors who have a registered address in Australia. Investors do not have to be an existing Company Shareholder to apply for Shares under the Retail Offer.

### **7.8 Placement Offer Eligibility**

The allocation of Shares among Applicants in the Placement Offer will be determined by the Company in consultation with the Lead Manager. The Company, in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares among sophisticated and professional investors, and there is no assurance that any investor will be allocated any Shares, or the number of Shares for which it applies.

### **7.9 Timing of Offer**

The opening and closing dates for the Offer is as follows:

#### **Opening**

9:00 am (AEST) on 18 November 2016

#### **Closing**

5:00 pm (AEST) on 20 December 2016

However any of the Priority Offer, the Retail Offer or the Placement Offer may be closed at any earlier or later time or date, without further notice. Applicants under each of the Priority Offer, the Retail Offer and the Placement Offer are therefore encouraged to submit their Application as soon as possible after the Offer opens.

### **7.10 Applications – Retail Offer and Priority Offer**

Applicants under the Retail Offer and Priority Offer are required to nominate the number of Shares they wish to apply for in the relevant Offer. Applications must be for at least 10,000 Shares (equivalent to \$2,200) and in multiples of 5,000 Shares (equivalent to \$1,100) thereafter.

There is no maximum number of Shares which may be applied for under the Retail Offer or Priority Offer. However, the Company, in consultation with the Lead Manager, reserves the right to reject any Applications under the Retail Offer or Priority Offer.

Applications under the Retail Offer and Priority Offer, together with the relevant Application monies must be lodged with the Share Registry before the Closing Date of the relevant Offer.

Applications under the Retail Offer and Priority Offer may be made by way of mail or BPAY in accordance with the instructions below:

#### **(a) Mail Applications**

Applications only be made on the Application Form attached to or accompanying this Prospectus or as downloaded in its entirety from [www.arfl.com.au/prospectus.html](http://www.arfl.com.au/prospectus.html). Detailed instructions on how to complete the Application Form are set out on the back of the Application Form.

Once completed, please lodge your Application Form and Application Monies so that they are received at the following address by 5:00 pm (AEST) on the Closing Date.

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001

The Company, the Registry and the Lead Manager are not liable for any acts or omissions in connection with your Application, Application Forms or Application Monies.

(b) BPAY Applications

(i) *BPAY under the Retail Offer*

Applicants under the Retail Offer who wish to pay by BPAY will need to submit an online application at [www.arfl.com.au/prospectus.html](http://www.arfl.com.au/prospectus.html). Please follow the instructions provided in the online application.

(ii) *BPAY under the Priority Offer*

Under the Priority Offer you may also select to pay with BPAY using the BPAY details provided in your personalized Application Form. For BPAY payments you will need to:

- access your participating BPAY financial institution either through telephone banking or internet banking;
- select BPAY and follow the prompts;
- enter the biller code supplied;
- enter the unique Customer Reference Number supplied for each Application;
- enter the total amount to be paid which corresponds to the number of Shares you wish to apply for under each Application (i.e. a minimum of \$2,200 (10,000 Shares) and incremental multiples of \$1,100 (5,000 Shares) after that). Note that your financial institution may apply limits on your use of BPAY. You should enquire about the limits that apply in your own personal situation;
- select the account you wish your payment to be made from;
- schedule your payment. Note that Applications without payment cannot be accepted; and
- record your BPAY receipt number and date paid. Retain these details for your records.

If you complete your Application by making a BPAY payment, you do not need to complete or return the paper Application Form. By completing a BPAY payment, you acknowledge you are applying pursuant to the Application Form.

BPAY payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY closing times to ensure that your Application Monies will be received by 5:00 pm (AEST) on the Closing

Date. If you do not pay the Application Monies, your Application will be incomplete and will not be accepted.

### 7.11 Acceptance of Applications – Retail Offer and Priority Offer

The allocation and acceptance of applications for Shares under the Retail Offer and Priority Offer will be at the discretion of the Company in consultation with the Lead Manager, having regard to the policy that:

- (i) subject to the other provisions of the policy, 100% of the offered Shares will be available for issue under the Priority Offer to:
  - (A) Company Shareholders with a registered address in Australia and who hold Shares on 16 November 2016 at 7:00 pm (AEST) and who did not participate in the Placement Offer; and
  - (B) TOP Shareholders with a registered address in Australia and who hold shares in TOP on 16 November 2016 at 7:00 pm (AEST) and who did not participate in the Placement Offer,

**(Priority Shareholders)**, in priority to any other applicant under the Retail Offer such that applications for Shares from Priority Shareholders will be accepted in priority to all other applications for Shares, and to the extent those applications are for more Shares than the maximum number of offered Shares under the Retail Offer, they will be scaled back in a manner that the Company, in consultation with the Lead Manager, determines will result in those Priority Shareholders being allocated the number of Shares that best approximates a pro rata allocation of the Shares by reference to their respective aggregate holdings of Shares and TOP Shares;
- (ii) any Shares that are not allocated to Priority Shareholders under the Priority Offer will be allocated in the Retail Offer at the discretion of the Company, in consultation with the Lead Manager; and
- (iii) the Company will not allocate or issue Shares where it is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules or any other relevant legislation or law.

All new Shares issued under the Retail Offer and Priority Offer will rank equally with existing Shares on issue.

An Application in the Retail Offer or Priority Offer is an offer by the Applicant to the Company to subscribe for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form.

An Application under the Priority Offer or Retail Offer may be accepted by the Company in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract with effect from Settlement.

The Company, in consultation with the Lead Manager, reserves the right to reject any Application under the Priority Offer or Retail Offer.

If an Application under the Priority Offer or Retail Offer 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.

### 7.12 Applications – Placement Offer

If you have received an allocation of Shares from the Lead Manager and wish to apply for those Shares under the Placement Offer, you should contact the Lead Manager for

information about how to submit your Placement Offer Application Form and for payment instructions.

Applicants under the Placement Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Placement Offer should contact the Lead Manager to request a copy of this Prospectus and Application Form. The Lead Manager will act as your agent and it is your responsibility to ensure that your Application Form and Application Monies are received before 5:00 pm (AEST) on the Closing Date or any earlier closing date as determined by the Company in consultation with the Lead Manager.

Applications for must be for at least 10,000 Shares (equivalent to \$2200) and in multiples of 5,000 Shares (equivalent to \$1100) thereafter).

There is no maximum number or value of Shares that may be applied for under the Placement Offer. However, the Company, in consultation with the Lead Manager, reserves the right to reject or scale back any Applications in the Placement Offer. The Company may determine a person to be eligible to participate in the Placement Offer, and may amend or waive the Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

If you are an investor applying under the Placement Offer, you should complete and lodge your Placement Offer Application Form with the Lead Manager from whom you received your firm allocation. Placement Offer Application Forms must be completed in accordance with the instructions given to you by the Lead Manager and the instructions set out on the reverse of the Application Form.

Applicants under the Placement Offer must pay their Application Monies to the Lead Manager in accordance with instructions provided to you by the Lead Manager.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by you in connection with your Application.

### **7.13 Acceptance of Applications – Placement Offer**

An Application in the Placement Offer is an offer by the Applicant to the Company to apply for the amount of Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Placement Offer is irrevocable.

An Application under the Placement Offer may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Company, in consultation with the Lead Manager, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Placement Offer, or to waive or correct any errors made by an Applicant in completing their Application.

Application Monies received under the Placement Offer will be held in a special purpose bank account until Shares are issued or transferred to Successful Applicants. Applicants under the Placement Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and

any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

#### **7.14 Brokerage, Commission and Stamp Duty**

No brokerage, commission or stamp duty is payable by Applicants upon acquisition of Shares under the Offer.

#### **7.15 Licensed dealers**

The Company does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act. Accordingly, the Offer under this Prospectus will be made under an arrangement between the Company and Bell Potter (Authorised Intermediary) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

Bell Potter is also the Lead Manager and will manage the Offer on behalf of the Company. The Lead Manager and Authorised Intermediary's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor.

Bell Potter, as Lead Manager and Authorised Intermediary, cannot guarantee the success or performance of the Company or the returns (if any) to be received by investors. Bell Potter, as Lead Manager and Authorised Intermediary, is not responsible for, nor has caused the issue of, this Prospectus.

#### **7.16 ASX quotation**

The Company applied within seven days after the date of the Original Prospectus for quotation of the Offer Shares on ASX. All contracts formed on acceptance of Applications under the Retail Offer, Priority Offer and Placement Offer will be conditional on the Company re-complying with requirement in Chapters 1 and 2 of the Listing Rules and on quotation of the Offer Shares on ASX. If the Offer Shares are not admitted to quotation within three months after the date of the Original Prospectus, Application Monies will be refunded to the Applicant as soon as practicable (without interest). It is expected that the Shares will be issued to successful Applicants on approximately 21 December 2016 for the Placement Offer, Retail Offer and Priority Offer.

It is expected that trading of the Shares on ASX will re-commence on 23 December 2016 on a normal settlement basis.

#### **7.17 CHESS and Holding Statements**

The Company intends to apply to participate in ASX's Clearing House Electronic Sub-register System (CHESS), in accordance with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in a paperless form.

When the Shares become CHESS approved securities, holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. The Shares of a Shareholder, who is a participant in CHESS or a person sponsored by a participant in CHESS, will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following the issue of the Shares to successful Applicants, Shareholders will be sent an initial statement of holding that sets out the number of Shares that have been allocated. This statement will also provide details of a Shareholder's holder identification number (HIN) or where applicable, the security holder reference number (SRN) of issuer sponsored holders. Shareholders will be required to quote their HIN or SRN, as

applicable, in all dealings with a stockbroker or the Registry. Holding statements are expected to be dispatched on 21 December 2016 for the Placement Offer, Retail Offer and Priority Offer. Certificates will not be issued to Shareholders.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker, in the case of a holding on the CHESSE sub-register, or through the Registry in the case of a holding on the issuer sponsored sub-register. The Company or the Registry may charge a fee for these additional issuer sponsored statements.

#### **7.18 Electronic Prospectus**

The Offer constituted by this Prospectus is available electronically only to Australian residents accessing and downloading or printing the electronic version of this Prospectus within Australia. Australian residents may view this Prospectus online at the Company's website: [www.arfl.com.au/prospectus.html](http://www.arfl.com.au/prospectus.html). Applicants using one of the Application Forms attached to the electronic version of this Prospectus must be resident in Australia. The electronic version of this Prospectus is not available to persons outside Australia.

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

#### **7.19 Taxation**

Investors wishing to apply for Shares in the Offer should give consideration to the tax implications of any such investment. Different taxation circumstances will apply to different investors, depending on factors such as whether the investor is a resident or a non-resident of Australia for taxation purposes and whether the investor is an individual, a company, a trust, or a complying superannuation fund. Accordingly, potential investors are advised to seek their own taxation advice before investing in the Company. See Section 11.7 for further information.

#### **7.20 Underwriting**

The Offer is not underwritten. The Offer is subject to the raising of minimum offer proceeds of \$20 million. See Section 6.2(j) for further information on the capital raising risks associated with this.

#### **7.21 Foreign Selling Restrictions**

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

#### **7.22 Right to Vary or Withdraw Offer**

The Company reserves the right to vary any of the dates set out in this Prospectus relating to the Offer, without notice to any recipient of this Prospectus or any Applicant. This includes, although is not limited to, varying the length of the Offer Period.

The Company may terminate the Offer, in which case all Application Monies will be returned (without interest) to the respective Applicants.

#### **7.23 Applicant's right to withdraw Application**

Applicants who lodged an Application for Shares under the Original Prospectus before the date of this Prospectus may withdraw their Application at any time prior to the Closing Date and be repaid their Application Monies. Should an Applicant wish to withdraw their Application under these circumstances they may do so by contacting Craig Smith, the Company Secretary, by telephone on +61 3 9921 7116, by facsimile on +61 3 9921 7100 or by email at [craig.smith@thorney.com.au](mailto:craig.smith@thorney.com.au).

## **7.24 Enquiries**

If you require assistance to complete the Application Form, you should contact the Company Secretary, Craig Smith, by telephone on +61 3 9921 7116, by facsimile on +61 3 9921 7100 by email at [craig.smith@thorney.com.au](mailto:craig.smith@thorney.com.au) during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

## 8 The Company Board and governance

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### 8.1 Board

As at the date of this Prospectus, the Board of the Company comprises the following Directors:

(a) Alan Fisher — Independent Chairman

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand where he headed and grew the Melbourne Corporate Finance Division. Following this tenure Alan developed his own corporate advisory business and in the last 19 years has specialised in M&A, strategic advice, business restructurings and capital raisings. He is currently chairman of Centrepont Alliance Limited, and non-executive director and chair of the Audit and Risk Committees of IDT Australia Limited and Bionomics Limited. He is also managing director of DMC Corporate Pty Ltd. Alan holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants and a Member of the Australian Institute of Company Directors.

(b) Martin Casey — Director

Mr Casey is a corporate adviser, with experience as an investment banker and lawyer and he advises a number of clients including the Thorney Group. Martin is also a partner in VC technology fund Rampersand, a director of several private companies including companies with a technology focus. Martin was previously a director of Corporate Advisory at investment bank Credit Suisse and before that, a partner in an international law firm (now Norton Rose Fulbright).

(c) Craig Smith — Director and Company Secretary

Mr Smith has been the chief financial officer of the private Thorney Group since 2008 and has been appointed to the Board to assist with the transformation of the Company to a Listed Investment Company. He was previously a director of Tolhurst Noall Limited. Mr Smith plans to retire as a Director of the Company at the conclusion of the 2016 Annual General Meeting, but remain as Company Secretary.

The Board intends to appoint two additional Directors immediately before the upcoming 2016 AGM to be held on 9 December 2016, in order to satisfy the procedural requirements under the Company's existing constitution. Shareholders will then be able to re-elect those Directors at the general meeting. The two proposed Directors are:

(d) Alex Waislitz — Director

Mr Waislitz founded Thorney Group in 1992, and is executive chairman. Prior to establishing Thorney Group, Alex had a number of operational roles within the Pratt Group of companies having worked for Robert Holmes à Court in New York early in his career. Mr Waislitz has been the key driver in Thorney Group's growth into a large, diversified, private investment house with interests in equities, property and other investments.

(e) Jeremy Leibler — Director

Mr Leibler is a partner at Arnold Bloch Leibler specialising in commercial and corporate law with a particular focus on mergers and acquisitions, public and private capital raisings and shareholder activism and board disputes. In 2015, Mr Leibler was appointed by the Governor General, the Hon Sir Peter Cosgrove, as a member of the Australian Takeovers Panel and is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia and a board member of Leibler Yavneh College

In addition, Craig Smith will retire as a Director at the 2016 AGM to be held on 9 December 2016. Mr Smith will remain as Company Secretary. If elected, Alex Waislitz will be appointed to the position of Chairman.

No other changes are currently expected to be made to the Board of the Company in consequence of the Proposal.

## 8.2 Corporate Governance

The Board is responsible for the Company's overall corporate governance. The Company has no employees and, if the Proposal is successful, the day-to-day functions and investment activities will be managed by Thorney Management pursuant to the Investment Management Agreement.

Thorney Management will perform the tasks that would ordinarily be performed by senior executives and has an established induction process for all its employees with responsibilities under the Investment Management Agreement (see Section 11.5(c)). As part of this induction process, new senior executives of the Thorney Management will receive briefings on the business of the Company and Thorney Management and their policies and procedures. These briefings will focus on the key operational, regulatory, risk and compliance issues that are of relevance to the Company and Thorney Management.

To the extent applicable, and commensurate with the Company's size and nature, the Company has adopted various corporate governance policies that will come into effect upon the Conditional Resolutions passing. The policies summarised below have been prepared with regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) ("**ASX Recommendations**") and can be accessed at [www.arfl.com.au/shareholders.asp](http://www.arfl.com.au/shareholders.asp). As a listed entity, the Company is required to report annually the extent to which it has followed the ASX Recommendations during each financial year. If it has not followed a particular ASX Recommendation during the year, the Company must disclose its reasons for not doing so.

### (a) Board Charter

The Board Charter seeks to promote high standards of corporate governance, clarify the role and responsibilities of the Board and to enable the Board to provide strategic guidance for and effective management and oversight of the Company. The Board Charter stipulates those matters expressly reserved to the Board and which operational activities and what levels of authority have been delegated to the investment manager. The Board may delegate any of these matters to individual Directors, Board Committees or the investment manager but any such delegation shall be in accordance with the law and the Company's Constitution.

### (b) Trading Policy

The Company's Trading Policy applies to all key management personnel being the Directors, Company and employees of the investment manager of the Company. Under the Trading Policy, those key management personnel are prevented from dealing in the Company's securities during prohibited periods unless exceptional circumstances apply and written approval is given to a transaction in advance. The policy includes a description of what conduct may constitute insider trading and the legal obligation to notify ASX of any changes to a Director's notifiable interests.

### (c) Code of Conduct

The Company has established a Code of Conduct that provides guidance to Directors and employees of the investment manager. Under these principles they should:

- conduct business in a manner that will maintain confidence in the Company's integrity;
- observe the highest standards of honesty, integrity and ethical behavior in performing their duties;
- treat shareholders and other stakeholders fairly; and
- not engage in conduct likely to prejudice the best interests of the Company.

The Code of Conduct also sets out details of how conflicts of interest should be avoided and where conflicts arise appropriate arrangements that must be followed.

(d) Audit and Risk Committee Charter

The Company has adopted an Audit and Risk Committee Charter. Alan Fisher will be the chairperson of the Committee, and it is proposed that Jeremy Leibler will also be a member of the Committee once he has been appointed as a Director. All other Directors are also invited and encouraged to attend each meeting. The purpose of the Committee is to assist the Board in discharging its responsibilities in relation to effective management of financial and operational risks while obtaining assurance in respect of the effectiveness of its internal controls. The Committee will review the Company's risk management framework annually. The Company will disclose whether the Committee is satisfied that it continues to be sound.

The responsibilities of the Audit Committee include monitoring, coordinating, reviewing and reporting to the Board on external financial reporting, risk management and internal control as well as external and internal audits. Other responsibilities include assessing compliance with the various codes, policies and charters of the Company and providing recommendations to the Board in relation to insurance.

(e) Risk Management Policy

The aim of the Risk Management Policy is to provide guidelines on the management of risks to enable the achievement of strategic and operational objectives of the Company. The Risk Management Policy sets out the risk management plan, process and framework which have been designed to meet industry standards. The Risk Management Policy details the two key areas of risk identified for the Company: Investment Risk and Operational Risk.

(f) Disclosure Policy

The Company has adopted a Disclosure Policy which has procedures designed to ensure compliance with ASX Listing Rule and Corporations Act disclosure requirements and to ensure accountability of Directors for that compliance. Senior management of the investment manager will also have roles and responsibilities under this policy. The policy has procedures designed to ensure that material information is communicated to the Chairman and Company Secretary and for the assessment of information for the disclosure of material information to the market.

(g) Communications Policy

The Company has a Communications Policy which seeks to promote effective communication with its Shareholders. The Company communicates in several ways including via its Annual Report and Half-yearly accounts, monthly net tangible asset backing announcements, shareholder updates from the Chairman and other ASX announcements regarding material investments and other developments.

In its Corporate Governance Statement as at 16 November 2016, the Company discloses that it has complied with most of the ASX Recommendations. Where there are some departures from the ASX Recommendations, the Company has provided an explanation within the Corporate Governance Statement. The departures are:

- The Company has not promulgated a Diversity Policy nor has it set any measurable objectives for gender diversity in compliance with ASX Recommendation 1.5. As the Company has no employees the Board has determined that a Diversity Policy and the setting of measurable objectives to achieve gender diversity are not warranted at this time. However, the composition of the Board is periodically reviewed.
- ASX Recommendation 2.1 states that a board should establish a Nomination Committee and disclose a charter. Given the size and nature of the Company, the Board has determined that a Nomination Committee is not warranted. The Board considers the issues that would otherwise be considered by a Nominations Committee.
- The Company intends to undertake annual performance self-assessments of the Board, the Committee and individual Directors. ASX Recommendation 1.7 requires a Company regularly evaluate the performance of its senior executives. As the Company does not have any employees, it does not have a process for evaluating executive performance and so does not comply with this Recommendation.
- The current Board does not comply with ASX Recommendation 2.4 as it does not have a majority of independent Directors. The Board considers that all Directors and the proposed Directors bring significant expertise and investment experience to the Company and that the current structure is appropriate for the Company at this time.
- ASX Recommendation 2.5 states that the chair should be independent. If the Conditional Resolutions are approved Alex Waislitz will be appointed to the position of chair of the Board. The Board takes the view that, although Alex Waislitz is not considered independent, it is in the best interests of shareholders that Alex Waislitz be the Chairman of the Company and we make the following observations:
  - Alex Waislitz, as the long-term executive chairman of the Thorney Group, has a demonstrated track record of successful investment performance over two decades.
  - If the Conditional Resolutions are approved, Shareholders will have voted in favour of all Thorney Group proposals, including the appointment of Alex Waislitz as a Director, on the expectation he be appointed Chairman of the Company.
  - Delegation of certain responsibilities to Board committees.
- ASX Recommendation 2.6 provides that a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. The Company has not followed this recommendation in full, however it does have a program for inducting new Directors and encourages all its Directors to maintain the skills and knowledge required to effectively perform their role. Each Director may obtain independent professional advice at the expense of the Company on matters arising in the course of their Board duties. The payment for the cost of the advice

by the Company is subject to the approval of the Chairman, which will not be unreasonably withheld.

- The Company has adopted a board skills matrix which provides a guide as to the skills, knowledge, experience, personal attributes and other criteria that the Company is looking to achieve in its Board membership. When the need for a new Director is identified, the required experience and competencies of the new Director are defined in the context of this matrix and any gaps that may exist.
- The Company notes that its Audit and Risk Committee composition and Charter do not conform to ASX Recommendation 4.1, which requires the Committee have three members, a majority of independent directors and be chaired by an independent director. However, the Board believes that given the size and nature of the Company and the Board, the Committee structure is sufficiently appropriate to independently verify and safeguard the integrity of the financial reporting.
- The Company does not have an equity based remuneration scheme and therefore ASX Recommendation 8.3 is not applicable.
- ASX Recommendation 7.2 requires an annual review of the Company's risk management framework, however as the committee has not yet formed and the Risk Management Policy recently adopted, no review has taken place in the most recent reporting period.
- The Board believes that commensurate with the size and nature of the business that an internal audit function is not warranted at this time and so the Company does not comply with ASX Recommendation 7.3. The Company will utilise highly effective internal control processes and systems, developed over two decades by the investment manager to manage the multifaceted investment activities of the private Thorney Group. The investment manager employs staff and consultants who are responsible for evaluating and continually improving the effectiveness of the risk management and internal control systems. These systems are subject to an annual external audit.
- ASX Recommendation 8.1 states that a board should establish a remuneration committee. Given the size and nature of the Company and the fact the company does not employ executives, the Board has determined that a remuneration committee is not warranted, nor does it have a Remuneration Policy to disclose.

During the 12 months after completion of the Proposed Transaction it is intended that the board will continue to have regard to the ASX Recommendations to determine what, if any, amendments are required to those policies in light of the change in circumstances of the Company arising from the Proposed Transaction.

### **8.3 Business Model**

As detailed above in Section 5.5, under the Investment Management Agreement, Thorney Management is to be appointed by the Company to source and manage investments for the Company.

With the addition of the two proposed Directors (see Section 8.1), the Company will have in place a management and board structure suitable to the nature, scale and activities of the Company following the Proposal. There will be no need to further modify the Company's management and board structure to accommodate the Proposal.

## 8.4 Remuneration of Directors

Effective from 22 September 2016 (the date control of the Company was returned to its Directors), the following service arrangements have been agreed between the Company and the Non-executive Directors:

Mr Alan Fisher:

Annual fee of \$50,000 plus superannuation.

Mr Martin Casey:

Annual fee of \$50,000 plus superannuation.

Mr Craig Smith:

Craig Smith plans to retire at the conclusion of the 2016 Annual General Meeting. No fee or other compensation was received or is receivable by the Director in relation to services rendered to the Company.

It is expected that the proposed new Directors will have the following remuneration arrangements:

Mr Alex Waislitz:

It is expected that Alex Waislitz will not take any initial fee.

Mr Jeremy Leibler:

It is expected that Jeremy Leibler will receive an annual fee of \$50,000 plus superannuation. Any fees which Jeremy Leibler receives in connection with his role as a Director of the Company will be paid to Arnold Bloch Leibler (see Sections 11.9(b) and 11.10 for further detail).

The interests in the Company held by each Director are set out in Section 11.8.

## 8.5 Deeds of Indemnity, Insurance and Access

The Company has entered into a deed of indemnity, insurance and access with each Director which confirms the Director's right of access to Board papers and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law against all losses or liabilities (including all reasonable legal costs) insured by the Director as an officer of the Company or of a related body corporate.

Under the deeds of indemnity, insurance and access, the Company must maintain a Directors' and Officers' insurance policy insuring a Director (among others) against liability as a Director and officer of the Company and its related bodies corporate until seven years after a Director ceases to hold office as a Director or a related body corporate (or the date any relevant proceedings commenced during the seven-year period have been finally resolved).

## 9 Financial Information

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### 9.1 Introduction

This section contains the historical and pro forma historical financial information for the Company, comprising:

- the historical statement of financial position as at 30 June 2016 as set out in Section 9.4 below (**'Historical Statement of Financial Position'** or **'Historical Financial Information'**); and
- the pro forma historical statements of financial position as at 30 June 2016 which assumes the completion of certain transactions that are contemplated to occur as part of the Offer as set out in Section 9.5 below (**'Pro Forma Historical Statements of Financial Position'** or **'Pro forma Historical Financial Information'**) on the basis of:
  - a minimum subscription of \$20 million;
  - a maximum subscription of \$50 million; and
  - an oversubscription of \$125 million.

collectively referred to as the **'Financial Information'**.

The Financial Information is presented in an abbreviated form, insofar as it does not include all of the presentation, statements, comparative information and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information set out in this section should be read in conjunction with the accounting policies included within the historical financial statements of the Company for the year ended 30 June 2016 and in Section 9.4. The Financial Information should also be considered in conjunction with the risks factors in Section 6 and other information contained in this Prospectus.

The Financial Information as defined above has been reviewed by Ernst & Young in accordance with Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report set out in Section 10. Investors should note the scope and limitations of that report.

The historical income statement and cash flow information for the year ended 30 June 2016 or prior periods is available in the respective historical financial statements of the Company lodged with ASIC.

### 9.2 Basis of preparation of the Financial Information

The Directors of the Company are responsible for the preparation and presentation of the Financial Information.

The unaudited Pro Forma Historical Statements of Financial Position as at 30 June 2016 have been included for illustrative purposes to reflect the financial position of the Company on the basis that the Company completes the acquisition of the Seed Investments as set out in Section 11.5 (k) and the completion of the Offer as at 30 June 2016.

The Historical Financial Information has been extracted from the general purpose financial statements of the Company for the year ended 30 June 2016, which were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion on the financial report.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards as issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, and adjusted for the effects of pro forma transactions described in Section 9.5 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards other than that it includes adjustments which have been prepared in a manner consistent with Australian Accounting Standards that reflect the impact of certain transactions as if they occurred as at 30 June 2016.

Due to its nature the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

### **9.3 Going concern**

As at 30 June 2016 the Company had both a historical net current asset deficiency and a net asset deficiency of \$589,741. Included in borrowings was a loan balance of \$590,000 from Tiga Trading Pty Ltd, a company controlled by Thorney Investment Group with whom the Company entered into Deeds of Company Arrangement in May 2016. The Company was placed in administration in January 2016 and will receive no compensation of consideration with respect to the loss of control of its assets and operating subsidiaries.

The Company came out of administration on 22 September 2016 and the Directors received a letter dated 26 September 2016 from Tiga Trading Pty Ltd which stated financial support will be provided to the Company to meet liabilities as and when they fall due. This financial support lasts at least until the earlier of 15 November 2017 and the completion of the Offer by the Company as contemplated in this Prospectus.

Following the acquisition of the Seed Investments and completion of the Offer, the Company expects pro forma historical net assets of \$23.9 million on the basis of a minimum subscription of \$20 million, pro forma historical net assets of \$53.4 million on the basis of a maximum subscription of \$50 million or pro forma historical net assets of \$126.8 million on a basis of an over subscription of \$125 million as at 30 June 2016, as reflected in the Pro Forma Historical Statements of Financial Position. Accordingly, the Directors believe that the Company will generate sufficient cash from the Offer to finance its ongoing operations and meet its liabilities as and when they fall due.

The Financial Information has been prepared on a going concern basis and no adjustments have been made to the financial information relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of the liabilities.

## 9.4 Historical and Pro Forma Historical Statements of Financial Position

The following table sets out the Historical Statement of Financial Position as at 30 June 2016, adjusted to take into account the effect of the pro forma transactions including offer proceeds and costs as described in Section 9.5 as if they had occurred as at 30 June 2016. This table also sets out the Pro Forma Historical Statements of Financial Position as at 30 June 2016 on the basis of the Minimum Subscription, Maximum Subscription and Oversubscription scenarios as described in Section 9.5.

Table 9.4	Historical As at 30 June 2016 \$	Minimum subscription \$20 million		Maximum subscription \$50 million		Oversubscription \$125 million	
		Pro Forma Adjustments \$	Pro Forma Historical as at 30 June 2016 \$	Pro Forma Adjustments \$	Pro Forma Historical as at 30 June 2016 \$	Pro Forma Adjustments \$	Pro Forma Historical as at 30 June 2016 \$
<b>Current assets</b>							
Cash and cash equivalents	259	18,352,400	18,352,659	47,775,400	47,775,659	121,012,150	121,012,409
Other receivables	-	44,904	44,904	82,404	82,404	194,904	194,904
Financial assets	-	4,543,682	4,543,682	4,543,682	4,543,682	4,543,682	4,543,682
<b>Total current assets</b>	<b>259</b>	<b>22,940,986</b>	<b>22,941,245</b>	<b>52,401,486</b>	<b>52,401,745</b>	<b>125,750,736</b>	<b>125,750,995</b>
<b>Non-current assets</b>							
Financial assets	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total non-current assets</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Total assets</b>	<b>259</b>	<b>23,940,986</b>	<b>23,941,245</b>	<b>53,401,486</b>	<b>53,401,745</b>	<b>126,750,736</b>	<b>126,750,995</b>
<b>Current liabilities</b>							
Borrowings	590,000	(590,000)	-	(590,000)	-	(590,000)	-
<b>Total current liabilities</b>	<b>590,000</b>	<b>(590,000)</b>	<b>-</b>	<b>(590,000)</b>	<b>-</b>	<b>(590,000)</b>	<b>-</b>
<b>Total liabilities</b>	<b>590,000</b>	<b>(590,000)</b>	<b>-</b>	<b>(590,000)</b>	<b>-</b>	<b>(590,000)</b>	<b>-</b>
<b>Net assets/(Net liabilities)</b>	<b>(589,741)</b>	<b>24,530,986</b>	<b>23,941,245</b>	<b>53,991,486</b>	<b>53,401,745</b>	<b>127,340,736</b>	<b>126,750,995</b>
<b>Equity</b>							
Issued capital	19,869,826	24,530,986	44,400,812	53,991,486	73,861,312	127,340,736	147,210,562
Accumulated losses	(20,151,650)	-	(20,151,650)	-	(20,151,650)	-	(20,151,650)
Equity attributable to owners of the company	(281,824)	24,530,986	24,249,162	53,991,486	53,709,662	127,340,736	127,058,912
Non-controlling interests	(307,917)	-	(307,917)	-	(307,917)	-	(307,917)
<b>Total equity/(deficiency)</b>	<b>(589,741)</b>	<b>24,530,986</b>	<b>23,941,245</b>	<b>53,991,486</b>	<b>53,401,745</b>	<b>127,340,736</b>	<b>126,750,995</b>

## 9.5 Pro Forma Transactions

The following pro forma adjustments have been made to present the Pro Forma Historical Financial Information to reflect the financial position of the Company as at 30 June 2016 on the basis that the Company has issued the maximum shares and the oversubscription shares contemplated in this Prospectus:

- i. **Minimum subscription** – the issue of 90,909,091 Shares at 22 cents totalling \$20 million to investors participating in the Offer on the basis of the minimum subscription.
- ii. **Maximum subscription** – the issue of 227,272,727 Shares at 22 cents totalling \$50 million to investors participating in the Offer on the basis of the maximum subscription.
- iii. **Oversubscription** – the issue of 568,181,818 Shares at 22 cents totalling \$125 million to investors participating in the Offer on the basis of the maximum subscription.
- iv. **Minimum subscription issue costs** – Share issue costs of \$1,057,600, relating to the capital raising activity in (i) above. The costs associated with the issue of new Shares have been charged against equity. The GST charged on the invoices associated with these costs are charged against equity except where certain expenses are deemed under the GST Regulations, a reduced input tax acquisition, in which case these costs have been recognised as a GST receivable in Other Receivables (at 75% of the GST per the GST Law).
- v. **Maximum subscription issue costs** – Share issue costs of \$1,634,600, relating to the capital raising activity in (ii) above. The costs associated with the issue of new shares have been charged against equity. The GST charged on the invoices associated with these costs are charged against equity except where certain expenses are deemed under the GST Regulations, a reduced input tax acquisition, in which case these costs have been recognised as a GST receivable in Other Receivables (at 75% of the GST per the GST Law).
- vi. **Oversubscription issue costs** – Share issue costs of \$3,397,850, relating to the capital raising activity in (iii) above. The costs associated with the issue of new Shares have been charged against equity. The GST charged on the invoices associated with these costs are charged against equity except where certain expenses are deemed under the GST Regulations, a reduced input tax acquisition, in which case these costs have been recognised as a GST receivable in Other Receivables (at 75% of the GST per the GST Law).
- vii. **Seed Investments** – The Company will recommence its business with an initial portfolio of investments. The Seed Investments, comprising eight ASX listed companies and two unlisted companies, will be transferred from Thorney Group to the Company, in exchange for Consideration Shares. Under the terms of the Asset Share Sale Agreement the listed Seed Investments will be transferred to the Company at the lower of the ASX closing price on 2 November 2016 and VWAP for each of the listed investments over the 5 business days prior to the date on which the placement occurs under the Placement Offer. The current value as at 14 November 2016 of these seed investments is approximately \$6 million. The Pro Forma Historical Statements of Financial Position assumes the Seed Investments were transferred to the Company on 30 June 2016 and accordingly the 30 June 2016 closing prices have been used to value the listed Seed Investments as at this date (shown in the Pro Forma Historical Statements of Financial Position as a current financial asset). The unlisted Seed Investments have been valued at the value determined by the Independent Expert (shown in the Pro Forma Historical Statements of Financial Position as a non-current financial asset). At the date of completion of the Asset Sale Agreement, the Seed Investments will be recognised at fair value (refer to Section 11.5(d)).
- viii. **Thorney loan** – The Prospectus contemplates the repayment, in full, of the Thorney loan from the proceeds of the Offer. The repayment is shown in table 9.4 as a pro forma adjustment.

## 9.6 Tax Losses

As at 30 June 2016, the Company had approximately \$109.6 million in gross unrecognised carry forward tax (revenue) losses.

At 30 June 2016 management has not recognised a deferred tax asset in relation to unused revenue losses, on the basis that there is no currently available evidence to suggest they are “probable” of being utilised at this time. There is a risk that some or all of the carry forward tax losses may not be available for utilisation in the future.

## 9.7 Dividend Policy

It is intended that the Company, under the investment management of Thorney Management pursuant to the Investment Management Agreement, will pursue an absolute return strategy over the medium to long term. It is expected that many investments may be capital growth oriented. Depending on the performance of these investments and income earned by the Company, it is the current intention that, where appropriate, dividends will be paid to Shareholders.

## 9.8 Accounting Policies

(a) The accounting policies applied in the preparation of the Financial Information are set out below.

(b) **Changes in accounting standards**

The Company has adopted a number of new and amended Australian Accounting Standards and AASB interpretations for the reporting period, including the following list:

- AASB 2013-9 - Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments)
- AASB 2015-3 - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2014-8 – Limits the application of the existing versions of AASB9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015

The adoption of these new and amended standards did not have an impact in the reporting of the Company.

(c) **Standards issued that might have an impact but not yet effective**

Standards issued that might have an impact but are not yet effective are listed below. The Company intends to adopt applicable standards when they become effective. The Company has not yet completed an impact assessment on these standards.

**Financial Instruments — Amendments to AASB 9**

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

***Classification and measurement***

*AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.*

There are also some changes made in relation to financial liabilities. The main changes are:

**Financial assets**

Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

**Financial liabilities**

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

**Revenue from Contracts with Customers — AASB 15**

AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (*Interpretation 13 Customer Loyalty Programmes*, *Interpretation 15 Agreements for the Construction of Real Estate*, *Interpretation 18 Transfers of Assets from Customers*, *Interpretation 131 Revenue—Barter Transactions Involving Advertising Services* and *Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

**Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101**

The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

**Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]**

This Standard amends AASB 112 *Income Taxes* (July 2004) and AASB 112 *Income Taxes* (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

**Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107**

This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(d) **Accounting judgements and estimates**

The preparation of the Company's financial information requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial information. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Fair value of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The principal accounting policies applied in the preparation of these financial information are set out below.

(e) **Summary of significant accounting policies**

**a) Financial instruments**

**(i) Classification**

The Company classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

***Financial assets and liabilities at fair value through profit or loss***

The Company has two discrete portfolios of securities, the long-term portfolio and the trading portfolio.

The long-term portfolio relates to holdings of securities which the Directors intend to retain on a long term basis. The long-term portfolio is recognised as a non-current asset in the statement of financial position.

The trading portfolio comprises securities acquired principally for the purpose of generating a profit from short-term fluctuation in price. The trading portfolio is recognised as a current asset in the statement of financial position. All derivatives are classified as held for trading.

#### **Other financial liabilities**

This category includes all financial liabilities, other than those classified as at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

#### **(ii) Recognition**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

#### **(iii) De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired; or
- ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- iii. Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

#### **(iv) Initial measurement**

Both the long-term and trading portfolios are classified at initial recognition as financial assets at fair value through profit or loss. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

Dividend income earned on investments held at fair value through profit or loss is recognised in the statement of comprehensive income.

Loans and receivables and financial liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Company recognises the difference in the statement of comprehensive income, unless specified otherwise.

**(v) Subsequent measurement**

After initial measurement, the Company remeasures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Change in fair value of financial assets and liabilities at fair value through profit or loss'. Interest earned is recorded in 'Interest revenue' according to the terms of the contract. Dividend revenue is recorded in 'Dividend revenue'.

**a) Fair value measurement**

The Company measures financial assets and liabilities at fair value through profit or loss, such as equity securities and debt instruments, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- |         |  |
|---------|--|
| Level 1 | Quoted (unadjusted) market prices in active markets for identical assets or liabilities  |
| Level 2 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| Level 3 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable                      |

**b) Functional and presentation currency**

The Company's functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in

Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**c) Interest revenue and expense**

Interest earned on financial assets classified as 'at fair value through the profit or loss' is recorded in 'Interest revenue' according to the terms of the contract.

**d) Dividend revenue**

Dividend revenue is recognised when the Company's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Statement of profit and loss.

**e) Fees, commissions and other expenses**

Except where included in the effective interest calculation (for financial instruments carried at amortised cost), fees and commissions are recognised on an accrual basis. Legal and audit fees are included within 'Legal and professional fees', and are recorded on an accrual basis.

**f) Cash, and cash equivalents**

Cash and cash equivalents in the Statement of financial position comprise cash on hand, demand deposits, short term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**g) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

**h) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST except:

- i. When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. Receivables and payables are stated with the amount of GST included.

Reduced input tax credits (RITC) recoverable by the Company from the ATO are recognised as a receivable in the Statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.



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16 November 2016

### Independent Limited Assurance Report on Historical Financial Information and Pro Forma Historical Financial Information

Dear Directors

#### 1. Introduction

We have been engaged by Australian Renewable Fuels Limited ('ARW' or the 'Company') to report on the historical financial information and pro forma historical financial information for inclusion in the Prospectus ('Prospectus') to be dated on or about 16 November 2016, and to be issued by ARW, in respect of the \$25 million retail offering to the public at an issue price of \$0.22 per Share, with the ability to accept oversubscriptions provided that the total amount raised under the Offer does not exceed \$125 million and a placement of up to \$50 million at an issue price of \$0.22 per share to sophisticated and professional investors, with the ability to accept oversubscriptions for up to a further \$50 million ('Offer').

Expressions and terms defined in the Prospectus have the same meaning in this report.

#### 2. Scope

##### *Historical Financial Information*

You have requested Ernst & Young to review the historical statement of financial position of ARW as at 30 June 2016 as set out in Section 9.4 of the Prospectus (the 'Historical Financial Information').

The Historical Financial Information has been extracted from the general purpose financial report of ARW for the year ended 30 June 2016, which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion on this financial report.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ('AAS') as issued by the Australian Accounting Standards Board, which are consistent to International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

##### *Pro Forma Historical Financial Information*

You have requested Ernst & Young to review the following pro forma historical financial information of ARW:

- ▶ the pro forma historical statement of financial position as at 30 June 2016 on the basis of a minimum subscription of \$20 million as set out in Section 9.4 of the Prospectus;

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- ▶ the pro forma historical statement of financial position as at 30 June 2016 on the basis of a maximum subscription of \$50 million as set out in Section 9.4 of the Prospectus; and
- ▶ the pro forma historical statement of financial position as at 30 June 2016 on the basis of an over subscription of \$125 million as set out in Section 9.4 of the Prospectus.

(the 'Pro Forma Historical Financial Information').

The Historical Financial Information and Pro Forma Historical Financial Information are collectively referred to as the Financial Information.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of ARW, and adjusted for the effects of pro forma adjustments described in Section 9.5 of the Prospectus.

The stated basis of preparation used in the preparation of the Pro Forma Historical Financial Information is in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact certain transactions as if they had occurred as at 30 June 2016.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### 3. Directors' Responsibility

The directors of ARW are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

### 4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

## 5. Conclusions

### *Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the historical statement of financial position of ARW as at 30 June 2016 as set out in Section 9.4 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.2 of the Prospectus.

### *Pro Forma Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- ▶ The pro forma historical statement of financial position as at 30 June 2016 on the basis of a minimum subscription of \$20 million as set out in Section 9.4 of the Prospectus;
- ▶ the pro forma historical statement of financial position as at 30 June 2016 on the basis of a maximum subscription of \$50 million as set out in Section 9.4 of the Prospectus; and
- ▶ the pro forma historical statement of financial position as at 30 June 2016 on the basis of an over subscription of \$125 million as set out in Section 9.4 of the Prospectus.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.2 of the Prospectus.

## 6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 9.2 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

## 7. Consent

Ernst & Young has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

## 8. Independence or Disclosure of Interest

Ernst & Young does not have any interests in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully



Ernst & Young

## 11 Additional Information

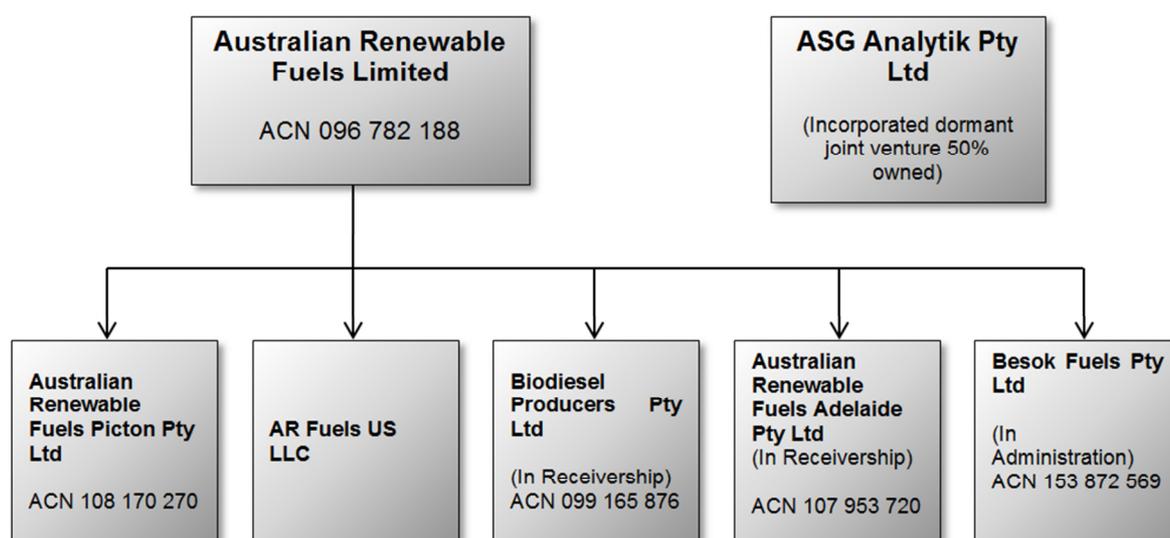
### 11.1 Registration

The Company was registered in Western Australia on 11 May 2001 as a proprietary company “Australian Renewable Fuels Pty Ltd”. On 20 August 2004 the Company became a public company “Australian Renewable Fuels Limited” and listed on the ASX on 5 May 2005. From 20 January 2016 to 22 September 2016 the Company was externally administered.

### 11.2 Company tax status

The Company is and will be subject to tax at the Australian corporate tax rate on its taxable income. The Company may also be subject to tax in other jurisdictions in which it operates.

### 11.3 Corporate structure



(a) **Australian Renewable Fuels Picton Pty Ltd (ARF Picton)**

ARF Picton is a wholly owned subsidiary of the Company. The Company intends to sell ARF Picton and is currently in negotiations to transfer ARF Picton to a third party for nominal consideration.

(b) **AR Fuels US LLC**

AR Fuels US LLC is a wholly owned subsidiary of the Company and a dormant US entity. The Company intends to wind up AR Fuels US LLC following the completion of the Proposal.

(c) **Biodiesel Producers Pty Ltd (in receivership)**

Biodiesel Producers Pty Ltd is a wholly owned subsidiary of the Company and is in receivership. The Company intends to de-register Biodiesel Producers Pty Ltd once control is reverted back to the Company.

(d) **Australian Renewable Fuels Adelaide Pty Ltd (in receivership)**

Australian Renewable Fuels Adelaide Pty Ltd is a wholly owned subsidiary of the Company and is in receivership. The Company intends to de-register Australian Renewable Fuels Adelaide Pty Ltd once control is reverted back to the Company.

(e) **Besok Fuels Pty Ltd (in receivership)**

Besok Fuels Pty Ltd is a wholly owned subsidiary of the Company and is in receivership. The Company intends to de-register Australian Besok Fuels Pty Ltd once control is reverted back to the Company.

(f) **ASG Analytik Pty Ltd (dormant)**

ASG Analytik Pty Ltd is a 50/50 joint venture that is currently dormant. The Company intends to consider the future of ASG Analytik Pty Ltd after the completion of the Proposal.

#### **11.4 Constitution and rights attaching to Shares**

All Shares offered for subscription under this Prospectus rank equally with each other and with existing shares on issue. The rights and liabilities attaching to the ownership of Shares are:

- detailed in the New Constitution which will come into effect if the Conditional Resolutions are obtained which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and common law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the New Constitution is set out below. This summary is not intended to be an exhaustive or definitive statement of the rights and liabilities of Shareholders.

##### Shares

Without prejudice to any special right conferred on a holder of a share or class of shares, the Directors may issue, grant options for, or otherwise dispose of, shares in the company as the Directors think fit.

The Directors may also issue preference shares including preference shares which are liable to be redeemed. The terms of the preference shares are as follows:

- (a) A preference share confers on its holder a right to receive a preferential dividend at the rate and on the basis decided by the Directors under the terms of issue.
- (b) The preferential dividend is cumulative except to the extent the Directors decide under the terms of issue.
- (c) A preference share confers on its holder the right to payment out of the profits of the company (or any other permitted source) of the preferential dividend in priority to the payment of any dividend on ordinary shares, and any other class of shares that the Directors decide under the terms of issue.
- (d) A preference share confers on its holder the right in a winding up to payment in cash of:
  - (i) the amount of any dividend accrued at the date of the winding up but unpaid on the share; and
  - (ii) any amount paid on the share;in priority to the payment of any amount on ordinary shares, and any other class of shares that the Directors decide under the terms of issue.
- (e) If and to the extent that the Directors decide under the terms of issue, a preference share may confer on its holder:
  - (i) in addition to the preferential dividend, a right to participate with the ordinary shares in any dividends payable on ordinary shares; and

- (ii) a right to a bonus issue or capitalisation of profits or any other amount otherwise available for distribution to members.
- (f) A preference share does not confer on its holder any right to participate in the profits or property of the company except as set out above.
- (g) The holder of a preference share has the same right as the holder of an ordinary share to receive notice of, and a copy of any document to be laid before, a general meeting of the company and to attend the general meeting at which a resolution is proposed on which the holder is entitled to vote, and to attend the general meeting, but has no right to receive notice of, or a copy of, any document to be laid before, or to attend, any other general meeting of the company except to the extent the terms of issue of the preference share otherwise provided.
- (h) A preference share does not entitle its holder to vote at a general meeting of the company except to the extent the terms of issue permit the holder to vote in the following circumstances:
  - (i) During a period during which a dividend (or part of a dividend) in respect of the share is in arrears.
  - (ii) On a proposal to reduce the company's share capital.
  - (iii) On a resolution to approve the terms of a buy-back agreement.
  - (iv) On a proposal that affects rights attached to the share.
  - (v) On a proposal to wind up the company.
  - (vi) On a proposal for the disposal of the whole of the company's property, business and undertaking.
  - (vii) During the winding up of the company.
- (i) Where a preference share does confer on its holder the right to vote at a general meeting, the voting right is the same, and determined in the same way, as the voting right attached to an ordinary share.
- (j) Preference shares may be convertible into ordinary shares on a basis decided by the Directors under the terms of issue.
- (k) A redeemable preference share may be redeemable on a basis decided by the Directors under the terms of issue.
- (l) Subject to the Corporations Act and this constitution, all rights and restrictions of a preference share issued by the company may be decided by the Directors and will be governed by the terms of issue, and provided they have been disclosed to the subscriber for the share before its issue will bind the subscriber and all subsequent holders of the share.

#### *Dividends*

Subject to the constitution and to any rights or restrictions attached to a share or class of shares or to the terms of any dividend selection plan established by the Directors, all dividends on shares are to be paid in proportion to the number of shares held by members except that:

- (m) a partly paid share will only entitle the holder to a fraction of the dividend payable on a fully paid share equal to the proportion of the total amounts paid and payable on the share which have been paid; and
- (n) if dividends are determined by the Directors to be paid in respect of a specified period and if the Directors also determine that the dividends on any shares are to be further apportioned according to when amounts are paid on those shares during the specified period, an amount which is paid on a relevant share during the specified period will only entitle the holder of the share to a fraction of the

dividend that would otherwise be payable in respect of that amount equal to the proportion of the specified period remaining as at the date of payment of that amount.

The Directors when determining a dividend is payable may:

- (a) direct payment of the dividend wholly or partly by the distribution of specific assets, including paid-up shares or other securities of the company or of another body corporate, either generally or to particular shareholders or in respect of particular shares; and
- (b) direct that the dividend be paid:
  - (i) to particular shareholders or in respect of particular shares, wholly or partly out of any particular fund or reserve or out of profits derived from any particular source; and
  - (ii) to the remaining shareholders or in respect of the remaining shares, wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source or generally.

To give effect to a resolution of Directors or members authorising or approving the payment of a dividend or the making of any other distribution (whether of profits or capital or otherwise) or the capitalisation of any amount, the Directors may:

- (a) settle any difficulty that may arise in making the distribution or capitalisation;
- (b) fix the value for distribution of a specific asset;
- (c) pay cash or issue a share or other security to a member to adjust the rights of all parties;
- (d) vest a specific asset, cash, share or other security in any trustee upon trust for a person entitled to a dividend or capitalised amount; and
- (e) authorise a person to make, on behalf of all the members entitled to any further share or security following the distribution or capitalisation, an agreement with the company or another body corporate.

The authorised person may agree to:

- (a) the issue of further shares or securities credited as fully paid up; or
- (b) the company paying on behalf of the members an amount remaining unpaid on their existing shares or security by the application of their respective proportions of the sum distributed or capitalised.

Any agreement made between the Directors and an authorised person is effective and binding on all members concerned.

If the company distributes securities in the company or in another body corporate or trust each member receiving a distribution, appoints the company as that person's agent to do anything needed to give effect to that distribution, including but not limited to becoming a member of that other body corporate.

#### Capitalisation of profits and other amounts

The Directors may resolve that the company capitalise any amount:

- (a) forming part of the undivided profits of the company;
- (b) representing profits arising from an ascertained accretion to capital or from a revaluation of the assets of the company;
- (c) arising from the realisation of any assets of the company; or
- (d) otherwise available for distribution to members,

and may also resolve that the capitalised amount be paid, applied or otherwise distributed to or for the benefit of members.

Subject to any rights or restrictions attached to a share or class of shares or to the terms of any dividend selection plan established by the Directors, a capitalised amount which is to be distributed to or for the benefit of members, must be distributed in the same proportions in which members would be entitled to receive the amount were it a dividend.

The Directors may resolve that all or part of the capitalised amount is to be applied:

- (a) to pay in full a share or security that the company intends to issue to a member;
- (a) to pay an amount unpaid on a share or security of the company which a member holds; or
- (b) a combination of these,

and the member must accept this application in full satisfaction of the member's interest in the capitalised amount.

#### Dividend reinvestment and selection plans

The Directors may establish one or more plans whereby participating members, subject to the terms of the plan, elect in respect of some or all of their shares:

- (a) to apply the dividends payable on those shares to subscribe for additional shares in the company;
- (b) to receive the dividends payable on those shares wholly or partly by way of a payment out of any particular fund or reserve or out of profits derived from any particular source; or
- (c) not to receive the dividends payable on those shares, and in place of those dividends to receive some other form of distribution from the company or another body corporate or a trust, including paid up shares or other securities of the company, other body corporate or trust,

and the Directors may vary, suspend or terminate any such plan.

#### Transfer

Whilst the Company is admitted to the official list of ASX:

- (a) the Directors may only decline to register a transfer of shares (including by requesting that a holding lock be applied to prevent a transfer of the shares) if permitted to do so by the ASX Listing Rules; and
- (b) the Directors may at any time suspend the registration of a transfer for any period not exceeding 30 days in a year, subject to the Corporations Act and any CS facility operating rules binding on the company.

Otherwise shares are freely transferable, subject to the Corporations Act, the Listing Rules and the Company's constitution.

#### Small holdings

If:

- (a) a member holds less than a marketable parcel of shares;
- (b) the company notifies the member in writing that it intends to sell the member's shares after a date (Relevant Date) which is at least 6 weeks from the date the notice of intention to sell is sent, unless the member before the Relevant Date tells the company in writing that the member wishes to retain the shares;
- (c) the member does not before the Relevant Date tell the company in writing that the member wishes to retain the shares; and

- (d) on the Relevant Date the member has not acquired more shares or otherwise increased the member's holding to a marketable parcel,

the company may sell the member's shares constituting less than a marketable parcel as soon as reasonably practicable after the Relevant Date at a price which the Directors consider to be the best price reasonably obtainable for the shares at the time they are sold.

In addition, if:

- (a) a member holds shares in a new holding that is less than a marketable parcel of shares; and
- (b) that holding was created by the transfer of a parcel of shares that was less than a marketable parcel at the time the transfer document was initiated or, in the case of a paper based transfer document, was lodged with the company;

the company may sell the shares in that holding at a price which the Directors consider to be the best price reasonably obtainable for the shares at the time they are sold.

#### Proportional takeover approval

If offers are made under a proportional takeover bid for shares in the company the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the bid is passed in accordance with the provisions of the constitution.

#### Voting and general meetings

Subject to the constitution and to any rights or restrictions attached to a share or class of shares, at a general meeting:

- (a) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has 1 vote; and
- (b) on a poll, every person present who is a member or a proxy, attorney or representative of a member has 1 vote for each share the member holds and which entitles the member to vote, except for partly paid shares, each of which confers on a poll only a fraction of 1 vote equal to the proportion of the total amounts paid and payable on the share which have been paid.

In the case of an equality of votes upon any proposed resolution the chair of the meeting has a second or casting vote.

A resolution put to the vote of a general meeting must be decided on a show of hands, unless either the chair or a member who is present and can vote on the resolution, demands a poll:

- (a) before the vote is taken; or
- (b) before or immediately after the declaration of the result of the show of hands.

Other than to elect a chair or adjourn a meeting, business may only be transacted at a general meeting if a quorum of members is present when the meeting proceeds to business. A quorum consists of 2 members (where the company has more than 1 member) provided that, unless the Directors of the Company determine otherwise, a quorum of 20 members will be required for a general meeting proposing the removal of a Director that is not endorsed by the Directors, or the appointment of a Director that is not endorsed by the Directors.

If at any time a meeting of a class of members of the company is required or proposed, the rules of the constitution relating to the convening, holding and conduct of a general meeting will apply so far as they are capable of application (and with all necessary changes) to that meeting.

### Appointment and removal of Directors

Subject to the Corporations Act, there must be at least 3 Directors and not more than 10 Directors or such other minimum or maximum number of Directors as the members by resolution determine, provided that the Directors of the Company will, subject to the Corporations Act, have the power to reduce the minimum and maximum number of Directors.

The members may by resolution appoint or remove a Director.

The Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed only holds office until the next annual general meeting and must then retire from office. The managing Director (but if there is more than 1 managing Director, only 1) is exempted from this requirement to retire.

The total number of Directors must not at any time exceed the maximum number allowed under the constitution.

At each annual general meeting of the company the following Directors must retire from office:

- (a) Each Director who has held office past the third annual general meeting or 3 years since the Director's last election, whichever is longer.
- (b) Each Director appointed by the Directors to fill a casual vacancy or as an addition to the existing Directors since the last annual general meeting.
- (c) If the ASX Listing Rules requires the company to hold an election of Directors each year and there is no Director required to retire under (a) or (b) above or standing for election at the annual general meeting, the Director who has been longest in office since his or her last election, but, as between persons who were elected as Directors on the same day, the Director to retire must be determined by lot, unless they otherwise agree between themselves.

Unless re-elected, a Director due to retire at an annual general meeting retains office until the conclusion of the meeting. The company must hold an election of Directors each year for so long as the ASX Listing Rules require it.

A retiring Director is eligible for re-election.

The company may, at a general meeting at which a Director retires, by resolution fill the vacated office by electing a person to that office.

A person is eligible for election as a Director at a general meeting of the company only if:

- (a) the person is in office as a Director immediately before that meeting;
- (b) the person has been nominated by the Directors for election at that meeting; or
- (c) a nomination for election of the person as a Director signed by a member (including the person) and a consent to nomination signed by the person has been lodged at the registered office of the company at least 45 business days before the general meeting.

A person seeking to be appointed as a Director that has not been endorsed by the Directors must be a member of the Company.

Where a majority of all Directors consider that the continuance in office of a Director would be, or would be likely to be, prejudicial to the interests of the company, the Director may be suspended by resolution passed by that majority at a meeting of Directors specifically convened for the purpose of considering the suspension. The suspended Director may not take part in the business or affairs of the company during the period of suspension. The suspension may be terminated at any time by a resolution passed by a majority of all Directors at a meeting of Directors specifically convened for the purpose of considering termination of the suspension. The suspension will terminate at the end of

14 days from the date of the suspension unless within that period notice of a general meeting of the company to consider a resolution to remove the Director from office is despatched to members and the meeting is convened to be held within 35 days from the date of despatch. In that case, the suspension will terminate at the conclusion of the meeting.

#### Remuneration and expenses of Directors

Each Director is entitled to such remuneration out of the funds of the company (accruing from day to day if periodic) as the Directors determine provided that:

- (a) the Director's remuneration must not include a commission on, or percentage of, operating revenue; and
- (b) if the Director is a non-executive Director, the Director's remuneration paid must be a fixed sum.

The aggregate remuneration paid to or for the benefit of the Directors must not exceed in a financial year of the company \$400,000 or such other sum as the members may by resolution approve. This limitation does not apply to:

- (a) any amount paid or payable noted below;
- (b) any amount paid or payable under or in respect of any indemnification or insurance provided or procured in accordance with the constitution; or
- (c) the remuneration to which a Director may be entitled as an employee of the company or a related body corporate or in a capacity other than as a Director of the company.

A Director is entitled to be paid all reasonable travel, accommodation and other expenses properly incurred by the Director in attending meetings of, or relating to, the company or while engaged on the business or affairs of the company.

If a Director performs an extra service or makes special exertion for the company, the Directors may arrange for a special remuneration.

The Directors may resolve that the company:

- (a) at any time after a Director dies, retires or otherwise ceases to hold office as a Director or a Director or former Director ceases to be gainfully employed, pay to the Director or former Director or a legal personal representative, spouse, relative or dependant of the Director or former Director a pension, lump sum, superannuation amount or other benefit;
- (b) establish, pay contributions or other amounts to, or otherwise support, a fund or other entity providing for any such benefit; and
- (c) enter into a contract with the Director to provide for any of these benefits.

Any such amount is not subject to the limitation noted above.

#### Indemnity

The Company indemnifies:

- (a) each person who is or has been an officer of the company against certain liabilities incurred by the person as such an officer; and
- (b) each person who is or has been an officer of a related body corporate of the company against those liabilities incurred by the person as such an officer which the Directors determine to be indemnified.

These indemnities exclude any liability against which the company is precluded by law from indemnifying the person.

### Insurance

The Company may purchase and maintain insurance or pay or agree to pay a premium for insurance in respect of any liability incurred by a person who is or has been an officer of the company or a related body corporate except to the extent that the company is precluded by law from doing so.

### Distribution of surplus on winding up

Subject to the constitution and any rights or restrictions attached to a share or class of shares, if the company is wound up and the property of the company is more than sufficient to pay all of:

- (a) the debts and liabilities of the company; and
- (b) the costs, charges and expenses of the winding up;

the excess must be divided among the members in proportion to the number of shares held by each of them, irrespective of the amounts paid or credited as paid on the shares.

The amount of the excess that would otherwise be distributed to the holder of a partly paid share must be reduced by the amount unpaid on that share at the date of the distribution. If the effect of this reduction would be to reduce the distribution to the holder of a partly paid share to a negative amount, then the holder must contribute that amount to the company.

If the company is wound up, the liquidator may, with the sanction of a special resolution:

- (a) divide among the members the whole or any part of the property of the company; and
- (b) determine how the division is to be carried out as between the members or different classes of members.

### Modifying the constitution

The Company's constitution may be modified by special resolution, which is a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

## **11.5 Material contracts**

### (a) Deed of Company Arrangement

On 20 January 2016, voluntary administrators were appointed to the Company. On 25 May 2016, the Company's voluntary administrators entered into a Deed of Company Arrangement pursuant to which creditors which are bound by the Deed of Company Arrangement may not take any steps to wind up the Company or take any other action against the Company other than in accordance with the Deed of Company Arrangement. Further detail on these arrangements, as entered into by the Company and its subsidiary Australian Renewable Fuels Picton Pty Ltd (**ARF Picton**), is outlined below:

#### **Deed of Company Arrangement – Australian Renewable Fuels Limited**

At the second meeting of creditors of the Company, held on 25 February 2016 and reconvened on 4 May 2016, the voting creditors of the Company resolved (among other things) that pursuant to section 439 of the Corporations Act, the Company execute a deed of company arrangement.

The Company and its administrators entered into a deed of company arrangement on 25 May 2016, pursuant to which a deed fund to be administered by the administrators for the benefit of creditors was established and managerial control of the Company would transfer from the administrators to new Directors appointed by Thorney Investment Group Australia Pty Ltd.

The deed extinguishes all liabilities of the Company as at the date of the administrators' initial appointment and upon distribution of the fund the creditors will have no claim against the administrators or the Company (other than as set out in Sections 6.2(l) and 11.14).

The fund includes all assets of the Company (excepted for limited excluded assets) and the amount of \$540,000 which was contributed by way of a loan by a member of the Thorney Group, Tiga Trading Pty Ltd. The loan of \$540,000 is repayable on the earliest of:

- 1 June 2021;
- the issuance of new shares in the Company pursuant to a 'disclosure document' within the meaning of section 9 of the Corporations Act; or
- on written demand by Tiga Trading Pty Ltd with no less than 90 days' notice.

Managerial control of the Company transferred from the administrators to the new Directors on 22 September 2016.

#### **Deed of Company Arrangement – ARF Picton**

At the second meeting of creditors of ARF Picton, held on 25 February 2016 and reconvened on 4 May 2016, the voting creditors of ARF Picton resolved (among other things) that pursuant to section 439 of the Corporations Act, ARF Picton execute a deed of company arrangement.

ARF Picton and its administrators entered into a deed of company arrangement on 25 May 2016, pursuant to which a deed fund to be administered by the administrators for the benefit of creditors was established and managerial control of ARF Picton would transfer from the administrators to new Directors appointed by Thorney Investment Group Australia Pty Ltd.

The deed extinguishes all liabilities of ARF Picton as at the date of the administrators' initial appointment and upon distribution of the fund the creditors will have no claim against the administrators or ARF Picton (other than as set out in Section 11.14).

The fund includes all assets of ARF Picton (excepted for excluded assets) and the amount of \$50,000 which was contributed by way of a loan by a member of the Thorney Group, Tiga Trading Pty Ltd. The loan of \$50,000 is repayable on the earliest of:

- 1 June 2021; or
- on written demand by Tiga Trading Pty Ltd with no less than 90 days' notice.

#### (b) Implementation Deed

The Company and Thorney Holdings entered into an Implementation Deed on 10 November 2016 to agree to take all necessary action within their power to implement the recapitalisation and repositioning of the Company as an ASX listed investment entity. All Shareholder approvals (Conditional Resolutions) must be obtained by 28 February 2017, or the Implementation Deed will lapse.

The key terms of the Implementation Agreement are listed below:

- (i) Subject to obtaining Shareholder approval, the Company must do all thing reasonably necessary to ensure a Share consolidation is undertaken;
- (ii) the Company must use its reasonable endeavours to undertake a capital raising in accordance with the timetable;
- (iii) Thorney Holdings and the Company must execute the Asset Sale Agreement within two business days of obtaining Shareholder approval;

- (iv) Thorney Holdings and the Company must execute the Investment Management Agreement within two business days of obtaining Shareholder approval;
- (v) Subject to Shareholder approval, the Company must do everything reasonably necessary to ensure the Company's new name is adopted;
- (vi) the Company must use its reasonable endeavours to ensure that the final form of the Prospectus is prepared in accordance with the ASX Listing Rules, the Corporations Act and all other applicable law;
- (vii) Thorney Holdings must as soon as reasonably practicable provide the Company with any information the Company may reasonably require to prepare the Prospectus;
- (viii) The Board of the Company will appoint Alex Waislitz and Jeremy Leibler as Directors of the Company immediately prior to the Company's next annual general meeting;
- (ix) The Board of the Company will seek approval from Shareholders for the election of Alex Waislitz and Jeremy Leibler as Directors of the Company at the Company's next annual general meeting.

The Implementation Deed contains representations and warranties that are customary for an agreement of this nature.

Either party may terminate the Implementation Deed if the other party commits a material breach or suffers an insolvency event. The parties may also agree to terminate the Implementation Deed. Additionally, if the Shareholder approvals are not obtained, then the Company and Thorney Holdings must consult in good faith regarding whether or not to proceed with obtaining the Shareholders' approval. If the parties do not reach agreement within five business days, then either party may terminate the Implementation Deed.

(c) Investment Management Agreement

The Company has entered into an Investment Management Agreement with Thorney Management dated 10 November 2016. The key provisions of the Investment Management Agreement are summarised below.

Appointment and services

Under the Investment Management Agreement, the Company appoints Thorney Management as the manager of the Company for the purposes of exclusively sourcing, investing, managing and reviewing all investments for the Company.

For the purposes of carrying out its functions and duties under the Investment Management Agreement, Thorney Management has the powers in respect of the investment portfolio that it would have if it were the absolute owner of the investment portfolio and acting in its personal capacity.

Exclusivity

During the term of the agreement, the Company is not able to appoint any other person to provide it with certain services without the approval of Thorney Management. These exclusive services relate to investing, managing and reviewing all investments for the Company.

Investment policy and investment objectives

Thorney Management must manage the investment portfolio and make investments in accordance with the Company's investment policy and investment objectives.

### Term

The Investment Management Agreement will have a fixed initial term of 5 years or, subject to shareholder approval and a waiver from ASX (which has been received), 10 years (**Initial Term**). Thorney Management may elect to extend the term of the agreement for further periods of 7 years (provided it is not in breach and it has given the Company at least nine months' written notice of that election) (each an **Extended Term**).

### Termination by Thorney Management

Thorney Management may terminate the Investment Management Agreement:

- (i) following the third anniversary of the commencement of the Investment Management Agreement by giving the Company not less than six months' written notice; or
- (ii) if there is a change of control of the Company by giving the Company not less than three months' written notice.

Either party may terminate the Investment Management Agreement by giving not less than three months' written notice to the other party if the other party commits a material breach or an insolvency event occurs in relation to the other party.

The Company may terminate the Investment Management Agreement if:

- (i) while the Company is an investment entity under the ASX Listing Rules, it provides 3 months' prior written notice to Thorney Management following expiry of the Initial Term and approval of the Shareholders to do so; or
- (ii) if Thorney Management extends the Initial Term, at the end of the expiry of the initial Extended Term (that is, 17 years after the commencement of the Investment Management Agreement) or the expiry of any subsequent Extended Term by giving Thorney Management at least 3 months' written notice of termination following approval of the Shareholders to do so.

### Fees and expenses

In consideration for Thorney Management providing the service specified under the Investment Management Agreement, Thorney Management will be entitled to:

- (i) a base management fee equal to 0.75% of the value of the gross assets of the Company that are managed by Thorney Management in each half financial year (plus GST); and
- (ii) a performance fee for each six month period, calculated as 20% of the increase in the net value of the investment portfolio (after undertaking certain adjustments and after having first deducted the value of the base fee from that increase in value).

In determining any increases in the net value of the investment portfolio, the value of the investments will be determined in accordance with the accounting standards or a similar standard in respect of non-Australian assets. The Company and Thorney Management may agree that a particular investment (such as an unlisted investment) with limited objective criteria to assist in the determination of value be assessed on a different basis. Further, the Company and Thorney Management may agree that potential increases in the net value of an investment be deferred, ignored, or reduced for the purpose of calculating the increase in the net value of the investment portfolio.

In addition to these fees, Thorney Management is entitled to be reimbursed for reasonable expenses incurred by it in performing its functions under the Investment Management Agreement.

### Fees on termination

Thorney Management will be entitled to additional fees in the event of the Investment Management Agreement being terminated in the following circumstances:

- (i) In the event of termination by Thorney Management as a result of material breach by the Company or an insolvency event in relation to the Company or the unlawful termination by the Company, the Company must pay a lump sum payment equal to:
  - (A) the average base fee for the previous two financial years multiplied by six; and
  - (B) the average performance fee for the previous two financial years multiplied by three.
- (ii) In the event of termination by Thorney Management as a result of a change of control of the Company, the Company must pay a fee equal to the average base fee for the previous two financial years.
- (iii) In the event of termination at the request of Shareholders and where the Company has provided 3 months' written notice to Thorney Management, the Company must pay a fee equal to the average base fee for the previous two financial years.

#### Amendment

The Investment Management Agreement can only be amended or varied if the amendment or variation is in writing and signed by all parties.

#### Powers and Discretions

Thorney Management has all the powers in respect of the portfolio that it would have if it were the absolute owner of the portfolio and acting in its personal capacity.

Thorney Management has the discretion to manage the portfolio and do all things considered necessary or desirable in relation to the portfolio.

#### Conflict of Interests

Thorney Management may, in connection with the Investment Management Agreement, invest in, deal with or engage the services of any member of the Thorney Group engaged in separate business activities provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by the Board.

Thorney Management is not restricted from dealing with any holder of Shares or any warrant in respect of Shares, being interested in any contract or transaction with the Company on an arm's length commercial basis, or investing and being invested in any holder of Shares or any warrant in respect of Shares.

No contract or transaction in which Thorney Management or a member of the Thorney Group is party is to be avoided by reason of Thorney Management's appointment as manager. Neither Thorney Management nor the other member of the Thorney Group will be liable, by reason of the Thorney Management's appointment of manager, to account to the Company or any other person for any profit or benefits arising from such contracts or transactions and it may retain such profits or benefits. Any fees paid or payable in relation to such contracts or transactions are to be retained by the person to whom those fees are paid or payable.

Thorney Management and the other members of the Thorney Group may hold Shares in any capacity.

#### Indemnity

Both the Company and Thorney Management are indemnified against any costs that are incurred as a result of a breach of the agreement caused by the other party, or the fraud or wilful misconduct of the other party (including its employees, officers, delegates, agents and contractors).

### Licence

As the proposed change of name for the Company (as described in Section 5.2(i)) includes the word “Thorney”, the Manager has agreed to grant a non-exclusive non-transferable licence to the Company to use the word “Thorney” as part of its name.

During the term of the Investment Management Agreement, a \$10 fee is payable for the Licence. Following termination of the Investment Management Agreement, if after 3 months the Company continues to use in its name the word “Thorney”, then a fee agreed by the parties or be determined by an independent expert will be payable. The Company may change its name, with shareholder approval so as not to include the word “Thorney”, in which case the licence will cease and no fee will be payable.

#### (d) Asset Sale Agreement

A key component of the Proposal is the transfer of the Seed Investments to the Company. The Seed Investment comprises a portfolio of listed and unlisted investments which the Thorney Group believes it has strong knowledge of, have upside potential and which it believes are suitable investments for the Company.

The acquisition of the Seed Investments will also allow the Company to start its new business focus with a portfolio of investments. In addition, based on the mechanism for calculating the consideration payable to the Thorney Group in return for the sale of the Seed Investments, the Company will benefit from any market increases in the Seed Investments during the period from 18 October 2016 and completion of the Proposal.

The key provisions of the proposed acquisition of the Seed Investments and the issuance of the Consideration Shares under the Asset Sale Agreement are summarised below.

#### Conditions precedent to Completion

Completion of the sale and purchase of the Seed Investments is subject to a number of conditions precedent, as follows:

- (i) Shareholders approving each of the Shareholder resolutions as outlined in the Asset Sale Agreement; and
- (ii) the Company receiving confirmation from ASX that it has successfully re-complied with Chapters 1 and 2 of the ASX Listing Rules.

Both the Company and the Thorney Entities must use all reasonable endeavours to ensure that the conditions precedent are satisfied on or before 28 February 2017 (or such other date agreed by the parties).

#### Seed Investments

The following listed securities and unlisted securities comprise the ‘Seed Investments’ to be acquired by the Company under the Asset Sale Agreement. Thorney Group has invested in technology related investments over a long period of time.

The companies comprising the Seed Investments represent a selection of technology-orientated investments which Thorney Management believes possess upside potential and are appropriate investments for the Company. In each case, Thorney Group will continue to retain an investment, and in each case the amount to be transferred as a Seed Investment represents a minority proportion of the total Thorney Group shareholding. In some cases, identified below, Thorney Group is a substantial shareholder. The Seed Investments to be acquired by the Company are as follows:

#### **ASX-listed investments**

- (i) 309,075 ordinary shares in Adacel Technologies Limited (software engineering)  
Adacel is a leading developer of advanced simulation and control systems for aviation and defence. The company operates in the Global Aerospace Systems market including operational Air Traffic Management, Airport and Air Traffic Control Simulation Training, and Airborne Vehicle Systems.

Thorney Group is a substantial shareholder.

- (ii) 1,831,745 ordinary shares in OneVue Holdings Limited (fintech)

OneVue Holdings Limited operates as a wholesale provider of services to participants in the wealth management industry. It operates through two divisions, Fund Services and Platform Services. The Fund Services division provides outsourced unit registry services and installed software to a range of investment managers, trustees, and custodians. The Platform Services division offers an investment platform for investment administration, tax, and reporting services for superannuation and other investments. It also provides a retail superannuation fund, as well as specialist self-managed super funds compliance and administration services.

Thorney Group is a substantial shareholder.

- (iii) 50,385 ordinary shares in Webjet Limited (B2B)

Webjet is Australia and New Zealand's leading online travel agency. Webjet enables customers to compare, combine and book the best domestic and international travel flight deals, hotel accommodation, holiday package deals, travel insurance and car hire worldwide.

- (iv) 297,630 ordinary shares in NextDC Limited (IT infrastructure)

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Australia's leading independent data centre operator with a nationwide network of Tier III facilities, NEXTDC provides enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy, NEXTDC is leading the industry with award-winning engineering solutions for energy efficiency and NABERS 4.5 star certification.

- (v) 59,690 ordinary shares in Hub24 Limited (fintech)

HUB24 is a financial services company which provides an investment and superannuation platform. The platform offers a comprehensive range of investment options, with superior transaction and reporting solutions, for all types of investors – individuals, companies, trusts, associations or self-managed super funds.

Thorney Group is a substantial shareholder.

- (vi) 293,335 ordinary shares in iSelect Limited (B2C)

iSelect is a leading Australian online-driven comparison service. Its service provides comparison of both price and product features for a range of private health insurance, car insurance, household utilities products and financial products.

- (vii) 1,001,595 shares of common stock in Updater Inc (B2C)

Updater is a New York City based company that develops technology to improve the residential consumer relocation process. Updater's web-based Mover Product helps consumers in the U.S. organise and complete their moving-related logistics.

Thorney Group is a substantial shareholder.

- (viii) 204,650 ordinary shares in Anantara LifeSciences Limited (bio tech)

Anantara LifeSciences is a company which has a mission to develop oral solutions for gastrointestinal diseases in production animals and humans. Its initial focus is

the development and commercialisation of Detach™, a non-antibiotic therapy that prevents and treats diarrhoea (also known as scour) in piglets.

### **Unlisted investments**

- (i) 757,576 ordinary shares in Aglive Group Limited (agtech)

Aglive is an early stage company that has developed an evidence based tracking and authentication technology allowing food to be tracked from “paddock” to “plate”.

In 2016, the Thorney Group participated in a \$2 million capital raising round undertaken by Aglive Group Limited.

- (ii) 1,500,000 ordinary shares in Change Up Holdings Limited (payment apps)

Change Up has built a mobile application backed by ASX-listed Touchcorp’s payments technology that will enable convenience stores to convert physical change into digital currency and for their customers to both transact with that currency and benefit from promotional offers on the app.

In 2016, the Thorney Group participated in a \$12.5 million capital raising round undertaken by Change Up Holdings Limited.

If, however, a Thorney Entity reasonably determines that it may be restricted from, or too administratively burdensome to, sell any of the Seed Investments to the Company on completion (“**Restricted Assets**”) then the following procedures apply:

- (A) as soon as it becomes aware (and in any event no later than 2 business days prior to completion) of any Seed Investments becoming Restricted Assets, it must provide written notice to the Company setting out the reasons for the Restricted Assets being prevented from being sold;
- (B) the Company must then respond within 1 business day specifying whether the Company will:
- (C) require the relevant Thorney Entity (to the extent permitted by law or contract) to hold the Restricted Assets on trust (on terms reasonably acceptable to the Company), with effect from completion, until the Restricted Assets can be sold to the Company; or
- (D) not buy those Restricted Assets.

If any Seed Investments are not acquired by the Company on the completion date, then the number of Consideration Shares issued to Thorney Holdings will be adjusted to reflect the exclusion of the Restricted Assets (although the Consideration Shares for any Restricted Assets held on trust must still be issued by the Company on the completion date). If any Restricted Assets are held on trust for the Company, then the parties must co-operate with each other and provide all reasonable assistance to the other to effect the sale and purchase of those Restricted Assets as soon as reasonably practicable.

### Consideration

In consideration for the sale of the Seed Investments, the Company must issue the Consideration Shares to Thorney Holdings. The number of Consideration Shares to be issued to Thorney Holdings is equal to the value of the Seed Investments being acquired, divided by the issue price of the Shares under the Offer (being \$0.22 per Share).

The value of the Seed Investments is calculated as follows:

- (i) in respect of the listed securities, the value is deemed to be the lower of:
  - (A) the closing price for each of the listed securities on 2 November 2016; and

- (B) the VWAP for each of the listed securities over the 5 business days prior to the date on which the placement occurs under the Placement Offer; and
- (ii) in respect of the unlisted securities, the value is deemed to be the cost price for each of those unlisted securities.

### Consideration Payable for Seed Investments

Company Name	ASX Ticker	Closing Share Price as at 2 November 16	Number of Shares to be Transferred	Maximum Consideration Payable
<b>Listed Seed Investments*</b>				
Adacel Technologies Limited	ASX:ADA	\$2.59	309,075	\$800,504*
Anatara Lifesciences Ltd	ASX:ANR	\$1.29	204,650	\$263,999*
HUB24 Limited	ASX:HUB	\$5.16	59,690	\$308,000*
iSelect Ltd	ASX:ISU	\$1.74	293,335	\$510,403*
NEXTDC Limited	ASX:NXT	\$3.38	297,630	\$1,005,989*
OneVue Holdings Limited	ASX:OVH	\$0.63	1,831,745	\$1,153,999*
Updater Inc	ASX:UPD	\$0.50	1,001,595	\$500,798*
Webjet Ltd	ASX:WEB	\$9.63	50,385	\$485,208*
<b>Unlisted Seed Investments</b>				
Aglive Group Limited	-	-	757,576	\$250,000
Change Up Holdings Limited	-	-	1,500,000	\$750,000
<b>Total</b>				<b>\$6,028,900</b>
Placement Offer/Retail Offer Issue Price				\$0.22
<b>Maximum Number of Consideration Shares to be issued if consideration was deemed to be based on the closing price for each Listed Seed Investments on 2 November 2016</b>				<b>27,404,091</b>

#### \*Based on 2 November 2016 Closing Price

In effect, the Company will obtain the benefit of any increases in the share price of the listed securities from 2 November 2016. However, if the share price for any particular listed investment decreases from 2 November to the completion date, the Company will obtain the benefit of the lower price.

Based on the above, the maximum number of Consideration Shares to be issued to Thorney Holdings is 27,404,091.

#### Completion

Completion of the sale of the Seed Investments and the issuance of the Consideration Shares will occur on the same date on which Shares are issued under the Placement.

#### Termination of the Asset Sale Agreement

If the conditions precedent are not met by 28 February 2017, then either party may terminate the Asset Sale Agreement by giving notice in writing to the other party.

#### Warranties and indemnities

Neither party has provided any representation or warranties under the Asset Sale Agreement.

(e) Thorney Loan

Tiga Trading Pty Ltd (ACN 118 961 210) - an entity within the Thorney Group - loaned an initial \$540,000 to the Company in order for the Company to complete the Deed of Company Arrangement and come out of voluntary administration. The Thorney Group has loaned additional funds to the Company since 26 May 2016 in order for the Company to meet its expenses. As at 11 November 2016, the Thorney Group is owed approximately \$650,000 from the Company. It is expected that for the period between the date of the notice of meeting (11 November 2016) and completion of the Offer, the Thorney Group will loan further amounts to the Company in order to meet its expenses. The terms of the Thorney Loan (and any additional amounts loaned to the Company by the Thorney Group) are as follows:

- (A) interest is payable at a rate that is 5% above the Reserve Bank of Australia current cash rate target (and which is cumulative every six months);
- (B) the Company was required to grant Tiga Trading Pty Ltd a general security interest over all present and after-acquired property of the Company within 90 days of the Deed of Company Arrangement terminating; and
- (C) the Thorney Loan is repayable on the earliest of:
  - (1) 1 June 2021;
  - (2) the issuance of new shares in the Company pursuant to a 'disclosure document' within the meaning of section 9 of the Corporations Act; or
  - (3) on written demand by Tiga Trading Pty Ltd with no less than 90 days' notice.

Accordingly, it is expected that the Thorney Loan will be repaid shortly after completion of the Capital Raising.

(f) Letter of comfort

Tiga Trading Pty Ltd (ACN 118 961 210) - an entity within the Thorney Group - provided a letter of comfort to the Company dated 26 September 2016. Pursuant to that letter, Tiga Trading Pty Ltd undertook to provide the Company with the financial support necessary for the Company to pay its liabilities as and when they fell due (to the extent that money is not otherwise available) for the period ending on the earlier of:

- (A) 15 November 2017; and
- (B) the completion of the Offer.

Tiga Trading Pty Ltd further undertakes to inform the Company immediately if it will not be able to or may not be able to continue to provide the financial support.

(g) Bell Potter Mandate Letter

The Company entered into a lead manager mandate letter with Bell Potter on 28 October 2016 (**Bell Potter Mandate**) pursuant to which the Company has appointed Bell Potter as the sole and exclusive lead manager and bookrunner to the Offer. Bell Potter will be paid a management fee of \$75,000 together with a selling fee of 2.5% of the total amount raised by the Company under the Offer. Bell Potter will not charge any fees in respect of the Thorney Group's participation in the Offer. Bell Potter will pay a 2% selling fee to external brokers who participate in the Offer.

Bell Potter will also be reimbursed by the Company for all reasonable out of pocket costs and expenses incurred in connection with the Offer. The Company has also agreed to indemnify Bell Potter for any claims or loss suffered in connection with the Offer. The Bell Potter Mandate will terminate on the earlier of the completion of the Offer and 24 months

after the date of the agreement. However, both the Company and Bell Potter may terminate the Bell Potter Mandate without cause by giving written notice at any time prior to Bell Potter extending a 'firm commitment' to any investor to subscribe for the Offer.

The Offer is not underwritten and must be managed by Bell Potter on a best endeavours basis.

## 11.6 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

### (a) Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in a company of 15% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's "Foreign Investment Policy" or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

### (b) Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

## 11.7 Australian taxation considerations

The comments in this section provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire ordinary shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their shares on capital account.

This summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks and Shareholders that hold their Shares on revenue account, carry on a business of trading in shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

As outlined in Section 5.9 above, whilst the Company is expected to be a Listed Investment Company, as the Company is generally expected to hold its investments on revenue account, the comments below do not incorporate any discussion in relation to LIC capital gains.

The summary in this section is general in nature and is not exhaustive of all income tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax consequences, including capital gains tax, stamp duty and Australian goods and services tax consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in this section is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authorities at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in this section do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant tax authorities. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which needs to be considered by Shareholders before making a decision about their investments. Shareholders should consider taking advice from a licenced advisor, before making a decision about their investment to acquire shares under this Prospectus.

The Company and its advisers disclaim all liability to any Shareholder or other party for all costs, losses, damages and liabilities that the Shareholder or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or any other party or the reliance on it by the Shareholder or any other party.

### **11.7.1 Income tax treatment of dividends received for Australian resident Shareholders**

#### **11.7.1.1 Australian tax resident individuals and complying superannuation entities**

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder.

Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credits attached to that dividend.

The rate of tax payable by each Australian Shareholder that is an individual will depend on the individual circumstances of the Shareholder and his or her prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a 'tax offset' equal to the franking credits attached to the dividend, subject to being a 'qualified person' (refer further comments below). The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

Where a dividend paid by the Company is unfranked, the Shareholder should generally be taxed at his or her prevailing marginal rate on the dividend received, with no tax offset.

### **11.7.1.2 Australian tax resident corporate shareholders**

Corporate Shareholders are also required to include both the dividend and associated franking credits in their assessable income. A tax offset should be allowed up to the amount of the franking credits on the dividend.

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. Such corporate Shareholders can pass on the benefit of the franking credits to their own shareholder(s) on the payment of franked dividends.

Excess franking credits received by a corporate Shareholder cannot give rise to a refund, but may in certain circumstances be converted into carry forward tax losses.

### **11.7.1.3 Australian tax resident trusts and partnerships**

Australian tax resident Shareholders who are trustees (other than trustees of 'complying superannuation entities') or partnerships should include the dividend and franking credits in determining the net income of the trust or partnership. A beneficiary, trustee or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership as the case may be.

### **11.7.1.4 Australian tax resident shares held 'at risk'**

To be eligible for the benefit of franking credits and tax offset, a Shareholder must satisfy both the 'holding period' and 'related payment' rules.

This requires that a Shareholder hold the Shares in the Company 'at risk' for more than 45 days continuously (not including the date of acquisition and disposal).

Any day on which a Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the Shares (e.g. through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares 'at risk'.

In addition, a Shareholder must not be obliged to make a 'related payment' in respect of any dividend, unless they hold the Shares 'at risk' for the required holding period.

Where these rules are not satisfied, the Shareholder will not include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

The holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries.

Shareholders should obtain their own professional tax advice to determine if these requirements, as they apply to them, have been satisfied.

Shareholders should also consider the impact of the integrity measures relating to the denial of franking tax offsets to certain 'distribution washing' arrangements. These integrity measures apply to distributions, including dividends, paid on or after 1 July 2013. Shareholders should have regard to these 'distribution washing' measures together with the broader integrity provisions that apply to the claiming of tax offsets, having regard to their own facts and circumstances.

## **11.7.2 Australian capital gains tax implications for Australian tax resident Shareholders on a disposal of Shares**

The disposal of a Share by a Shareholder will be a CGT event. A capital gain should arise where the 'capital proceeds' on disposal exceed the 'cost base' of the share (broadly, the amount paid to acquire the share plus any transaction costs incurred in relation to the acquisition or disposal of the shares). In the case of an 'arm's length' on-market sale, the capital proceeds should generally be the cash proceeds received from the sale of the shares.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for at least 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

### **11.7.3 Tax File Numbers**

Shareholders are not required to quote their Tax File Number, or, where relevant, Australian Business Number to the Company. However, if a valid TFN, a valid ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or unfranked dividends at the maximum marginal tax rate plus any relevant levy (for example, the Medicare levy). Australian tax should not be required to be deducted by the Company in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

Non-residents are exempt from this requirement.

### **11.7.4 Stamp duty**

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company.

Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent disposal of their Shares.

### **11.7.5 Australian Goods and Services Tax**

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

## **11.8 Interests of Directors**

Except as set out in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;

- the Offer; or
- any property acquired or proposed to be acquired by the Company, respectively, in connection with its formation or promotion or the Offer, other than in their capacity as a Shareholder.

Except as set out in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce that person to become, or qualify as, a Director; or
- for services provided by that person in connection with the formation or promotion of the Company, or the Offer.

As at the Prospectus Date, the interests of the Directors and proposed Directors in Shares are:

Director	Interest in Shares as at the date of this Prospectus	Interest in Shares post Share consolidation but prior to close of the Offer
Alan Fisher	100,000	1,000
Martin Casey	Nil	Nil
Craig Smith	Nil	Nil
Alex Waislitz (proposed director)	11,276,471	112,766
Jeremy Leibler (proposed director)	Nil	Nil

Alex Waislitz is executive chairman of the Thorney Group. Craig Smith is an employee of the Thorney Group, and Martin Casey provides ongoing advice to the Thorney Group as an external consultant. Jeremy Leibler is a partner at Arnold Bloch Leibler, which is engaged as the Company's Australian legal adviser (see Sections 11.9(b) and 11.10 for further detail).

The remuneration of each Director and proposed Director is outlined in Section 8.4.

## 11.9 Related party agreements

### (a) Interests of Thorney Group

As noted in Section 11.5(b), the Implementation Deed sets out the terms of the Thorney Group participation under the Proposal. The Company has also entered the Asset Sale Agreement (as summarised in 11.5(d)) for the proposed issue of the Consideration Shares to Thorney Holdings in consideration for the sale of the Seed Investments to the Company; as well as the Investment Management Agreement (as summarised in 11.5(c)) for provision of investment management services to be provided by Thorney Management.

In addition:

- subject to Shareholders approving the Proposal, Thorney Holdings will be entitled to be reimbursed from the Company its reasonable costs and expenses in relation to the Proposal and any associated documentation; and
- pursuant to the Company's Deed of Company Arrangement, the Company entered into the Thorney Loan with Tiga Trading Pty Ltd - an entity within the Thorney Group, which the Company intends to repay out of the proceeds of the Offer.

Other than as disclosed in this Prospectus, there are no other commercial arrangements between the Company and the Thorney Group.

(b) Interests of Arnold Bloch Leibler

Arnold Bloch Leibler is engaged as the Company's Australian legal adviser. Jeremy Leibler, a partner at Arnold Bloch Leibler, is a proposed Director of the Company. The fees paid to Arnold Bloch Leibler are on arms'-length terms and will be paid in accordance with the engagement as specified in Section 11.10. Any fees which Mr Leibler receives in connection with his role as a Director of the Company will be paid to Arnold Bloch Leibler.

### 11.10 Interests of advisers

Bell Potter has been appointed by the Company as Authorised Intermediary and Lead Manager in respect of the Placement Offer and the Retail Offer.

Bell Potter will receive a 2.5% fee on all proceeds raised under the Capital Raising, plus a management fee of \$75,000. In addition, Bell Potter will be entitled to reimbursement of its reasonable costs and expenses in relation to the capital raising.

Bell Potter and its associates may hold Shares or acquire Shares in these capital raisings.

Arnold Bloch Leibler has acted as Australian legal adviser (other than in respect of taxation and stamp duty) to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$260,000 (excluding GST) for these services up until the date of the Original Prospectus. Further amounts may be paid to Arnold Bloch Leibler for other work in accordance with its normal time-based charges. In addition, any fees which Jeremy Leibler receives in connection with his role as a Director of the Company will be paid to Arnold Bloch Leibler.

Ernst and Young has prepared the Independent Limited Assurance Report on the Financial Information included in this Prospectus. Ernst and Young has also provided financial and tax due diligence services to the Company. The Company has agreed to pay Ernst and Young a professional fee of approximately \$60,000 for such services. Further amounts may be paid to Ernst and Young should time incurred exceed the estimates.

### 11.11 Consents and disclaimers of responsibility

Each consenting party has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to being named in the Prospectus in the form and context in which it is named. No consenting party referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- (a) Arnold Bloch Leibler as Australian legal adviser to the Company;
- (b) Bell Potter as Lead Manager and Authorised Intermediary to the Offer;
- (c) Computershare as the Company's Share Registry;
- (d) Ernst & Young as Investigating Accountant and providing financial and tax due diligence services to the Company in the form and context in which it is named and for the inclusion of its Independent Limited Assurance Report in the form and context in which it is included;
- (e) Ernst & Young as auditor of the Company's financial statements for the year ended 30 June 2016 in the form and context in which it is named;
- (f) PKF Corporate Finance as Independent Expert; and
- (g) Thorney Holdings on behalf of each Thorney Entity.

### **11.12 ASX Waivers and ASIC relief**

ASX has granted the following waivers to the Company in connection with the Proposal:

- (a) a waiver from the 1 month limit under Listing Rule 10.13.3 to allow the Company to issue Share to Thorney Holdings under the Retail Offer up to 3 months after the date of the Company's AGM; and
- (b) a waiver from the 5 year limit under Listing Rule 15.16(b) to permit the Thorney Management Agreement to be for a fixed initial term of 10 years.

ASIC has granted an extension to the period within which the Company must hold its 2016 annual general meeting to 9 December 2016. The Company sought the extension to allow time for the preparation of meeting documentation in connection with the Proposal following the Company's administration, to allow time for the Company's financial accounts for the 2016 Financial Year to be finalised, and to avoid the need for two separate meetings of Shareholders to be held only weeks apart.

### **11.13 Costs of the Offer**

The costs in connection with the Offer (including advisory, legal, accounting, tax, stamp duty, listing and administrative fees, as well as printing, advertising and other expenses) are currently estimated to be between \$1,057,600 and \$3,397,850, depending on the size of the Offer (see Section 7.3 for more information). The Company will pay these costs of the Offer.

### **11.14 Litigation and claims**

The Company and ARF Picton remain defendants in two proceedings issued by two former employees of ARF Adelaide Pty Ltd and their respective spouses (South Australia District Court Actions No. 1549 of 2013 and 1536 of 2013). The plaintiffs have executed deeds of undertaking not to enforce any orders they may obtain against ARF Picton and the Company and to limit their recourse of recovery of any order to the proceeds of liability insurance policies held by the Company and ARF Picton.

Return to Work has also issued proceedings against the Company and ARF Picton in relation to the claims made by the two employees (South Australia District Court Actions No. 1545 of 2013 and 1546 of 2013). Return to Work has also executed deeds of undertaking in the same form as the plaintiffs.

### **11.15 Compliance with reporting requirements**

As outlined in Sections 5.7 and 11.5(a), the Company was placed into administration in January 2016 and only subsequently came out of administration (following the execution of the Deed of Company Arrangement) on 22 September 2016. The Shares have been suspended from trading on the Official List since the Company was placed into administration.

During the Company's administration, the Company did not lodge with ASX its quarterly, half-yearly or annual reports when required under the Listing Rules and the Corporations Act. In addition, during the Company's administration, there may have been occasions in which the Company did not strictly comply with its continuous disclosure obligations.

The Company has since lodged with ASX its annual report (and audited full year accounts) for the year ended 30 June 2016 on 11 November 2016. The Company is also in the process of finalising its half year accounts for the half year ended 31 December 2015, as well as its quarterly reports for the periods ended 31 December 2015, 31 March 2016, 30 June 2016 and 30 September 2016. There is a risk that ASX will require the Company to lodge these accounts and reports before approving the Company's application for re-admission to the Official List.

#### **11.16 Governing law**

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in Victoria, Australia and each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

#### **11.17 ASX admission and quotation**

The Company applied to ASX for re-admission to the Official List and quotation of the Shares on the exchange operated by the ASX within seven days of the date of the Original Prospectus.

#### **11.18 Expiry Date**

No Shares will be issued on the basis of this Prospectus after the Expiry Date.

#### **11.19 Statement and consent of Directors**

The issue of this Prospectus has been authorised by each of the Directors of the Company. Each Director of the Company has consented to the lodgement of this Prospectus with ASIC and its issue, and has not withdrawn that consent.

Each Director and proposed Director of the Company has also given and has not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to being named in the Prospectus in the form and context in which they are named.

## 12 Glossary

<b>Term</b>	<b>Meaning</b>
2016 AGM	The 2016 annual general meeting of the Company scheduled to be held on 9 December 2016.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
Applicant	A person that lodges an Application Form pursuant to this Prospectus.
Application	An application to buy Shares under this Prospectus made in accordance with the instructions set out in Sections 7.10 and 7.12, and accompanied by the relevant Application Monies.
Application Form	The form attached to or accompanying this Prospectus on which Applications for Shares can be made.
Application Monies	The monies payable in connection with an Application, being the amount of money accompanying an Application Form.
ARF Picton	Australian Renewable Fuels Picton Pty Ltd (ACN 108 170 270).
ASIC	Australian Securities and Investments Commission.
Asset Sale Agreement	Asset sale agreement entered into by the Company and the Thorney Entities pursuant to which the Company agrees to acquire the Seed Investments in consideration for issuing the Consideration Shares to Thorney Holdings as outlined in Section 11.5(d).
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange (as applicable).
ASX Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).
ASX Settlement Operating Rules	The settlement operating rules of the ASX.
Authorised Intermediary	Bell Potter Securities Limited ABN 25 006 390 772.
Bell Potter	Bell Potter Securities Limited ABN 25 006 390 772.
Board	The Board of Directors of the Company.
Chairman	Chairman of the Company.
CHES	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Closing Date	The date on which each component of the Offer closes, being 20 December 2016 at 5:00 pm (AEST) for the Placement Offer, Retail Offer and Priority Offer. These dates and times may be varied by the Company, in consultation with the Lead Manager, without prior notice.
Company	Australian Renewable Fuels Limited (to be renamed Thorney Technologies Ltd) (ACN 096 782 188).
Company Secretary	The secretary of the Company.
Conditional Resolutions	The meaning given to that term in Section 5.3.
Consideration Shares	the Shares to be issued by the Company to Thorney Holdings pursuant to the Asset Sale Agreement in

	consideration for the acquisition of the Seed Investments, as further described in Section 11.5(d).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Deed of Company Arrangement	The deed of company arrangement as outlined in Section 11.5(a).
Directors	The directors of the Company.
Expiry Date	Being 13 months after the date of the Original Prospectus.
Financial Information	Pro Forma Historical Statements of Financial Position or Pro forma Historical Financial Information as outlined in Section 9.1.
Financial year	12 months ended or ending 30 June of any year.
GST	Goods and services tax.
Historical Financial Information	The Historical Financial Information as described in Section 9.
Implementation Deed	Implementation deed between the Company and Thorney Holdings in relation to the Proposal as described in Section 11.5(b).
Independent Expert	PKF Corporate Finance (NSW) Pty Limited, ACN 097 893 957, AFSL 295872.
Independent Expert's Report	The independent expert's report prepared by the Independent Expert in relation to the Proposal as contained in Section 5.4.
Investment Management Agreement	Investment management agreement entered into by the Company and Thorney Management as described in Section 11.5(c).
Investigating Accountant	Ernst & Young.
Lead Manager	Bell Potter Securities.
LIC	The meaning given to that term in Section 5.9.
Listing Rules	The listing rules of ASX.
New Constitution	The new constitution of the Company that will come into effect once the Conditional Resolutions are obtained.
Non-executive Director	Non-executive Director of the Company.
Offer	Offer of Shares for an issue price of rice of \$0.22 per Share, to raise a minimum of \$20 million and a maximum of \$50 million with the ability to accept further oversubscriptions provided that the total amount raised under the Offer does not exceed \$125 million (before costs and expenses).
Offer Period	The period from the date on which the Offer opens at 9:00 am (AEST) on 18 November 2016 until the Closing Date.
Offer Price	\$0.22 per Share.
Offer Shares	A maximum of 568,181,818 Shares being offered under this Prospectus.
Official List	The official list of entities that ASX has admitted and not removed from listing.
Original Prospectus	The prospectus dated 17 November 2016 and lodged with ASIC on that date.
Placement Offer	The invitation by the Company to sophisticated and/or professional investors to apply for Shares at \$0.22 each, pursuant to which the Company will seek to raise up to \$50

	million, with the ability for the Company to accept oversubscriptions for up to a further \$50 million, as described in Section 7.8.
Priority Offer	Under the Retail Offer, the priority offer to existing Company Shareholders and TOP shareholders as described in Section 7.6.
Pro-Forma Historical Financial Information	The pro-forma historical financial information of the Company as described in Section 9.1.
Pro Forma Historical Statements of Financial Position	The pro forma historical statements of financial position of the Company as described in Section 9.1.
Proposal	The Company's proposal to recapitalise and reposition the Company as an ASX-listed investment entity with a focus on technology investments and other disruptive business technology by undertaking the steps listed in Section 5.2.
Prospectus	This document (including the electronic form of this Prospectus), and any supplementary or replacement Prospectus in relation to this document.
Prospectus Date	The date of this Prospectus.
Register	The Company's share register.
Registry	Computershare Investor Services Pty Limited.
Retail Offer	The proposed invitation by the Company to its Shareholders and other investors to apply for Shares at \$0.22 each, pursuant to which the Company will seek to raise \$25 million with the ability to accept oversubscriptions, provided that the total proceeds under the Offer do not exceed \$125 million, as described in Section 7.7.
Seed Investments	The investments to be sold by the Thorney Entities and acquired by the Company pursuant to the Asset Sale Agreement, details of which are provided in Section 11.5(d).
Settlement	The date on which the Offer Shares are allocated to successful Applicants.
Shares	Fully paid ordinary shares in the capital of the Company.
Shareholder	An owner of Shares.
Thorney Entities	Thorney Holdings Pty Ltd (ACN 006 262 835), Tiga Trading Pty Ltd (ABN 95 118 961 210), Thistle Custodians Pty Ltd (ABN 26 078 027 193) and Thorney International Pty Ltd (ABN 57 132 886 698).
Thorney Group	Thorney Holdings, its related bodies corporate and controlled entities (including Thorney Management) and their respective officers, employees and consultants.
Thorney Holdings	Thorney Holdings Pty Ltd (ACN 006 262 835).
Thorney Loan	The loan agreement entered into by the Company and Tiga Trading Pty Ltd (ABN 95 118 961 210) as described in Section 11.5(e).
Thorney Management	Thorney Management Services Pty Ltd (ABN 88 164 880 148).
TOP	Thorney Opportunities Ltd (ABN 41 080 167 264).
VWAP	Volume Weighted Average Price.

## Corporate Directory

Directors Mr Alan Fisher Mr Martin Casey Mr Craig Smith (proposed to resign following the 2016 AGM)  Proposed Additional Directors  Mr Alex Waislitz Mr Jeremy Leibler	
Company Secretary  Mr Craig Smith	Investigating Accountant  Ernst & Young 8 Exhibition Street Melbourne VIC 3000
Registered Office  Level 39, 55 Collins Street Melbourne VIC 3000	Registry  Computershare Yarra Falls Level 8, 446 Collins Street 52 Johnston Street Abbotsford VIC 3067
Lead Manager and Authorised Intermediary  Bell Potter Securities Limited Level 29 101 Collins Street Melbourne VIC 3000	Australian Legal Adviser  Arnold Bloch Leibler Level 21 333 Collins Street Melbourne VIC 3000
Company website <a href="http://www.arfl.com.au">www.arfl.com.au</a>	