

TasFoods Limited ACN 084 800 902
(formerly OnCard International Limited)

23 November 2015

By ASX Online

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

TasFoods Limited (formerly OnCard International Limited) (Company)
Notice of General Meeting Documents

The Company hereby provides copies of documents related to the Company's General Meeting which will be dispatched to shareholders today.

Included in the attachments are:

- Notice of General Meeting and Explanatory Statement; and
- Proxy Form.

Ends

OnCard International Limited
ACN 084 800 902

Notice of general meeting

Notice is given that a general meeting of OnCard International Limited (**Company**) will be held at the offices of Norton Gledhill, Level 23, 459 Collins Street, Melbourne, Victoria, 3000 on Friday 18 December 2015 at 10:00 am (Melbourne time).

Resolution 1 — approval of acquisition of The Van Diemen's Land Company and significant change to activities

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That the acquisition by the Company, through its wholly-owned subsidiary TasFoods (VDL) Pty Ltd, of the dairy and other pasture-based farming business conducted by The Van Diemen's Land Company on the terms summarised in the explanatory statement accompanying the notice of this meeting, and the significant change to the nature and scale of the Company's activities in consequence of the acquisition, be approved for the purpose of rule 11.1.2 of the ASX Listing Rules and for all other purposes.

Resolution 2 — issue of shares to fund acquisition

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That:

- (a) the issue of up to 976 million fully paid ordinary shares in the Company within 3 months from the date of this meeting to any person or persons identified or selected by or on behalf of the Company at the issue price of \$0.25 each, and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$244 million to assist the Company fund payment of the consideration for the acquisition of the pasture-based farming business conducted by The Van Diemen's Land Company and for other purposes; and
- (b) to the extent there is a shortfall in the proposed issue of shares to fund the acquisition before its completion, the issue of up to 184 million fully paid ordinary shares in the Company within 3 months from the date of this meeting to Tasmanian Land Company Limited in satisfaction of up to \$46 million of the consideration for the acquisition;

be approved for the purpose of rule 7.1 of the ASX Listing Rules and for all other purposes.

Resolution 3 — issue of shares to Rob Woolley

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That as part of the proposed issue of up to 976 million fully paid ordinary shares in the Company to fund the acquisition, the issue of up to 10 million fully paid ordinary shares in the Company to Rob Woolley (or his controlled entity) at an issue price of \$0.25 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$2.5 million of the proposed maximum capital raising of \$244 million, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes and, further, any of the directors of the Company be authorised under section 195(4) of the *Corporations Act 2001* (Cth) to execute any document and to do any other act for or on behalf of the Company in order to implement, effect or complete the proposed issue of shares to Rob Woolley (or his controlled entity).

Resolution 4 — issue of shares to Hugh Robertson

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That as part of the proposed issue of up to 976 million fully paid ordinary shares in the Company to fund the acquisition, the issue of up to 8 million fully paid ordinary shares in the Company to Hugh Robertson (or his controlled entity) at an issue price of \$0.25 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$2 million of the proposed maximum capital raising of \$244 million, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes and, further, any of the directors of the Company be authorised under section 195(4) of the *Corporations Act 2001* (Cth) to execute any document and to do any other act for or on behalf of the Company in order to implement, effect or complete the proposed issue of shares to Hugh Robertson (or his controlled entity).

Resolution 5 — issue of shares to Roger McBain

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That as part of the proposed issue of up to 976 million fully paid ordinary shares in the Company to fund the acquisition, the issue of up to 4 million fully paid ordinary shares in the Company to Roger McBain (or his controlled entity) at an issue price of \$0.25 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$1 million of the proposed maximum capital raising of \$244 million, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes and, further, any of the directors of the Company be authorised under section 195(4) of the *Corporations Act 2001* (Cth) to execute any document and to do any other act for or on behalf of the Company in order to implement, effect or complete the proposed issue of shares to Roger McBain (or his controlled entity).

Resolution 6 — issue of shares to Tony Robinson

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That as part of the proposed issue of up to 976 million fully paid ordinary shares in the Company to fund the acquisition, the issue of up to 400,000 fully paid ordinary shares in the Company to Tony Robinson (or his controlled entity) at an issue price of \$0.25 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$100,000 of the proposed maximum capital raising of \$244 million, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes and, further, any of the directors of the Company be authorised under section 195(4) of the *Corporations Act 2001* (Cth) to execute any document and to do any other act for or on behalf of the Company in order to implement, effect or complete the proposed issue of shares to Tony Robinson (or his controlled entity).

Resolution 7 — issue of shares to Tom Woolley

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That as part of the proposed issue of up to 976 million fully paid ordinary shares in the Company to fund the acquisition, the issue of up to 1.4 million fully paid ordinary shares in the Company to Tom Woolley (or his controlled entity) at an issue price of \$0.25 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$350,000 of the proposed maximum capital raising of \$244 million, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Dated: 16 November 2015

By order of the board



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Mark Licciardo
Company Secretary

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one proxy or, if the member is entitled to cast two or more votes at the meeting, two proxies to attend and vote on behalf and instead of the member.
2. Where two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. A proxy need not be a member.
4. A proxy form accompanies this notice. To be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting, namely by 10:00 am (Melbourne time) on Wednesday 16 December 2015:
 - (a) at the Company's share registrar, Advanced Share Registry Limited, by:
 - (1) hand delivery to 110 Stirling Highway, Nedlands, Western Australia, 6009;
 - (2) post to PO Box 1156, Nedlands, Western Australia, 6909; or
 - (3) facsimile on 08 9262 3723 (within Australia) or +61 8 9262 3723 (outside Australia); or
 - (b) at the registered office of the Company by:
 - (1) hand delivery or post to Level 7, 330 Collins Street, Melbourne, Victoria, 3000; or
 - (2) facsimile on 03 9602 4709 (within Australia) or +61 3 9602 4709 (outside Australia).
5. Regulation 7.11.37 determination: A determination has been made by the board of directors of the Company under regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that those persons who are registered as the holders of shares in the Company as at 7:00 pm (Melbourne time) on Wednesday 16 December 2015 will be taken to be the holders of shares for the purposes of determining voting entitlements at the meeting.

Voting exclusion statement:

The Company will disregard any votes cast on:

1. resolution 1 (approval of acquisition of The Van Diemen's Land Company and significant change to activities) by a person who might obtain a benefit (except a benefit solely in the
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capacity of a holder of ordinary shares in the Company) if the resolution is passed, or an associate of any such person;

2. resolution 2 (issue of shares to fund acquisition) by a person who may participate in the proposed issue or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares in the Company) if the resolution is passed, or an associate of any such person; or
3. resolutions 3 to 7 (issue of shares to related parties) by the relevant related party that is to be issued shares, or an associate of that person.

However, the Company need not disregard a vote in relation to a resolution if it is cast by:

1. a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
2. 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.

To the extent he is permitted to vote, the chairman intends to vote undirected proxies held by him in favour of each resolution. Please refer to the proxy form accompanying this notice of meeting for more information.

Explanatory statement

1. Important notices

This explanatory statement is dated 16 November 2015. It is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the notice of general meeting of OnCard International Limited (**Company**) to be held on 18 December 2015.

This explanatory statement does not take into account the individual investment objectives, financial situation or particular needs of each shareholder of the Company. If you do not understand its contents or are not sure what to do, you should consult your stockbroker or other professional adviser immediately.

The forward looking statements contained in this explanatory statement have been based on expectations at the date of preparation of this explanatory statement about future events. They are, therefore, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations. These factors include matters not yet known to the Company. While the Company believes there is a reasonable basis for making the forward looking statements contained in this explanatory statement, none of the Company, its officers and employees and the persons engaged by the Company in the preparation of this explanatory statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement. You are therefore cautioned not to place any reliance on any such forward looking statements.

The Company has assumed for the purpose of preparing this explanatory statement that the information in sections 3.7 and 3.8 (**TLC Statements**) is correct.

The information concerning the Company contained in this explanatory statement (other than the TLC Statements and the independent accountant report) is the responsibility of the Company. None of the Company, its officers and employees and persons engaged by the Company in the preparation of this explanatory statement takes any responsibility for anything in the TLC Statements, except to the extent required by law.

The Tasmanian Land Company Limited (**TLC**), the parent company of The Van Diemen's Land Company (**VDL**), has provided the TLC Statements and has consented to them and this paragraph being included in this explanatory statement. The TLC Statements are the responsibility of TLC. Neither TLC nor any of its officers, employees, representatives or related bodies corporate or affiliates otherwise takes or accepts any responsibility for any other part of this explanatory statement nor the accuracy or completeness of any other part of this explanatory statement nor the merits of the matters to which any other part of this explanatory statement relates.

If you have any questions regarding the matters set out in this explanatory statement (or elsewhere in the notice of general meeting), you may contact by telephone the directors of the Company, Rob Woolley on +61 414 508 130, Roger McBain on +61 418 511 447 or Tony Robinson on +61 407 355 616.

2. Key dates

Hold general meeting of Company	18 December 2015
Settlement of capital raising	by 24 December 2015
Complete acquisition	by 1 February 2016

Dates in the above timetable and elsewhere in this explanatory statement are indicative only and subject to change. The Company reserves the right, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules, to change any date. If the above

timetable changes materially, the change will be announced through the Australian Securities Exchange (**ASX**).

3. Resolution 1 — approval of acquisition of The Van Diemen's Land Company and significant change to activities

3.1 Background

Following completion of its share buy-back and the transfer of its two residual Chinese food dining loyalty program businesses in June 2015, the Company identified the food industry as an area for its investment focus. Since then, the directors have been exploring a number of investment opportunities based on a strategy of ultimately building an integrated business based on premium food products primarily sourced from Tasmania. Consistent with that investment focus, the Company completed the acquisition of the Meander Valley Dairy branded food products business based in Tasmania in September 2015.

The Company also enhanced its capability in the areas of branded food products and strategic business development in September 2015 through the appointment of Rob Woolley and Roger McBain as directors, and the employment of Jane Bennett as Head of Strategic Development and General Manager of Dairy.

As announced to ASX on 9 October 2015, subject to shareholder approval being obtained, the Company intends to make an offer of ordinary shares under a share purchase plan (**SPP**) at \$0.25 each, capped at \$6,000 worth of shares for each shareholder, subject to custodians being able to participate for up to \$6,000 worth of shares for each of their eligible beneficiaries. The record date of the offer was 8 October 2015 and on that date the Company had 1,047 shareholders. Accordingly, assuming none is an excluded foreign shareholder or holds shares as a custodian, the SPP offer could result in the issue of up to 25,128,000 new shares to raise up to \$6,282,000.

The Company also intends, subject to obtaining shareholder approval, to issue up to 4,500,000 shares at \$0.25 each under a placement offer to raise up to \$1,125,000.

The purpose of these capital raisings is to assist the Company to develop the Meander Valley Dairy business and its MarketSmart business which continues to operate as a developer and licensor of software for running rewards programs.

The Company has convened a general meeting to be held on 19 November 2015 to consider proposed resolutions to approve the issue of shares under the SPP and placement offers as well as a number of other proposed resolutions, including to approve:

- (a) the issue of shares to the Meander Valley Dairy sellers;
- (b) the issue of 18,500,000 options to certain directors and senior executives of the Company; and
- (c) the change of name of the Company to TasFoods Limited, to reflect the Company's focus on the Tasmanian food industry.

3.2 Overview of acquisition

The Company has also now agreed, through its wholly-owned subsidiary, TasFoods (VDL) Pty Ltd (**TFV**), to acquire the assets of the dairy and other pasture-based farming business conducted by VDL and its wholly owned subsidiary, Tasman Farmdale Pty Limited, under a business sale agreement dated 6 November 2015 between the Company, TFV, VDL, Tasman Farmdale Pty Limited and TLC. TLC is owned by the New Plymouth District Council, a New Zealand local government.

The consideration for the acquisition is \$250 million (subject to certain adjustments), and is to be satisfied largely in cash, funded by the proposed issue of up to 976 million shares at \$0.25 each to raise up to \$244 million, which is underwritten for approximately \$184 million (see section 4 for further details). The Company has already paid a deposit of \$500,000 for the acquisition.

To the extent less than \$244 million of the consideration is able to be paid in cash through the proposed capital raising, the balance will be satisfied by an issue of up to 184 million fully paid ordinary shares in the Company (to satisfy up to \$46 million of the consideration), and a loan from TLC of up to \$14 million. Additionally, TLC has agreed to provide the Company with a closing rebate of \$6 million to be used to pay or reimburse transaction and capital raising costs.

The acquisition is subject to shareholder approval and other conditions for completion (see section 3.12 for a summary of the material terms of the acquisition).

3.3 Funding

As at 31 October 2015, the Company had cash and cash equivalent assets and trade receivables of approximately \$1.7 million and trade payables of approximately \$100,000, and no borrowings.

The Company expects to raise a total of approximately \$7.41 million in additional share capital under the SPP and placement offers (provided those share issues are approved by shareholders at the general meeting of the Company scheduled to be held on 19 November 2015) to be used to fund or develop the Company's existing businesses and operations.

In addition, the Company expects to raise a minimum of \$184 million under the capital raising the subject of shareholder approval under resolution 2. If required, the Company also intends to establish a loan facility with a bank of up to \$50 million, which it expects to be on standard commercial terms and in place at or before completion of the acquisition.

Accordingly, the Company expects to have sufficient available cash resources (including the proposed \$50 million loan facility) to pay the consideration for the VDL business assets and to provide it with approximately \$40 million in working capital and available facilities to fund the ongoing operations of the Company (combined with the VDL business).

3.4 Board and senior management

No changes are expected to be made to the board of the Company in consequence of the acquisition of VDL.

Employment will be offered to the farm managers and other staff working in VDL's business. See section 3.7 for further details about the management of VDL.

3.5 Business model

The Company has in place a management and board structure suitable to the nature, scale and activities of the VDL business, and the VDL business has an independent management structure which will be adopted. There will be no need to significantly modify the Company's operating business model to accommodate the acquisition.

3.6 Reasons

The Company explored a number of food industry investment opportunities before deciding to acquire the VDL business assets. The Company chose VDL over other alternative investments because:

- (a) the VDL business is well-established and profitable;
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- (b) the acquisition fits well with the Company's strategy of ultimately building an integrated business based on premium food products primarily sourced from Tasmania and offers supply from a single source or providence that would be difficult to replicate through the integration of smaller individual acquisitions;
- (c) given the size and reputation of VDL, the Company is able to make significant progress in implementing that strategy via a single acquisition; and
- (d) the Company expects to achieve cost synergies in the operation of the VDL business and the Meander Valley Dairy.

For those reasons, the directors consider that as far as the interests of the Company and its shareholders are concerned, the proposed acquisition is superior to any other possible alternative investment opportunities that the Company could currently pursue.

3.7 The Van Diemen's Land Company

History

VDL is one of Australia's oldest companies. It was incorporated by royal charter signed by King George IV in 1825 and received a grant of 350,000 acres of land in the fledgling colony that was to become Tasmania. VDL is believed to be the only charter company still operating in Australia on part of its original land grant.

Business

VDL is the largest single volume dairy production asset in Australia, currently supplying all of the milk it produces to Fonterra.

For the 12 months ended 31 May 2015, VDL milked over 17,800 cows to produce approximately 7.66 million kilograms of milk solids and achieved a net profit after tax of approximately \$3.14 million. VDL achieved an EBITDA of approximately \$8.86 million for the same period.

VDL operates its business from 25 farms which have a total effective milking area of over 7,000 hectares. The farms are located in north-west Tasmania at Woolnorth, Togari and the wider Circular Head area. VDL also has an irrigation entitlement of approximately 10,000 megalitres for its business.

As part of the business, VDL runs a dedicated dairy support unit, which provides supplementary feed and agistment services on land not presently used for milking cows. This is designed to enable VDL to be partially self-sufficient for agistment and supplementary feed.

Management

The VDL business is currently operated with a CEO, CFO, 3 operations managers, a heifer and support land manager and 23 individual farm operators (both employee managers and share farmers) reporting to the operations managers.

3.8 Historical financial performance of VDL

The historical financial information in this section 3.8 has been extracted from the audited consolidated financial statements for VDL and its controlled entity provided by TLC for each of the 12 months ended 31 May 2013, 31 May 2014 and 31 May 2015. Amounts have been rounded to the nearest \$1,000.

The audited consolidated financial statements were prepared in accordance with the Australian Accounting Standards. The information is a summary only and does not contain the disclosures provided in annual financial reports in accordance with the Corporations Act.

Consolidated statement of financial position

(\$'000)	As at 31 May 2015	As at 31 May 2014	As at 31 May 2013
Current Assets			
Cash & Cash Equivalents	429	134	9
Trade & Other Receivables	6,862	8,331	4,437
Livestock & Inventories	8,413	8,360	6,669
Other Financial Assets	-	-	-
Other Current Assets	36	37	997
Total Current Assets	15,740	16,862	12,112
Non-Current Assets			
Trade & Other Receivables	3,956	-	-
Property, Plant & Equipment	183,352	183,517	181,755
Livestock & Inventories	28,815	29,611	24,663
Memorabilia	1,438	1,438	1,438
Other Financial Assets	9	19	319
Intangible Assets	-	-	-
Total Non-Current Assets	217,570	214,585	208,175
TOTAL ASSETS	233,310	231,447	220,287
Current Liabilities			
Trade & Other Payables	5,565	9,261	8,371
Current Tax Payable	-	-	-
Borrowings	570	63,900	1,593
Provisions	536	389	283
Total Current Liabilities	6,671	73,550	10,247
Non-Current Liabilities			
Borrowings	63,686	509	65,521
Deferred Tax Liabilities	17,652	35,948	32,066
Total Non-Current Liabilities	81,338	36,457	97,587
TOTAL LIABILITIES	88,009	110,007	107,834
NET ASSETS	145,301	121,440	112,453
Equity			
Contributed Equity	41,769	41,769	41,769
Reserves	101,754	78,535	77,087
Retained Earnings / (Deficit)	1,778	1,136	(6,403)
TOTAL EQUITY	145,301	121,440	112,453

Consolidated statement of profit or loss and other comprehensive income

(\$'000)	For the Financial Year Ended		
	31 May 2015	31 May 2014	31 May 2013
Sales Revenue	51,975	52,018	39,168
Net Increase / (Decrease) in Value of Livestock	(977)	5,523	(5,664)
Dairy Livestock and Fodder Purchases at Cost	(793)	(2,996)	(3,946)
Gross Profit	50,205	54,545	29,558
Other Revenue from Continuing Operations	355	245	764
Farm Working Expenses	(33,367)	(30,384)	(29,299)
Administration Expenses	(1,699)	(1,558)	(1,480)
Depreciation Expenses	(1,727)	(1,713)	(1,455)
Employee Benefit Expenses	(6,633)	(6,336)	(6,251)
Finance Costs	(3,023)	(3,998)	(4,010)
Profit / (Loss) Before Income Tax	4,111	10,801	(12,173)
Tax Income / (Expense)	(967)	(3,262)	4,018
Profit / (loss) for the Year	3,142	7,538	(8,156)
Other Comprehensive Income			
Increase / (Decrease) in Asset Revaluation Reserve	-	2,068	-
Income Tax Relating to the Items	23,220	(620)	-
Total Comprehensive Income / (loss) for the Year	26,362	8,986	(8,156)

Consolidated statement of cash flows

(\$'000)	For the Financial Year Ended		
	31 May 2015	31 May 2014	31 May 2013
CASH FLOWS FROM OPERATING ACITVITIES			
Receipts from Customers	52,217	45,591	34,919
Payments to Suppliers and Employees	(44,902)	(38,395)	(38,134)
Interest Received	2	2	2
Dividends Received	-	-	62
Finance Costs	(3,023)	(4,303)	(3,790)
Net Cash Flows from / (to) Operating Activities	4,294	2,895	(6,941)
CASH FLOWS FROM INVESTING ACITVITIES			
Proceeds from Sale of Property, Plant and Equipment	66	26	2,051
Proceeds from Sale of Investments	-	-	2,354
Purchase of Property, Plant and Equipment	(1,604)	(1,413)	(10,966)
Dairy Stock Sale Proceeds	2,116	4,317	3,842
Dairy Stock Purchase Costs	(200)	(2,996)	(3,946)
Net Cash Flows from / (to) Investing Activities	378	(66)	(6,665)
CASH FLOWS FROM FINANCING ACITVITIES			
Advance from / (to) Tasman Farms Limited	(186)	(1,603)	1,472
Equipment Financing	417	471	793
Repayment of Equipment Financing	(581)	(706)	(511)
Drawdown / (Repayment) of Rabobank Facility	196	(866)	9,693
Repayment to Fonterra Australia (Bonlac Supply Company) Limited	(1,723)	-	1,723
Dividend Paid	(2,500)	-	-
Net Cash Flows from / (to) Investing Activities	(4,377)	(2,704)	13,171
Net Increase / (Decrease) in Cash Held	295	125	(435)
Cash at the Beginning of the Year	134	9	444
Cash at the End of the Financial Year	429	134	9

3.9 Effect of acquisition on shareholder interests

As explained in section 3.2, the consideration for the acquisition is intended to be funded and/or satisfied by an issue of up to 976 million new fully paid ordinary shares.

Set out below is a table showing the effect of the issue of 920 million of those shares, assuming the other changes in the issued share capital of the Company noted in the table:

	Number	Percentage of Company's total issued shares following all share issues ¹
A Current issued shares	22,530,181	2.32%
B Shares that may be issued under SPP offer ²	25,128,000	2.58%
C Shares that may be issued under placement offer ³	4,500,000	0.46%
D Shares that may be issued under offer to fund acquisition ⁴	736,000,000	75.71%
E Shares that may be issued to TLC in part satisfaction of the acquisition consideration ⁵	184,000,000	18.93%
Total	972,158,181	100.00%

1. Percentages rounded to second decimal place.

2. This assumes that, of the 1,047 shareholders eligible to participate in the SPP offer as at the record date of 8 October 2015, none is an excluded foreign shareholder or holds shares as a custodian, and each applies for the maximum \$6,000 worth of shares. The issue of shares under this offer is subject to shareholder approval at a general meeting of the Company scheduled to be held on 19 November 2015.

3. This proposed placement offer is subject to shareholder approval at a general meeting of the Company scheduled to be held on 19 November 2015.

4. This assumes that applications under the offer to fund the acquisition consideration total \$184 million (being approximately the underwritten amount of the capital raising).

5. This assumes that TLC is issued the full \$46 million worth of shares in the Company as described in section 3.2.

In addition, the Company is proposing to issue 18.5 million options to directors and senior executives, each option being to subscribe for 1 new fully paid ordinary share in the Company. Assuming all of those shares are issued, then the shares that may be issued under the offer to fund the acquisition consideration and the shares that may be issued to TLC in part satisfaction of that consideration would reduce from 75.71% and 18.93% to 74.29% and 18.57% respectively.

3.10 Financial effect of acquisition on Company

The following pro-forma statement of financial position illustrates the expected financial effect of the acquisition on the Company:

(\$'000)	Note	As at 30 June 2015 (Reviewed)	Impact of the Meander Valley Acquisition	Impact of the Share Purchase Plan	Impact of the Placement	Impact of the ESOP	Pro-Forma (Pre-Capital Raising & Acquisition)	Impact of the Capital Raising	Impact of the Acquisition	Pro-Forma
		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)		(Note 6)	(Note 7)	
Current Assets										
Cash & Cash Equivalents	Note 8	5,351	(1,848)	6,140	1,044	(48)	10,640	173,711	(184,351)	-
Trade & Other Receivables		44	-	-	-	-	44	-	6,929	6,973
Livestock & Inventories		-	-	-	-	-	-	-	8,413	8,413
Other Financial Assets		-	-	-	-	-	-	-	-	-
Other Current Assets		78	-	-	-	-	78	-	36	114
Total Current Assets		5,473	(1,848)	6,140	1,044	(48)	10,762	173,711	(168,973)	15,500
Non-Current Assets										
Property		-	-	-	-	-	-	-	176,402	176,402
Plant & Equipment		-	300	-	-	-	300	-	4,174	4,474
Livestock & Inventories		-	-	-	-	-	-	-	28,815	28,815
Memorabilia		-	-	-	-	-	-	-	1,438	1,438
Other Financial Assets		-	-	-	-	-	-	-	9	9
Deferred Tax Asset		-	-	43	24	14	81	3,087	150	3,318
Intangible Assets		-	1,800	-	-	-	1,800	-	24,000	25,800
Total Non-Current Assets		-	2,100	43	24	14	2,181	3,087	234,988	240,256
TOTAL ASSETS		5,473	253	6,183	1,068	(33)	12,943	176,798	66,015	255,756
Current Liabilities										
Trade & Other Payables		586	-	-	-	-	586	-	5,624	6,210
Current Tax Payable		-	-	-	-	-	-	-	-	-
Borrowings		-	-	-	-	-	-	-	-	-
Provisions		200	-	-	-	-	200	-	592	792
Total Current Liabilities		786	-	-	-	-	786	-	6,216	7,002
Non-Current Liabilities										
Borrowings	Note 9	-	-	-	-	-	-	-	24,199	24,199
Total Non-Current Liabilities		-	-	-	-	-	-	-	24,199	24,199
TOTAL LIABILITIES		786	-	-	-	-	786	-	30,415	31,201
NET ASSETS		4,687	253	6,183	1,068	(33)	12,157	176,798	35,600	224,555
Equity										
Contributed Equity	Note 10	4,700	300	6,183	1,068	-	12,251	176,798	46,000	235,049
Reserves		327	-	-	-	1,050	1,377	-	-	1,377
Retained Earnings / (Deficit)		(340)	(48)	-	-	(1,083)	(1,471)	-	(10,400)	(11,871)
TOTAL EQUITY		4,687	253	6,183	1,068	(33)	12,157	176,798	35,600	224,555

The pro-forma statement of financial position set out above has been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act. The pro-forma statement of financial position is presented in abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reports prepared in accordance with the Corporations Act.

The pro-forma statement of financial position set out above is designed to assist investors in assessing the impact of material transactions by the Company subsequent to 30 June 2015, along with the proposed capital raising of \$244 million and acquisition of the VDL business assets. It has been prepared for illustrative purposes only. The actual statement of financial position of the Company will differ to that set out above.

The following notes set out the basis of preparation of the pro-forma statement of financial position set out above:

Note 1: The actual reviewed consolidated statement of financial position of the Company as at 30 June 2015 (as set out in the appendix 4D and half year report as lodged with ASX on 28 August 2015) has been adopted as the starting point for the preparation of the pro-forma statement of financial position.

Note 2: On 17 September 2015 the Company acquired the business assets of the Meander Valley Dairy business. The following pro-forma adjustments have been taken up in relation to the Meander Valley Dairy acquisition:

- A pro-forma adjustment to recognise the cash component of the consideration paid by the Company in the amount of \$1.8 million.
- A pro-forma adjustment to recognise the scrip component of the consideration paid by the Company in the amount of \$0.3 million via the issue of 1,666,667 ordinary shares in the Company at an issue price of approximately \$0.18 each.

- (c) Pro-forma adjustments to recognise the fair value of the assets and liabilities of the Meander Valley Dairy business. In determining their fair value, the directors have estimated that plant and equipment acquired had a fair value of approximately \$300,000 with the balance of the consideration being allocated to intangible assets.

The directors have prepared the above pro-forma adjustments on a provision basis in accordance with paragraph 45 of AASB 3 *Business Combinations*.

- (d) A pro-forma adjustment to recognise costs (i.e. legal and accounting fees) of the Meander Valley Dairy acquisition in the amount of \$47,500.

Note 3: Pro-forma adjustments have been taken up to reflect the impact of the proposed SPP. The following assumptions have been adopted in taking up the pro-forma adjustments relating to the SPP:

- (a) That 25,128,000 new ordinary shares will be issued at a subscription price of \$0.25 each.
- (b) Costs of the SPP will total \$141,730 made up as follows:
 - (1) Commissions in the amount of \$94,230 payable to Wilson HTM on the basis that Wilson HTM arranges for subscriptions for a shortfall under the SPP of 12,564,000 ordinary shares.
 - (2) Legal fees in the amount of \$47,500.

The above costs of raising capital (net of any income tax benefit) have been deducted from equity and not expensed, as permitted by AASB 132 *Financial Instruments: Presentation*.

Note 4: Pro-forma adjustments have been taken up to reflect the impact of the proposed placement of 4,500,000 ordinary shares at a subscription price of \$0.25 each. The following assumptions have been adopted in taking up the pro-forma adjustments relating to the placement:

- (a) The placement will be fully-subscribed (i.e. the full 4.5 million ordinary shares on offer will be taken up).
- (b) Costs of the placement will total \$81,250 made up as follows:
 - (1) Commissions in the amount of \$33,750 payable to Wilson HTM on the basis that Wilson HTM places 100% of the shares available under the placement.
 - (2) Legal fees in the amount of \$47,500.

The above costs of raising capital (net of any income tax benefit) have been deducted from equity and not expensed, as permitted by AASB 132.

Note 5: Pro-forma adjustments have been taken up to reflect the impact of the proposed employee share option plan. The following assumptions have been adopted in taking up the pro-forma adjustments relating to that plan:

- (a) A total of 18,500,000 options are to be issued which, if exercised, will entitle the option holder to acquire 1 ordinary share in the Company for every 1 option held.
- (b) The total fair value (i.e. the value required under Australian Accounting Standard 2 *Share-Based Payment*) of the options to be issued has been assessed by the directors as being \$1.05 million. The fair value of the options has been derived by applying the Black-Scholes option valuation methodology using the following assumptions:

- (1) A current price for the Company's shares of \$0.25, being equal to the offer price under the proposed capital raising described in section 4.
 - (2) Exercise prices of \$0.21 each for 10 million of the options and \$0.42 for the remaining 8.5 million options.
 - (3) An exercise period of 3.8 years.
 - (4) A risk-free rate of 1.85%.
 - (5) A volatility rate of 31%.
 - (6) No dividends will be paid during the exercise period.
- (c) Costs of the plan will total \$47,500.

Note 6: Pro-forma adjustments have been taken up to reflect the impact of the proposed offer of up to 976 million new shares. The following assumptions have been adopted in taking up the pro-forma adjustments relating to that capital raising:

- (a) The capital raising will be subscribed up to \$184 million (i.e. 736 million shares at a subscription price of \$0.25 per share will be taken up). This reflects the worst-worst case scenario and is equal to the value of the offer which is underwritten.
- (b) Costs of the capital raising will total \$10.3 million made up as follows:
 - (1) Commissions in the amount of \$8.6 million payable to Wilson HTM and PAC Partners on the basis that Wilson HTM and PAC Partners place 100% of the ordinary shares available under the capital raising (at the subscription value set out above i.e. \$184 million).
 - (2) \$1.7 million for other costs associated with the capital raising, including legal, accounting and miscellaneous costs.

The above costs of raising capital (net of any income tax benefit) have been deducted from equity and not expenses, as permitted by AASB 132.

Note 7: Pro-forma adjustments have been taken up to reflect the impact of the acquisition of the VDL business assets. The following pro-forma adjustments have been taken up in relation to the acquisition:

- (a) Pro-forma adjustments to recognise the consideration to be paid by the Company totalling \$244 million, comprised of the following:
 - (1) A scrip component in the amount of \$46 million, representing the scrip consideration payable in the scenario that the capital raising is only successful in raising \$184 million.
 - (2) A cash component in the amount of \$198 million.
- (b) A pro-forma adjustment to recognise the vendor loan in the amount of \$14 million. Under the terms of the acquisition, a loan will be provided by TLC to the Company on the following terms:
 - (1) The maximum amount of the loan will be \$14 million.
 - (2) The amount of the loan to be provided will be reduced by an amount equal to any funds received from the capital raising in excess of \$184 million.

- (3) The loan will be provided on commercial terms and will attract an interest rate of 8% per annum.
- (4) The Company may repay the loan at any time but no later than 18 months after the date of completion of the acquisition. In addition, if after completion of the acquisition the Company raises additional share capital through the issue of shares in the Company, the Company must repay the loan to the extent of the share capital raised (less costs of the capital raised).

In taking up the pro-forma adjustments relating to the loan, the directors have made the following assumptions:

- (5) The capital raising will not raise more than \$184 million (before costs) and, therefore, the maximum amount of the vendor loan will apply (i.e. \$14 million).
 - (6) The loan will be repaid on the 18th month following completion of the acquisition. Accordingly, the vendor loan has been recognised as a non-current liability.
- (c) Pro-forma adjustments to recognise the fair value of the assets and liabilities of the Business. In determining their fair value, the directors have relied upon the following:
- (1) With the exception of land and water rights, the fair value of all assets and liabilities of the VDL business have been based on the book values as reported in the unaudited balance sheet of VDL as at 30 June 2015.
 - (2) In relation to water rights, the directors have estimated their fair value at \$24 million.
 - (3) In relation to the properties, the directors have adopted the balance of the consideration payable for the VDL business assets as their fair value.

The directors have prepared the above pro-forma adjustments on a provisional basis in accordance with paragraph 45 of AASB 3 *Business Combinations*.

- (d) A pro-forma adjustment to recognise costs (i.e. stamp duty, legal fees and accounting fees) of the acquisition totalling \$10.3 million made up as follows:
- (1) Stamp duty in the amount of \$9.3 million.
 - (2) Legal and other professional costs in the amount of \$1 million.
- (e) A pro-forma adjustment to recognise additional bank borrowings in the amount of \$10.5 million in order to offset the cash shortfall implied by the above mentioned pro-forma adjustments.

In taking up this pro-forma adjustment, an establishment fee amounting to 0.5% of the total approved facilities (i.e. \$100 million) has also been taken up against borrowings (\$0.25 million) and retained earnings (\$0.25 million), net of associated deferred tax asset.

Note 8: A reconciliation of cash and cash equivalents is set out in the following table:

	\$'000
Actual as at 30 June 2015 (Reviewed)	\$ 5,351
Cash Consideration in relation to the Meander Valley Acquisition (Including Costs)	(\$ 1,848)
Net Proceeds from the SPP	\$ 6,140
Net Proceeds from the Placement	\$ 1,044
Costs of the ESOP	(\$ 48)
Net Proceeds from the Capital Raising	\$ 173,711
Cash Consideration paid in relation to the Acquisition (Including Costs but Net of Vendor Loan)	(\$ 194,300)
External Debt Funding in relation to the Acquisition (Net of Costs)	\$ 9,949
Pro-Forma	\$ -

Note 9: A reconciliation of borrowings is set out in the following table:

	\$'000
Actual as at 30 June 2015 (Reviewed)	\$ -
Vendor Loan provided in relation to the Acquisition	\$ 14,000
External Debt Funding in relation to the Acquisition	\$ 10,199
Pro-Forma	\$ 24,199

Note 10: A reconciliation of issued capital, on an undiluted and fully-diluted basis, is set out in the following table:

	Un-Diluted		Fully-Diluted	
	#	\$'000	#	\$
Actual as at 30 June 2015 (Reviewed)	20,863,514	\$ 4,700	20,863,514	\$ 4,700
Consideration Shares Issued in relation to the Meander Valley Acquisition	1,666,667	\$ 300	1,666,667	\$ 300
Shares to be Issued Under the SPP	25,128,000	\$ 6,183	25,128,000	\$ 6,183
Shares to be Issued Under the Placement	4,500,000	\$ 1,068	4,500,000	\$ 1,068
Options to be Issued Under the ESOP	-	\$ -	18,500,000	\$ 6,720
Shares to be Issued Under the Capital Raising	736,000,000	\$ 176,798	736,000,000	\$ 176,798
Consideration Shares to be Issued Under the Acquisition	184,000,000	\$ 46,000	184,000,000	\$ 46,000
Pro-Forma	972,158,181	\$ 235,049	990,658,181	\$ 241,769

3.11 Independent accountant report

The Company has engaged PKF Corporate Finance (NSW) Pty Limited to provide an independent accountant report to shareholders on the pro-forma statement of financial position set out in section 3.10. A copy of the report is set out in the schedule to this explanatory statement. You are encouraged to read the report in its entirety.

3.12 Material terms of acquisition

Business assets and consideration

TFV has agreed to acquire the farm land and dairies, livestock, fodder, plant and equipment, intellectual property, water rights (10,000 megalitre annual allocation from Welcome River) and certain other assets of VDL's business, and to assume VDL's business-related obligations and liabilities. The acquisition also includes Talbot's Lagoon water rights held by the New Plymouth District Council, which indirectly owns all of the shares in VDL.

The consideration payable by TFV for the acquisition is \$250 million, subject to adjustments to reflect any change in the value of livestock, plant and equipment, fodder and stock, and working capital since 30 June 2015, and a closing rebate. The consideration is to be satisfied as follows:

- (a) Up to \$14 million will be in the form of a loan from TLC, repayable by the Company within 18 months from completion. The loan amount will reduce by \$1 for every \$1 raised under the proposed share issue in excess of \$184 million.
- (b) Up to \$46 million will be satisfied by the issue to TLC of up to 184 million new fully paid ordinary shares in the Company at an issue price of \$0.25 each. If the Company raises in excess of \$198 million under the proposed share issue, the number of consideration shares will reduce commensurately i.e. the number of consideration shares will reduce by 4 for every \$1 of share capital raised above \$198 million.
- (c) TLC has agreed to rebate \$6 million of the consideration at completion of the acquisition, to be applied towards reimbursing the Company for stamp duty, underwriting commission and other transaction costs.
- (d) The balance of the consideration will be paid in cash (to be funded by the proposed capital raising).

Completion conditions

Completion of the acquisition is subject to the fulfilment of a number of conditions. The key ones are that:

- (a) the New Plymouth District Council consents to the disposal of the VDL business assets;
 - (b) the Company's shareholders approve the significant change in the nature and scale of the Company's activities in consequence of the acquisition as provided for in resolution 1;
 - (c) the Company's shareholders approve the issue of up to 976 million shares in the Company as provided for in resolution 2;
 - (d) the underwriters meet their commitments under the underwriting agreement (see section 4.2 for further details);
 - (e) the Company satisfies the re-admission requirements under chapters 1 and 2 of the ASX Listing Rules to the satisfaction of ASX (see section 3.15 for further details);
 - (f) the prospectus for the capital raising is lodged with the Australian Securities and Investments Commission (**ASIC**) by 22 December 2015;
 - (g) there is no objection to the issue of shares to TLC under the *Foreign Acquisitions and Takeovers Act 1975* (Cth);
-

- (h) ASX gives in principle advice that it will not classify any consideration shares to be issued to TLC as restricted securities (or otherwise require any escrow of them); and
- (i) any other necessary regulatory approvals are obtained.

Completion date

Completion of the acquisition is scheduled to occur on or before 1 February 2016.

Pending completion, TLC is required to ensure that VDL carries on its business in the ordinary course and uses its reasonable endeavours to obtain all necessary third party consents to the assignment or novation of the VDL business agreements and the Company must offer employment to VDL's employees, with effect from completion of the acquisition.

VDL option

The Company has an option to acquire the VDL company for consideration of \$1 during the period of 30 days following 30 June 2016.

3.13 Risks

This section 3.13 identifies what the Company regards as the key risks which could materially adversely impact the Company (combined with the VDL business) and the price of the Company's shares if the acquisition occurs. These risks have been identified having regard to the likelihood of them occurring, their potential impact on the Company and their relevance to the Company's shareholders. They ought not to be taken as an exhaustive statement of the risks which may be faced by the Company or the Company's shareholders.

International dairy commodity prices

Dairy commodity prices fluctuate in accordance with global supply and demand. The market value of the products of the VDL business are affected by the global commodities market to some extent, even though those products are not exported but sold within the domestic market. There is a risk that a decline in commodity prices may reduce the prices at which the Company is able to sell the products of the VDL business, thereby adversely impacting its earnings.

Reliance on major customers and exports

The VDL business supplies all of the milk it produces to Fonterra under an exclusive supply agreement. However, while exclusive supply agreements represent a strength, the termination of such an arrangement could result in significant adverse financial consequences, as it may take some time to replace the lost sales.

Further, if milk produced by the VDL business is used by third parties in manufacturing products for export, any imposition of trade barriers, regulatory requirements or other matters that would affect world trade may impact the demand for, and price of, that milk.

Environmental risk

As with other milk producers, the operation of the VDL business generates noise, odour, waste and air emissions in the course of milk production. The Company will be subject to regulatory obligations regarding those emissions and failure to comply with those obligations may have an adverse impact on the Company, including its reputation.

Commercial, operational and product risk

The Company will be subject to general commercial and operational risks including changes to market competition and events that interrupt or hinder production, such as lack of rainfall or a reduction in the availability of milking cows due to infection or disease. Such events could

adversely affect the Company's financial performance. The Company will also face inherent risks including failure of machinery, energy suppliers and computer equipment, and industrial action.

The Company's ability to remain productive, profitable and competitive, and to implement any planned growth initiatives will depend on its ability to attract and retain workers. Tightening of the labour market in key regions such as north-west Tasmania due to a shortage of suitably skilled workers may inhibit the Company's ability to hire and retain employees. The Company is also subject to occupational health and safety regulations. If it is not able to maintain its working conditions to meet those regulations, this may impact its operations and ability to attract and retain workers, and also result in contravention of those regulations, which may give rise to potential criminal and civil liability and also damage the Company's reputation.

As with other milk producers, the Company will also be exposed to the risk of product contamination and product recalls in connection with milk produced by the VDL business.

Debt risk

As explained in section 3.3, the Company is in the process of establishing a loan facility with a bank. The Company expects that, among other things, it will be required to give security for the loan (e.g. a mortgage over the dairy farm land) and to comply with covenants in relation to the financial position and performance of the Company. Further, any default by the Company under its loan obligations may have a materially adverse financial impact on the Company.

Regulatory risk

A range of laws and regulations apply to the VDL business, including laws and regulations specific to the dairy industry. Future changes to such laws and regulations may detrimentally effect the operations and performance of the VDL business.

General economic conditions

The operating and financial performance of the VDL business is influenced by a variety of general domestic and world economic and business conditions, inflation, interest rates, exchange rates, access to debt and equity capital markets, and government fiscal, monetary and regulatory policies. A prolonged deterioration in any of the above factors may have a material adverse effect on the financial performance, financial position, cash flows, distributions and growth prospects of the Company.

Force majeure events

Events such as natural disasters may occur which may have an impact on the VDL business. Any such force majeure events may have a negative impact on the value of an investment in the Company.

3.14 Rule 11.1.2 of the ASX Listing Rules

If an entity proposes to make a significant change to the nature or scale of its activities, rule 11.1.2 of the ASX Listing Rules requires the entity to obtain shareholder approval, if ASX requires it to do so.

The proposed acquisition will constitute a significant change in the nature and scale of the Company's activities – currently software development and licensing and the sale of branded food products – to encompass a significant dairy farming business. In the circumstances, the Company has consulted ASX regarding the proposed acquisition and ASX has required the Company to obtain shareholder approval. If resolution 1 is passed, the approval of shareholders to the Company making a significant change to the nature or scale of its activities in consequence of the acquisition, will be obtained for the purpose of rule 11.1.2.

3.15 Rule 11.1.3 of the ASX Listing Rules

If an entity proposes to make a significant change to the nature or scale of its activities, rule 11.1.3 of the ASX Listing Rules gives ASX discretion to require the entity to re-satisfy the requirements in chapters 1 and 2 of the ASX Listing Rules. ASX has advised the Company that the Company will be required to do so in consequence of the proposed acquisition of the VDL business assets.

Chapters 1 and 2 set out the rules relating to the admission of an entity to ASX's official list and quotation of the entity's securities on the securities exchange operated by ASX. In the context of the Company re-satisfying the admission conditions, those requirements include the following:

- (a) The Company must issue a prospectus for the proposed capital raising. The Company intends to lodge the prospectus with ASIC either before or shortly after the general meeting.
- (b) The Company must have a sufficient spread of shareholders e.g. at least 300 to 400 shareholders holding shares with a value of at least \$2,000 (based on the issue price of \$0.25 for a fully paid ordinary share in the Company under the proposed capital raising to fund the acquisition). The Company, at 13 November 2015, had approximately 500 shareholders holding shares of at least that value and expects to continue to satisfy the spread requirement following the issue of shares under the proposed capital raising before completion of the acquisition.
- (c) The VDL business to be acquired by the Company, or the Company (combined with the VDL business), must satisfy either the profits test or assets test. The profits test requires the business, among other things, to be a going concern with aggregated profit of at least \$1 million from continuing operations for the last 3 full financial years, and consolidated profit of at least \$400,000 from continuing operations for the 12 months ending on a date which is no more than 2 months before the application to re-satisfy the admission conditions is made. The assets test requires the Company (combined with the VDL business), among other things, to have net tangible assets of at least \$3 million (after deducting the costs of raising funds) or a market capitalisation of at least \$10 million, as well as working capital of at least \$1.5 million. The Company expects to be able to meet either test.
- (d) The Company must complete the acquisition of the VDL business assets. Completion is scheduled to occur on or before 1 February 2016.

If resolutions 1 and 2 are passed, the Company's shares will be suspended from quotation following the general meeting until the conditions for re-admission are satisfied.

3.16 Directors' recommendation

The directors recommend that shareholders vote in favour of resolution 1.

4. Resolution 2 — issue of shares to fund acquisition

4.1 Proposed share issue

The Company is proposing to undertake an issue of up to 976 million ordinary shares in the Company at \$0.25 each, payable in full before the issue of the shares, to raise up to \$244 million (before costs of the offer) under a placement offer to institutions and other sophisticated or professional investors, and other people in circumstances and/or on terms that does not require disclosure under part 6D.2 of the Corporations Act.

However, as noted in section 3.15, a condition for re-admission to quotation of the Company's shares is that a prospectus for the proposed capital raising must be issued and lodged with

ASIC. Accordingly, the Company will prepare a prospectus for the proposed issue to be lodged with ASIC either before or shortly after the general meeting.

The proposed issue is underwritten to approximately \$184 million by Wilson HTM and PAC Partners. Hugh Robertson, a director of the Company, is an authorised representative of Wilson HTM.

The Company may decide to offer some of the shares under the prospectus to retail investors. If it does, this will be reflected in the prospectus.

Investors will be selected by or on behalf of the Company from directors and employees of the Company or the VDL business, contacts of the directors and/or clients of Wilson HTM and PAC Partners.

All shares issued under the offer will rank from the date of issue equally with the other fully paid ordinary shares in the Company then on issue.

The funds to be raised by the offer (after costs) are intended to be used to assist in funding the Company's acquisition of the VDL business assets, as described in section 3. In the unlikely event that completion does not occur, the Company would return to investors any money paid under the capital raising and no shares would be issued to them.

To the extent less than \$244 million is raised through the issue of shares before completion of the VDL acquisition, the Company will also issue up to 184 million fully paid ordinary shares to TLC to satisfy up to \$46 million of the consideration.

Further, after completion of the acquisition, the Company may continue to seek to raise additional share capital up to the proposed target of \$244 million. Any additional funds raised after completion of the acquisition are intended to be used to repay borrowings, to fund or develop the VDL business, to fund any additional acquisitions that form part of the Company's business strategy and/or for general working capital purposes.

No shares would be issued under resolution 2 more than 3 months after the meeting.

In the circumstances, under resolution 2, the Company could issue up to 976 million shares to investors at \$0.25 each to raise up to \$244 million of share capital plus up to 184 million shares to TLC as consideration for the acquisition. For example, if before completion the Company received application money of \$184 million in total representing 736 million shares, at or before completion the Company would issue those shares to investors plus an additional 184 million shares to TLC as consideration and after completion may issue up to an additional 240 million shares at \$0.25 each to raise an additional \$60 million. Alternatively, if before completion the Company received application money for the full capital raising of \$244 million representing 976 million shares, at or before completion the Company would issue just those shares to investors and no shares would be issued to TLC.

4.2 Underwriting

The key terms of the underwriting agreement are as follows:

- (a) Wilson HTM and PAC Partners must each procure subscriptions for one half of the underwritten shares, subject to the terms of the agreement.
 - (b) The underwriters are entitled to the following:
 - (1) Underwriting commission of 4% of the gross proceeds of the capital raising.
 - (2) \$228,850 in respect of the first 91.54 million consideration shares issued to TLC.
-

- (3) 4% of the value of any consideration shares issued to TLC (in excess of the first 91.54 million) that are subsequently sold down by the underwriters in the 12 month period following their issue (the value of such shares being determined at a price of \$0.25 each).
- (4) Reimbursement of reasonable costs incurred by the underwriters in relation to the offer.

In consequence, the underwriters may earn up to \$9.76 million in commission and fees, plus costs and GST.

- (c) The underwriters and their related bodies corporate, officers and employees are indemnified by the Company against certain claims arising in relation to the offer, such as any misleading or deceptive statement in the prospectus, subject to certain limitations.
- (d) The underwriters' commitment is subject to the fulfilment of a number of conditions. The key ones are that:
 - (1) the prospectus for the capital raising, in a form acceptable to the underwriters (acting reasonably), is lodged with ASIC;
 - (2) the Company's shareholders pass resolutions 1 to 3; and
 - (3) conditions precedent for the acquisition of the VDL business assets are satisfied (or waived with the prior written consent of the underwriters).
- (e) The underwriters may terminate their underwriting obligation, and thereby be released from it, if certain events occur, including if:
 - (1) the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the date of the underwriting agreement;
 - (2) a material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the VDL business, and the underwriters reasonably believe that this event has or is likely to have a materially adverse effect on the offer; or
 - (3) there is an outbreak of new hostilities involving Australia, China, the United Kingdom or the United States or a major terrorist act is perpetrated on any of those countries, and the underwriters reasonably believes that this event has or is likely to have a materially adverse effect on the offer.

4.3 Sub-underwritten commitments

The underwriters may appoint sub-underwriters to commit to taking up shares under the offer.

The Company understands that the underwriters have received sub-underwriting commitments to apply for shares under the proposed capital raising for at least the full underwritten amount of approximately \$184 million.

4.4 Rule 7.1 of ASX Listing Rules

Rule 7.1 of the ASX Listing Rules requires the Company to obtain shareholder approval if it wishes to issue, or agrees to issue, equity securities in a 12 month period in excess of 15% of the fully paid ordinary shares in the Company on issue, subject to a number of exceptions set out in rule 7.2. The 15% limit is calculated on the total number of fully paid ordinary shares on issue excluding shares issued or agreed to be issued in the previous 12 months that are not issued under an exception in rule 7.2 or with shareholder approval under rule 7.1 or 7.4. The

number of shares which may be issued in consequence of the proposed offer would exceed that 15% limit.

If resolution 2 is passed, the approval of shareholders to the issue of up to 1,160 million ordinary shares will be obtained for the purpose of rule 7.1. The Company will then also have the flexibility to issue additional equity securities without shareholder approval in the next 12 months up to 15% of the fully paid ordinary shares in the Company on issue, including those issued under the offer.

4.5 Directors' recommendation

The directors recommend that shareholders vote in favour of resolution 2.

5. Resolutions 3 to 7 — issue of shares to related parties

5.1 Background

The chairman of the board of directors of the Company, Rob Woolley, through an entity controlled by him, has agreed to sub-underwrite up to \$1.5 million of the proposed capital raising i.e. up to 6 million shares, subject to the shareholders of the Company approving the issue of these shares to Rob or his controlled entity under resolution 3.

Another director, Hugh Robertson, through an entity controlled by him, has also agreed to sub-underwrite up to \$1 million of the proposed capital raising i.e. up to 4 million shares, subject to the shareholders of the Company approving the issue of these shares to Hugh or his controlled entity under resolution 4.

In consequence, as sub-underwriters, Rob and Hugh will be entitled to sub-underwriting commission of \$30,000 and \$20,000 respectively, being 2% of the amount sub-underwritten, plus any GST.

Rob and Hugh are also intending to participate separately in the capital raising, subject to shareholder approval under resolutions 3 and 4 respectively, as are the other directors of the Company, Roger McBain and Tony Robinson, and Tom Woolley (who is the son of Rob Woolley and, therefore, also a related party of the Company) subject to shareholder approval under resolutions 5, 6 and 7 respectively, as follows:

This related party (or an entity controlled by this related party) ...	may be issued up to this many fully paid ordinary shares under the capital raising ...	to raise up to this much share capital ...
Rob Woolley	10 million (inclusive of his sub-underwritten commitment)	\$2.5 million
Hugh Robertson	8 million (inclusive of his sub-underwritten commitment)	\$2 million
Roger McBain	4 million	\$1 million
Tony Robinson	400,000	\$100,000
Tom Woolley	1.4 million	\$350,000
Total	23.8 million	\$5.95 million

5.2 Rule 10.11 of the ASX Listing Rules

Rule 10.11 of the ASX Listing Rules states that an entity must not issue (or agree to issue) securities to certain persons without shareholder approval, unless one of the exceptions in rule

10.12 applies. Those persons include a related party of the entity, such as a director, a spouse, parent or child of a director or an entity controlled by such a person.

Once of the exceptions in rule 10.12 (exception 10) is for an agreement to issue shares that is conditional on shareholders approving the issue before it is made.

Accordingly, shareholders are being asked to approve, by passing resolutions 3 to 7, the issue of shares as summarised in section 5.1 to related parties of the Company, for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules.

Rule 10.13.3 of the ASX Listing Rules states that the date of issue of securities to a related party of an entity must not be more than 1 month after shareholder approval of the issue is obtained. Assuming resolutions 3 to 7 are passed, the Company intends to issue the shares to the directors and Tom Woolley (or their controlled entities) at the same time it issues shares to other investors under the capital raising, which may be more than 1 month after the meeting. In the circumstances, ASX has granted the Company a waiver from rule 10.13.3 so that the shares may be issued not more than 3 months after the date of the meeting.

5.3 Section 195(4) of the Corporations Act

Section 195(1) of the Corporations Act restricts a director of a public company (such as the Company) who has a material personal interest in a matter that is being considered at a directors' meeting from being present while the matter is being considered at the meeting, or voting on the matter.

Each of the directors of the Company has a material personal interest in the proposed issue of shares to him (or his controlled entity) under the capital raising. Because of that material personal interest, they are excluded from being present at a directors' meeting to consider that matter, or to vote on it.

In the circumstances, it is not possible for the Company to achieve a quorum of directors (i.e. at least 2 directors) for a directors' meeting in relation to the proposed issue of shares to them (or their controlled entities). If there are not enough directors to form a quorum for a directors' meeting because of directors having a material personal interest, such as in this instance, section 195(4) of the Corporations Act permits 1 or more of the directors to call a general meeting and permits the general meeting to pass a resolution to deal with the matter.

Accordingly, shareholders are being asked to authorise under section 195(4), by passing resolutions 3 to 6, any director of the Company (despite any material personal interest he may have) to do anything for or on behalf of the Company in order to implement, effect or complete the proposed issues of shares to directors (or their controlled entities).

5.4 Directors' recommendation

Given their interests in the outcome of resolutions 3 to 6, the directors do not consider it appropriate for them to make a recommendation to shareholders about how to vote on resolutions 3 to 6 and do not do so.

Given the interest of his son in the outcome of resolution 7, Rob Woolley does not consider it appropriate for him to make a recommendation to shareholders about how to vote on resolution 7 and does not do so.

The other directors recommend that shareholders vote in favour of resolution 7.

Schedule Independent accountant report



16 November 2015

The Directors
OnCard International Limited
Level 7, 330 Collins Street
MELBOURNE VIC 3000

Dear Directors,

ONCARD INTERNATIONAL LIMITED ("ONC" or the "COMPANY") INDEPENDENT ACCOUNTANT'S REPORT ON PRO FORMA HISTORICAL BALANCE SHEET

1. Introduction

You have requested PKF Corporate Finance (NSW) Pty Limited ("PKFCF") to provide this Independent Accountant's Report ("IAR") for inclusion in a Notice of Meeting to be dated on or about 10 November 2015 ("NOM") relating to:

- a. the acquisition of certain dairy farm assets of The Van Diemen's Land Company ("VDL") for a total cash consideration of approximately \$244 million (the "Acquisition"); and
- b. the issue of up to 1,000 million shares at \$0.25 per share, to raise up to \$250 million before costs (the "Offer"). Proceeds from the Offer will be used to fund the Acquisition. We understand that the Offer is being made to sophisticated and professional investors only.

We have prepared this IAR to report on the financial information as set out in **Section 3.10** of the NOM.

Expressions defined in the NOM have the same meaning in this IAR, unless otherwise specified.

2. Scope

You have requested PKFCF to perform a limited assurance engagement in relation to the historical and pro-forma financial information disclosed in the NOM ("**Pro-Forma Historical Financial Information**").

2.1. Pro-Forma Historical Financial Information

The Pro-Forma Historical Financial Information has been derived from the historical financial information of the Company and comprises:

- the actual reviewed consolidated statement of financial position of ONC as at 30 June 2015;
- pro-forma adjustments resulting from material transactions which have occurred, or are expected to occur subsequent to 30 June 2015 ("**Pro-Forma Adjustments**") including the following:
 - the acquisition of the Meander Valley Dairy business (the "**Meander Valley Acquisition**");
 - the share purchase plan ("**SSP**") involving the issue of up to 25.138 million shares in ONC at an issue price of \$0.25 per share;
 - the placement of up to 4.5 million shares in ONC at an issue price of \$0.25 per share (the "**Placement**");
 - the employee share option plan ("**ESOP**") involving the issue of 18.5 million options to Directors and other management personnel; and
 - pro-forma adjustments reflecting the impact of the Acquisition and the Offer,

as contained in Section 3.10 of the NOM.

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PKF International Limited administers a network of legally independent firms which carry on separate business under the PKF Name.
PKF International Limited is not responsible for the acts or omissions of individual member firms of the network.
www.pkf.com.au



The Pro-Forma Historical Financial Information is presented in an abbreviated form in the NOM insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports and interim condensed financial reports prepared in accordance with the Corporations Act 2001.

The stated basis of preparation of the Pro-Forma Historical Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the Pro-Forma Adjustments relate, as described in Section 3.10 of the NOM, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro-Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

3. Directors' Responsibility

The Directors of the Company are solely responsible for the preparation and presentation of the Pro-Forma Historical Financial Information, including the selection and determination of the pro-forma transactions and/or adjustments made to the historical financial information and included in the Pro-Forma Historical Financial Information.

The Directors' responsibility includes establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of the Pro-Forma Historical Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro-Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review 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. A review of this nature provides less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.

4.1. Pro-Forma Historical Financial Information

PKFCF has conducted a review of the Pro-Forma Historical Financial Information included in Section 3.10 of the NOM in order to state whether on the basis of the procedures described, anything has come to our attention that would indicate that the Pro-Forma Historical Financial Information is not presented fairly in accordance with the Pro-Forma Adjustments and recognition and measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards in Australia and the accounting policies adopted by the Company as referred to in Section 3.10 of the NOM.

Our procedures included such inquiries and procedures as we, in our professional judgement, considered reasonable in the circumstances and consisted primarily of:

- enquiry of and discussions with, Company Directors, management personnel and advisors;
- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Pro-Forma Historical Financial Information from the relevant periods;
- review of relevant documents and information of the Company;
- consideration of the reasonableness and appropriateness of the Pro-Forma Adjustments as a basis for compiling the Pro-Forma Historical Financial Information; and
- performing analytical procedures applied to the Pro-Forma Historical Financial Information.

Our review did not extend to the following:

- review of the audit files relating to the financial statements of VDL; and
- detailed documentation in relation to all costs associated with transactions for which the Pro-Forma Adjustments have been prepared.



5. Conclusion

Based on our procedures, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 3.10 of the NOM, is not prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Company's accounting policies.

6. Subsequent Events

Apart from the matters dealt with in this IAR and elsewhere in the NOM, and having regard to the scope of our engagement, nothing has come to our attention that would cause us to believe that matters arising after 30 June 2015, other than matters dealt with in this IAR, would require comment on, or adjustments to, the Pro-Forma Historical Financial Information contained in Section 3.10 of the NOM, or would cause that information to be misleading or deceptive.

7. Restriction on use

Without modifying our conclusions, we draw attention to Section 3.10 of the NOM, which describes the purpose of the Pro-Forma Historical Financial Information being for inclusion in the NOM. As a result, the Pro-Forma Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this IAR, or on the Pro-Forma Historical Financial Information to which it relates, for any purpose other than that for which it was prepared.

This IAR relates only to the Pro-Forma Historical Financial Information and does not extend to any other financial information included in the NOM.

8. Disclosure of Interest

PKFCF is a member of the PKF Sydney & Newcastle accounting practice ("PKF"). PKFCF does not have any interest in the outcome of the Acquisition and/or the Offer that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter, other than in connection with the preparation of this IAR, for which normal professional fees will be received.

The Company and the Directors have agreed to indemnify and hold harmless PKFCF, PKF and their respective directors and staff from any claims arising out of material misstatement in or omission from any information provided to PKFCF by the Company and/or the Directors.

9. Consent

PKFCF has consented to the inclusion of this IAR in the NOM in the form and context in which it is so included (and at the date hereof this consent has not been withdrawn), but has not authorised the issue of the NOM. Accordingly, PKFCF makes no representation regarding, and takes no responsibility for, any other document or material or statements in, or omissions from, the NOM.

Yours faithfully

PKF Corporate Finance (NSW) Pty Limited

A handwritten signature in black ink, appearing to read 'Vince Fayad', is written over a horizontal line.

Vince Fayad
Director

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'x') should advise your broker of any changes.

Form of Proxy

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Oncard International Limited hereby appoint

the Chairman
of the Meeting


OR



PLEASE NOTE: If you leave the section blank, the Chairman of the Meeting will be your proxy.

or, failing the person(s) named or if no person is named, the Chairman of the Meeting to represent all of my/our voting rights, as my/our proxy to vote, and otherwise to act generally, on my/our behalf at the Meeting. The Chairman of the Meeting intends to vote undirected proxies held by the Chairman in favour of each resolution below, to the extent permitted.

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent _____% of my voting right and Proxy 2 is appointed to represent _____% of my total votes. My total voting right is _____ shares.

 **PLEASE NOTE:** If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit.

Important notice for undirected proxies: If the Chairman of the Meeting is to be your proxy and you do not mark any of the boxes opposite a resolution, you hereby authorise and direct the Chairman to exercise your voting rights in relation to that resolution as the Chairman may decide, even if the Chairman has an interest in the outcome of the resolution or the resolution is connected directly or indirectly with the remuneration of a key management personnel member and votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you wish to direct your proxy how to vote, please indicate by marking the appropriate box below. Otherwise, the proxy may vote as he/she thinks fit, to the extent permitted.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

	FOR	AGAINST	ABSTAIN
Resolution 1 (approval of acquisition of The Van Diemen's Land Company and significant change to activities)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 (issue of shares to fund acquisition)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 (issue of shares to Rob Woolley)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 (issue of shares to Hugh Robertson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 (issue of shares to Roger McBain)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 (issue of shares to Tony Robinson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 (issue of shares to Tom Woolley)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no choice is specified, the shareholder is conferring discretionary authority on the proxy to vote at his or her discretion.

SIGN Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary

Member 3 (if joint holding)

Director

/ /

Date

Lodge your vote:



By Mail:

Advanced Share Registry Limited
PO Box 1156
Nedlands WA 6909

Alternatively you can fax your form to
Facsimile: +61 (0) 8 9262 3723

For Online Vote
www.advancedshare.com.au

For all enquiries call:

Telephone: +61 (0) 8 9389 8033
Email: admin@advancedshare.com.au

Proxy Form

Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name that appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:
Shareholders must deliver their proxies by 10:00 am (Melbourne time) on 16 December 2015 by mail to PO Box 1156, Nedlands, 6909, Western Australia or by facsimile at +61 (0) 8 9262 3723 or deliver to the Share Registry of the Company at 110 Stirling Hwy, Nedlands, Western Australia, 6009 or by hand delivery, post or facsimile to the registered office of the Company (see Notice of Meeting for address and facsimile details).
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 7:00 pm (Melbourne time) on 16 December 2015 will be entitled to attend and vote at the Meeting.
8. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
9. This proxy should be read in conjunction with the accompanying documentation provided by the Company.
10. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

Turn over to complete the form →



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www.advancedshare.com.au

- Check all holdings by using HIN/SRN
- Update your holding details
- Reprint various documents online