

ParagonCare

26 August 2015

Australian Securities Exchange
Company Announcements Office

Notice of General Meeting

The Notice of General Meeting of Paragon Care Limited ("**Paragon**" or the "**Company**") to be held on Monday, 28 September 2015 together with the Explanatory Memorandum and proxy form will be dispatched to shareholders today.

Attached are the following documents:

- (a) Notice of General Meeting and Explanatory Memorandum for the General Meeting of Paragon to be held on Monday, 28 September 2015 at 11:00 am (AEST); and
- (b) proxy form in respect of the General Meeting.

For more information please contact:

Mark Simari

Managing Director

Tel: 1300 369 559

Email: mark@paragoncare.com.au

Stephen Munday

Chief Financial Officer

Tel: 1300 369 559

Email: stephen.munday@paragoncare.com.au

PARAGON CARE LIMITED

ABN 76 064 551 426

Unit 1, 56 Norcal Road, Nunawading, Victoria, Australia 3131

Telephone: 1300 369 559 Facsimile: 61 3 8833 7890

www.paragoncare.com.au



PARAGON CARE LIMITED

(ACN 064 551 426)

NOTICE OF GENERAL MEETING INCLUDING EXPLANATORY MEMORANDUM

Date: Monday, 28 September 2015

Time: 11:00 am

Place: Bell Potter
Level 29, 101 Collins Street
Melbourne, Victoria, 3000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 8833 7800.

PARAGON CARE LIMITED
(ACN 064 551 426)

NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that the General Meeting of the shareholders of Paragon Care Limited (ACN 064 551 426) ("**Company**") will be held at 11:00 am (AEST) on Monday, 28 September 2015 in the meeting room of Bell Potter, Level 29, 101 Collins Street, Melbourne VIC 3000 for the purposes of transacting the following business.

The Explanatory Memorandum and Proxy Form accompanying this Notice of Meeting are hereby incorporated in and comprise part of this Notice of Meeting.

ORDINARY RESOLUTIONS

To consider, and if thought fit, to pass, with or without amendment, the following **ordinary resolutions**:

Resolution 1: Issue of Shares to Vendors

Resolution 1A: Designs For Vision – Issue of Shares on Completion

"That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the issue of 7,547,170 Shares to the Designs For Vision Vendors in part consideration for all the shares in the capital of Designs for Vision Holdings Pty Ltd and all the units in the Designs for Vision Holdings Unit Trust, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Further details in respect of Resolution 1A are set out in the Explanatory Memorandum accompanying this Notice of Meeting.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Designs for Vision Vendors and their respective associates and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 1B: Meditron– Issue of Shares on Completion

"That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the issue of 1,886,792 Shares to the Meditron Vendors in part consideration for all the shares in the capital of Meditron, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Further details in respect of Resolution 1B are set out in the Explanatory Memorandum accompanying this Notice of Meeting.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Meditron Vendors and their respective associates and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2: Issue of Shares to Sophisticated and Professional Investors

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the allotment and issue of up to 65,990,114 Shares at an issue of \$0.53 per Share to raise \$34,974,760.42, for the purposes and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXIES

Appointing a proxy

Members are entitled to appoint up to two proxies to act generally at the General Meeting on their behalf, and to vote in accordance with their directions on the Proxy Form. A proxy need not be a Member. A personalised Proxy Form is attached to this Notice of Meeting.

Where two proxies are appointed, each proxy can be appointed to represent a specified proportion or number of the votes of the member. If no number or proportion of votes is specified, each proxy may exercise half of the member's votes. Neither proxy is entitled to vote on a show of hands if more than one proxy attends the General Meeting.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each resolution by marking the appropriate boxes on the Proxy Form.

Completed Proxy Forms (together with any authority under which the Proxy Form was signed, or a certified copy of the authority) must be returned by 11:00am on 26 September 2015.

Online: Shareholders may lodge their proxy votes online at www.investorcentre.linkmarketservices.com.au. To lodge your proxy vote online, you will need your Security holder Reference Number (SRN) or Holder Identification Number (HIN) which is shown on the proxy form

By post: Paragon Care Ltd
C/-Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By facsimile: In Australia (02) 9287 0309
From outside Australia +61 2 9287 0309

By delivery: Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000

Further instructions are on the reverse of the Proxy Form. To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Undirected Proxies and Voting Restrictions

Where permitted, the Chairman of the General Meeting will vote undirected proxies in favour of all the resolutions. This will be on the basis that the Proxy Form expressly authorises the Chairman to vote undirected proxies even if the resolution is connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

Corporate representation

A corporation which is a member, or which has been appointed a proxy, may appoint an individual to act as a representative to vote at the General Meeting. The appointment must comply with section 250D of the Corporation Act. The representative should bring to the General Meeting evidence of his or her appointment unless it has previously been provided to the Share Registry.

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Share Registry no later than 11.00am (AEST) on 26 September 2015.

VOTING EXCLUSION

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

ENTITLEMENT TO ATTEND AND VOTE AT THE GENERAL MEETING

All members may attend the General Meeting. The Directors have determined that for the purposes of voting at the meeting, shares will be taken to be held by the persons who are registered as the holders of those shares as at 7.00 pm (AEST) on 25 September 2015.

BY ORDER OF THE BOARD**John Osborne**

Company Secretary
Paragon Care Limited
Melbourne, Victoria
26 August 2015

The accompanying Explanatory Memorandum and Proxy Form including voting instructions form part of this Notice of Meeting.

EXPLANATORY MEMORANDUM TO NOTICE OF GENERAL MEETING

This Explanatory Memorandum accompanies and forms part of the Paragon Care Limited (“Paragon” or “Company”) Notice of Meeting for the General Meeting to be held on 28 September 2015 at 11:00 am (AEST). The Notice of Meeting should be read together with this Explanatory Memorandum.

Resolutions 1A and 2 are inter-conditional on all of those Resolutions being approved. If Resolution 2 is not passed, then Resolution 1A will be taken to have been rejected by Shareholders.

Resolutions 1B and 2 are inter-conditional on all of those Resolutions being approved. If Resolution 2 is not passed, then Resolution 1B will be taken to have been rejected by Shareholders. In the event that both Resolutions 1A and 1B are not passed, then Resolution 2 will be taken to have been rejected by Shareholders.

If Shareholders do not approve Resolution 1A and Resolution 2, the Designs For Vision Acquisition will not proceed. If Shareholders do not approve Resolution 1B and Resolution 2, the Meditron Acquisition will not proceed. If Resolution 2 is not passed none of the Acquisitions will proceed including the Western Biomedical Acquisition.

In accordance with the guidelines published by ASX, the Company intends to request a trading halt under ASX Listing Rule 17.1 to apply from the start of trading on the date of the General Meeting. The trading halt will end after the Company has made an announcement to the market confirming the result of the Meeting and whether or not the Company will be proceeding with the Acquisition.

1. Background on proposed acquisition

As announced by the Company on 18 August 2015, the Company proposes to acquire the following companies:

- a) Western Biomedical;
- b) Designs For Vision; and
- c) Meditron,

(the **Acquisitions**).

The Acquisitions are highly complementary with the existing business model and will add scale to Paragon’s customer centric product platform, while providing further product diversification. The Acquisitions expand the Company’s geographical coverage into Western Australia, and also facilitate future expansion opportunities in a high growth, highly fragmented market.

1.1 About Western Biomedical

Western Biomedical is a leading supplier of medical and surgical products and consumables to hospitals and specialists in Western Australia. Western Biomedical also offers third party logistics solutions to the Western Australia Health Department. The Acquisition provides the Company with a significant platform for a direct to market strategy for the Western Australian health and aged care sector. The Western Biomedical portfolio will be expanded to include the Company’s range of capital equipment and medical services to leverage off their existing sales channels and teams to allow Western Biomedical to expand nationally.

1.2 About Designs For Vision

Designs For Vision specialises in providing product to the ophthalmic and optometry sector. It is one of the few companies in Australia that services both those sectors with both diagnostic and surgical products. The Company and Designs For Vision both provide equipment and consumables to the healthcare market. Designs For Vision will expand the Company’s consumer base by providing access to the ophthalmic market where some of the Company’s existing product will be applicable. Furthermore, the existing products in Design For Vision’s portfolio that have not been actively marketed (as they belong outside the ophthalmic sphere) will present an opportunity for the Company.

1.3 About Meditron

Meditron focuses on specialised sales and service of premium medical devices for the urology and ultrasound market. Meditron represents leading global brands recognised in their markets exclusively in Australia and New Zealand, these include the following:

- a) Dornier Med Tech (a German manufacturer of ESWL, ESWT, Surgical Lasers and Urology Tablets);
- b) Civco (a U.S. manufacturer of Ultrasound consumables and accessories);
- c) D+K Technologies (also known under the brand name of Bioject, a German manufacturer of Stabilisers and Setppers, mainly used to guide ultrasounds procedures during Trans-Perineal Prostate Biopsies, Brachy-Therapy, or MRI-Fusion Biopsies); and
- d) Sonacare (a U.S. manufacturer of High Intensity Focused Ultrasound equipment).

The acquisition of Meditron creates synergies particularly in partnering with Scanmedics in Urology, Urology Ultrasound and Ultrasound accessories in general.

1.4 Capital Raising

The Company intends to raise approximately \$42,135,953.15 by way of:

- a) a private placement up to 65,990,114 Shares at an issue price of \$0.53 per Share to raise up to \$34,974,760.42 (**Placement**) (please refer to Section 4 for more detail); and
- b) a non-renounceable rights issue to all eligible Shareholders of up to 13,511,685 Shares at an issue price of \$0.53 per Share to raise up to \$7,161,192.73 (**Rights Issue**),

(together, **Capital Raising**). The Company has entered into:

- a) a mandate with Bell Potter Securities Limited to act as lead manager and underwriter of the Placement; and
- b) an underwriting agreement with Bell Potter Securities to act as underwriter in respect of the Rights Issue.

It is intended that the proceeds of the Capital Raising be used to fund the Acquisition. However, in the event that any component of the Acquisition or Placement does not complete, the Company intends to use the proceeds of the Rights Issue towards working capital requirements of the Company, the retirement of existing debt and to fund any future potential acquisitions.

1.5 Advantages of Acquisition

The Directors are of the view that the following non-exhaustive list of potential advantages may be relevant to a Shareholder's decision on how to vote on each Resolution:

- a) The Acquisitions open up new geographies and distribution channels for existing Paragon Care product portfolio (i.e. WA and NZ);
- b) New product ranges from the Acquisitions can be sold into the existing Company's distribution channels;
- c) An opportunity to "bundle" a wider product offering to win new business or tenders;
- d) The merging of the Acquisitions with the Company may provide some cost synergies in operations teams including sales, marketing and finance teams; and
- e) The opportunity to consolidate distribution and head office premises across the merged business.

1.6 Directors' recommendation

The Directors of the Company unanimously recommend the Acquisitions the subject of the Share Sale Agreement, and that Shareholders vote in favour of all of Resolutions.

1.7 Risks associated with the Acquisition and the Company

Set out below are some of the important business risks relevant to the Company and the Acquisitions. In addition, the Company is exposed to risks relevant to many businesses, including increasing competition, information systems failure risk and protection of intellectual property. This Section is intended to be a concise summary of the key risks to the Company's business and the Acquisitions, however, it is not an exhaustive list of all possible risks.

References to the Company in this Section includes its subsidiaries post completion of the Acquisitions.

1.7.1 Risks associated with the Company

a) Growth and acquisition strategy

The Company's recent history of growth reflects its ability to identify, acquire and integrate complementary businesses. While the Company intends to continue to pursue its growth strategy both organically and through acquisition, there is no certainty that the Company will be able to continue to identify appropriate acquisitions in the future. Alternatively, if suitable acquisitions are identified, the Company may not be able to execute effectively the strategies for those businesses or integration with the Company's existing businesses may be more difficult than anticipated. Implementation of such a growth strategy potentially exposes the Company to unforeseen costs, including an imposition on management time and resources.

The Company has achieved growth in operating and financial performance in recent years. There is a risk that the Company may be unable to manage its future growth opportunities successfully.

b) Currency risk

Revenue and expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. Any payment obligations of the Company in foreign currencies may exceed the budgeted expenditure if there are adverse currency fluctuations against the Australian dollar.

c) Foreign dealings

There are certain risks inherent to doing business internationally, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. The Company could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences.

d) Operating risks

The operations of the Company may be affected by various factors, including (without limitation) contractual disputes, disruptions, supply shortages and labour conditions where the Company provides services.

e) Regulatory changes

The Company and many of its product applications that are sold into end markets are regulated by various national and local regulations. Changes in those regulations could result in additional costs, seizures, confiscations, recall or fines, any of which could prevent the Company from development and distribution of its products.

f) Reliance on key personnel

The Company currently employs a number of key management personnel, and the Company's future depends on retaining and attracting suitably qualified personnel. The loss of key personnel could adversely affect the Company and its activities. The Company's success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management personnel. Competition for qualified staff is strong, and the inability to access and retain the services of a sufficient number of qualified staff could be disruptive to the Company's development efforts or business development and could materially adversely affect its operating results.

The Company has, as far as legally possible, established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these measures, however, there is no guarantee that the Company will be able to attract and retain suitably qualified personnel.

g) Reliance on third parties

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

h) Competition

The healthcare market is competitive, and include companies with greater financial, technical, human, research and development and marketing resources than the Company. As a result, the Company's current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

i) Additional capital

The Company's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. There is no guarantee that equity or debt funding will be available to the Company on favourable terms or at all, or that, when an existing facility expires or is otherwise terminated (for example, due to an event of default), the Company will be able to refinance that debt facility on reasonable terms.

An inability to raise additional funds or refinance existing facilities may have a material adverse effect on the Company's operating and financial performance. If additional funds should be raised by issuing equity securities, this might result in dilution to the then existing shareholders.

j) Forecasts

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company's business or whether any revenues or profitability will eventuate. The business of the Company is dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently the Company and the Directors do not make any forecast or representation in relation to the Company's future financial position or performance.

k) Unforeseen expenditure

The Company may need to incur unforeseen expenditure. Although the Company is not currently aware of any additional expenditure required, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

l) Litigation risk

Legal proceedings may arise from time to time in the course of the Company's business and the Company cannot preclude the possibility that litigation may be brought against it, or that the Company may be impelled to initiate litigation against other parties in order to protect its legal rights. Litigation involves considerable cost, uncertain outcomes and possibly adverse publicity which negatively impact on the trading price and liquidity of Shares.

m) Force majeure

Force Majeure describes events including acts of God, fire, flood, earthquakes, war and strikes beyond the control of a party claiming the occurrence of any such event. To the extent that a Force Majeure event occurs, it may have a detrimental effect on the ability of the Company to operate, its financial performance and the value and price of Shares.

n) Loss of key customers

There is no guarantee that the Company will be able to retain existing customers, or attract new customers in the future. This would materially adversely impact the Company's operating results and viability.

o) Change in government policies

As a provider of healthcare-related capital equipment items and consumables, the Company is subject to laws and regulations on the approval for use of healthcare products in the jurisdiction in which it operates. The Company is required to comply with regulations concerning product approval and ongoing reporting on product performance. The industry in which the Company operates is subject to regulatory changes and changes in government policies, and could result in additional costs, seizures, confiscations, recall or fines, any of which could prevent the Company from development and distribution of its products or otherwise adversely affect the Company's business.

p) Product liability

The importing and provision of capital equipment items and consumables for the healthcare sector entail an inherent risk of allegations of product liability. The Company currently has insurance in place in respect of its present scope of operations. There cannot be any assurance that claims will not be directed at the Company, its contractors or partners, or that product liability insurance will be available at all or at reasonable cost, as and when the Company's business develops.

1.7.2 General risks

a) Market conditions

A number of factors affect the performance of share market investments that could also affect the price at which the Shares trade on the ASX. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general such as acts of terrorism, currency fluctuations and interest rate movements. These factors may materially affect the market price of the Shares regardless of the Company's operational performance.

b) Economic risk

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential development programmes, as well as their ability to fund those activities.

c) Government factors

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in the countries in which the Company conducts business could materially affect the Company's prospects. Political and environmental policy changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

d) Taxation risk

A change to the current taxation regime in Australia or in overseas jurisdictions affecting the Company may affect the Company and Shareholders.

e) Accounting Standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

1.8 Further information

For further information as to the Acquisitions and Capital Raising the Company refers Shareholders to the Company's investor presentation attached to the ASX announcement of 18 August 2015 which can be found at www.paragoncare.com.au

1.9 Directors' recommendation

The Directors of the Company unanimously recommend the Acquisitions the subject of the Share Sale Agreements, the Placement and that Shareholders vote in favour of all of Resolutions.

2. Summary of Transaction Documents

2.1 Western Biomedical Share Sale Agreement

Under the Share Sale Agreement in respect of Western Biomedical (**Western Biomedical Share Sale Agreement**), the Company agrees to acquire 100% of the issued shares in Western Biomedical. In consideration, the Western Biomedical vendors will be paid a cash amount and an earn-out payment (the earn-out payment is calculated by a pre-determined formula by reference to earnings before interest, tax, depreciation and amortisation (**EBITDA**) adjusted to remove non-recurring, abnormal or extraordinary revenue and expense items or reflect increased operational cost (**Maintainable EBITDA**)).

2.1.1 Purchase Price

The purchase price comprises of:

- a) an initial payment of \$28.9 million (prior to certain adjustments), payable at Completion; and
- b) an earn-out payment of $(\text{FY17 Maintainable EBITDA} - \text{FY15 Maintainable EBITDA}) \times 2.0$, payable on 30 September 2017,

both payable in cash.

2.1.2 Contractual terms

The Western Biomedical Share Sale Agreement contains a number of standard terms and conditions, including representations and warranties, and negative covenants considered standard for an agreement of this nature.

2.1.3 Conditions Precedent

Notably completion under the Western Biomedical Share Sale Agreement is conditional on the satisfaction or waiver of certain conditions precedent. Those conditions precedent include:

- a) the completion of the Capital Raising; and
- b) Western Biomedical not being or having been subject to a material adverse event prior to Completion.

2.2 Designs For Vision Share and Unit Sale Agreement

Under the Share and Unit Sale Agreement in respect of Designs For Vision (**DFV Share and Unit Sale Agreement**), the Company agrees to acquire 100% of the issued shares and units in Designs For Vision and Designs for Vision Trust. In consideration, the Designs For Vision vendors will be paid a cash amount and an earn-out payment calculated by a pre-determined formula by reference to Maintainable EBITDA.

2.2.1 Purchase Price

The purchase price comprises of:

- a) an initial payment of \$25.5 million (prior to certain adjustments), payable at Completion; and
- b) an earn-out payment of $(\text{FY17 Maintainable EBITDA} - \text{FY15 Maintainable EBITDA}) \times 3.5$, payable on 30 September 2017.

The initial payment paid as follows:

- a) \$21,500,000 in cash; and
- b) \$4,000,000 by the issue of 7,547,170 Shares at an issue price of \$0.53.

The earn-out payment is payable where the FY16 Maintainable EBITDA and FY17 Maintainable EBITDA are greater than the FY15 Maintainable EBITDA and FY16 Maintainable EBITDA respectively. If the earn-out payment is payable, it will be paid in cash, unless otherwise agreed by the parties in writing prior to 30 September 2017.

2.2.2 Voluntary Escrow

The share issued to the Designs For Vision vendors will be subject to the following voluntary escrow periods:

- a) 1/3 of the shares issued for a period of 12 months;
- b) 1/3 of the shares issued for a period of 18 months; and
- c) 1/3 of the shares issued for a period of 24 months.

2.2.3 Contractual terms

The DVF Share and Unit Sale Agreement contains a number of standard terms and conditions, including representations and warranties, and negative covenants considered standard for an agreement of this nature.

2.2.4 Conditions Precedent

Completion under the Share and Unit Sale Agreement is conditional on the satisfaction or waiver of certain conditions precedent, including those similar to the Western Biomedical Share Sale Agreement.

2.3 Meditron Share Sale Agreement

Under the Share Sale Agreement in respect of Meditron (**Meditron Share Sale Agreement**), the Company agrees to acquire 100% of the issued shares in Meditron. In consideration, the Meditron vendors will be paid a cash amount and an earn-out payment calculated by a pre-determined formula by reference to Maintainable EBITDA.

2.3.1 Purchase Price

The purchase price comprises of:

- a) an initial payment of \$6,000,000 (prior to certain adjustments), payable in part in cash and in part by the issue of Shares, . This comprises of:
 - (i) \$5,000,000 in cash; and
 - (ii) \$1,000,000 by the issue of 1,886,792 Shares at an issue price of \$0.53; and
- b) an earn-out payment of up to \$800,000 payable on 1 September 2016, where the FY16 Maintainable EBITDA is greater than the FY15 Maintainable EBITDA. The amount of the earn-out payment is calculated in accordance with the following pro-rata breakdown:

FY16 Maintainable EBITDA	Earn Out Amount
\$1.9 million	\$800,000
\$1.8 million	\$600,000
\$1.7 million	\$400,000
\$1.6 million	\$200,000
\$1.5 million	Nil.

In respect of FY16 Maintainable EBITDA falling between the above numbers, a pro-rata allocation of the earn-out amount is payable. The earn-out payment will be paid in cash, unless otherwise agreed by the parties in writing prior to 1 September 2016.

2.3.2 Contractual terms

The Share and Unit Sale Agreement contains a number of standard terms and conditions, including representations and warranties, and negative covenants considered standard for an agreement of this nature.

2.3.3 Conditions Precedent

Completion under the Share Sale Agreement is conditional on the satisfaction or waiver of certain conditions precedent, including those similar to Western Biomedical Share Sale Agreement.

3. Resolutions 1A and 1B

3.1 ASX Listing Rule 7.1

ASX Listing Rule provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolutions 1A and 1B will be to allow the Company to issue the Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

Resolution 1A	
Maximum number of Shares to be issued	7,547,170
Date by which Shares will be issued	No later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules)
Issue price	The Shares will be issued for nil consideration, as they are being issued as part consideration for the Designs For Vision Acquisition
Names of the persons to whom the Shares will be issued	The Designs For Vision Vendors (none of which are related parties of the Company, other than as a result of the Acquisition)
Terms of the Shares	The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue
Intended use of funds raised	The Shares will be issued as part of the consideration for the Company's Acquisition of Designs For Vision and as such no funds will be raised from the issue
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting accompanying the Explanatory Memorandum

Resolution 1B	
Maximum number of Shares to be issued	1,886,792
Date by which Shares will be issued	No later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules)
Issue price	The Shares will be issued for nil consideration, as they are being issued as part consideration for the Meditron Acquisition
Names of the persons to whom the Shares will be issued	The Meditron Vendors (none of which are related parties of the Company, other than as a result of the Acquisition)
Terms of the Shares	The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the

Resolution 1B	
	Company's existing Shares on issue
Intended use of funds raised	The Shares will be issued as part of the consideration for the Company's Acquisition of Meditron and as such no funds will be raised from the issue
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting accompanying the Explanatory Memorandum

4. Resolution 2

4.1 General

Resolution 2 seeks Shareholder approval for the Company to issue up to 65,990,114 Shares at an issue price of \$0.53 per Share to raise up to \$34,974,760.42 by way of a private placement to professional and sophisticated investors (within the meaning ascribed to those expressions in section 708 of the Corporations Act).

A summary of Listing Rule 7.1 is set out in Section 3.1 above.

The effect of Resolution 2 will be to allow the Company to issue up to 65,990,114 Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Placement:

Resolution 2	
Maximum number of Shares to be issued	65,990,114
Date by which Shares will be issued	No later than 3 months after the date of the Shareholder Meeting (or such later date to the extent permitted by any ASX waiver or modification to ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date
Issue price	\$0.53 per Share
Names of the persons to whom the Shares will be issued	Professional and sophisticated investors (within the meaning ascribed to those expressions in section 708 of the Corporations Act) (none of which are related parties of the Company, other than as a result of the Acquisition)
Terms of the Shares	The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue
Intended use of funds raised	To raise up to \$34,974,760.42 and the Company intends to apply the proceeds of the Placement as described in Section 1.4
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting accompanying the Explanatory Memorandum

GLOSSARY

In this Notice of Meeting and the Explanatory Memorandum:

\$ means Australian Dollars.

Acquisition has the meaning given in section 1.

AEST means Australian Eastern Standard Time, being the time in Melbourne, Victoria, Australia.

ASIC means Australian Securities and Investments Commission.

Associate has the same meaning as in the Corporation Act.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

ASX Listing Rules and **Listing Rules** means the listing rules of the ASX.

Board means the Directors of the Company as at the date of this Notice of Meeting.

Chair and **Chairman** means the person appointed to chair the Meeting.

Capital Raising has the meaning given in Section 1.4.

Company means Paragon Care Limited (ACN 064 551 426).

Completion means the completion of the Acquisition in accordance with each Transaction Document.

Consideration Shares means Shares issued to Designs For Vision Vendors or Meditron Vendors pursuant to a Transaction Document.

Corporations Act means the *Corporations Act 2001* (Cth).

Designs For Vision means Designs for Vision Holdings Pty Ltd (ACN 151 591 070) as trustee for the Designs for Vision Holdings Unit Trust.

Designs For Vision Share means a fully paid ordinary share in the capital of Designs for Vision Holdings Pty Ltd (ACN 151 591 070).

Designs For Vision Share and Unit Sale Agreement means the Share and Unit Sale Agreement dated on or about the date of this Notice of Meeting between each Designs For Vision Vendor and the Company.

Designs For Vision Unit means a unit in Designs for Vision Holdings Unit Trust.

Designs For Vision Vendor means:

- a) each holder of a Designs For Vision Share; and
- b) each holder of a Designs For Vision Unit.

Director means a director of the Company.

EBITDA means earnings before interest, tax, depreciation and amortisation .

Explanatory Memorandum means the explanatory memorandum to the Notice of Meeting.

Placement has the meaning given in Section 1.4.

Maintainable EBITDA means EBITDA adjusted for adjusted to remove non-recurring, abnormal or extraordinary revenue and expense items or reflect increased operational cost.

Meditron means Meditron Pty Ltd (ACN 076 073 240).

Meditron Share means a fully paid ordinary share in the capital of Meditron.

Meditron Share Sale Agreement means the Share Sale Agreement dated on or about the date of this Notice of Meeting between each Meditron Vendor and the Company.

Meditron Vendor means each holder of a Meditron Share.

Notice or **Notice of Meeting** means this Notice of General Meeting.

Proxy Form means the proxy form attached to the Notice of Meeting.

Resolution means a resolution contained in this Notice of Meeting.

Rights Issue has the meaning given in Section 1.4.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Link Market Services Limited (ACN 083 214 537) or any other person appointed as registrar of the register of members of the Company from time to time.

Shareholder means a holder of a Share.

Transaction Document means each of:

- a) the Western Biomedical Share Sale Agreement;
- b) the Designs For Vision Share and Unit Sale Agreement; and
- c) the Meditron Share Sale Agreement.

Western Biomedical means Western Biomedical Pty Ltd (ACN 131 088 376).

Western Biomedical Share means a fully paid ordinary share in the capital of Western Biomedical.

Western Biomedical Share Sale Agreement means the Share Sale Agreement dated on or about the date of this Notice of Meeting between each Western Biomedical Vendor and the Company.

Western Biomedical Vendor means each holder of a Western Biomedical Share.

Vendors means:

- a) each Designs For Vision Vendor; and
- b) each Meditron Vendor.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Paragon Care Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Paragon Care Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting *(mark box)*

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **11:00am on Monday, 28 September 2015 at Bell Potter, Level 29, 101 Collins Street, Melbourne, Victoria, 3000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

1A Designs For Vision – Issue of Shares on Completion

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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1B Meditron – Issue of Shares on Completion

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Issue of Shares to Sophisticated and Professional Investors

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Saturday, 26 September 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Paragon Care Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**